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DELIVERING HIGH QUALITY PUBLIC SERVICES

The Government's aim is to deliver world-class public services through sustained investment matched by far-reaching reform. The 2004 Spending Review set outcome-focussed targets and spending plans to 2007-08 that built on the sustained increases in resources delivered in previous Spending Reviews.

The Government will be conducting a second Comprehensive Spending Review (CSR) reporting in 2007. A decade on from the first CSR, the review will assess what further investments and reforms are needed to equip the UK to respond to the global challenges of the decade ahead. In preparation for the CSR, this Budget announces:

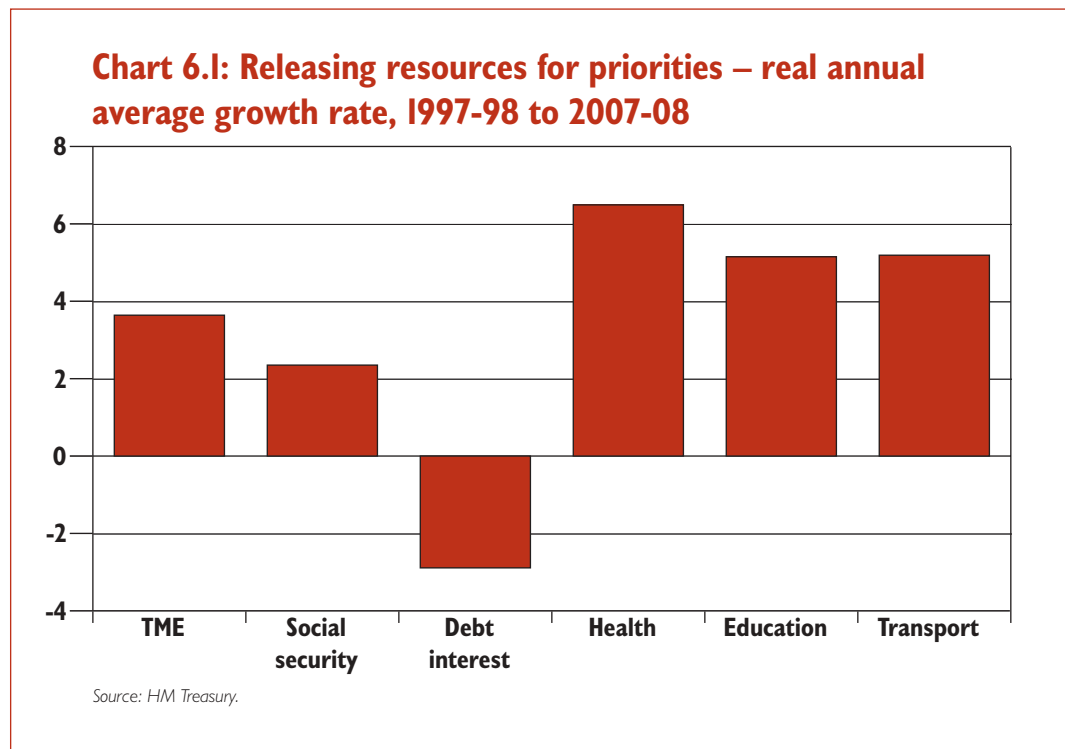
- plans for a national debate about how public services should respond to the long-term challenges facing the UK;
- a series of reviews that will inform the CSR in the areas where cross-departmental collaboration and innovative solutions are required to meet these challenges;
- further details of the next phase of the Government's value for money programme, including progress on asset disposals and a review of opportunities for transforming service delivery across government, looking at how the channels through which services are delivered can be made more efficient and responsive to the needs of users; and
- early spending settlements for the Department for Work and Pensions, HM Revenue and Customs, Cabinet Office and HM Treasury Group which see their Departmental Expenditure Limits fall by five per cent per year in real terms over the CSR period, releasing over £1.8 billion in total for re-investment in front-line public services.

The Budget outlines further measures directing resources towards the Government's priorities, including:

- £585 million of additional resources over 2006-07 and 2007-08 to provide further support for personalised learning in schools in England. Further, capital investment in schools will rise from £6.4 billion in 2007-08 to £8.0 billion by 2010-11, matching today's level of private sector per pupil capital investment;
- £100 million to accelerate the recruitment of Police Community Support Officers (PCSOs) together with firm spending plans for the Home Office over the CSR period which lock in the large real increases in resources since 1999, providing the long-term funding certainty needed to lead the fight against crime and terrorism and realise the benefits of police force restructuring and reform;
- a commitment of £200 million to ensure elite athletes have the best chance of success in a British Olympics in 2012; and
- £800 million of provision for the Special Reserve in 2006-07, set aside from within existing public spending plans, to help meet the costs of Iraq, Afghanistan and other international commitments.

6.1 The Government's aim is to deliver world-class public services through sustained investment matched by far-reaching reform. High-quality education and training, a modern and reliable transport network, an effective criminal justice system and a modern health service provide the essential foundations for a flexible economy and a fair society, equipped to respond to the global challenges ahead.

6.2 The 1998 Comprehensive Spending Review (CSR) set the Government's priorities for the long-term: sustainable growth and employment; fairness and opportunity; modern and effective public services; and a secure and fair world. To lay the foundations for achieving these goals, the 1998 CSR put in place a modernised public spending and performance management framework that supports the prudent and efficient planning of expenditure over the medium to long term. The 1998 CSR involved the most fundamental and in-depth examination of public spending ever attempted, enabling resources to be re-focussed on the incoming Government's priorities in health, education and transport. Subsequent spending reviews in 2000, 2002 and 2004 delivered further increases in resources for these areas, made possible by stable and sustainable economic growth with falling debt interest payments and low unemployment, as illustrated in Chart 6.1.



6.3 This investment has been matched by steps to ensure value for money and reform the delivery of public services, making the most of increased spending and fulfilling the Government's obligation to taxpayers to employ resources efficiently and effectively. Reforms to public services have strengthened accountability and improved outcomes for society, including higher standards, reduced inequalities and greater user satisfaction.

**2007
Comprehensive
Spending Review**

6.4 A decade on from the first CSR, the Government will be conducting a second Comprehensive Spending Review in 2007, which will set departmental spending plans and priorities for the years 2008-09, 2009-10 and 2010-11. In the context of a rapidly changing world the 2007 CSR provides an appropriate opportunity for a fundamental review of the balance and pattern of public expenditure, taking stock of what investments and reforms have delivered to date and identifying what further steps are needed to meet the challenges and opportunities of the decade ahead. To lay the groundwork for the CSR, the Government is taking forward a programme of work over the next year involving:

- an examination of the key long-term trends and challenges that will shape the next decade – including demographic and socio-economic change, globalisation, technological change, global insecurity and climate and environmental change;
- detailed studies of key areas where cross-cutting, innovative policy responses are required to meet these long-term challenges;
- an ambitious and far-reaching value for money programme to release the resources needed to address the challenges, involving both further development of the efficiency areas developed in the Gershon Review, and a set of zero-based reviews of departments' baseline expenditure to assess its effectiveness in delivering the Government's long-term objectives; and
- a more strategic approach to asset management and investment decisions, ensuring the UK is equipped with the infrastructure needed to support both public service delivery and the productivity and flexibility of the wider economy.

MEETING THE LONG-TERM CHALLENGES

6.5 The UK will only succeed in the modern global economy if the Government plans for the long term. The 2007 CSR will therefore be informed by a detailed assessment of the long-term trends and challenges that will shape public services over the next decade, including:

- demographic and socio-economic change, such as the rapid increase in the old age dependency ratio as the 'baby boom' generation reaches retirement age;
- the intensification of cross-border economic competition as the balance of international economic activity shifts toward rapidly growing emerging markets such as China and India;
- the acceleration in the pace of innovation and technological diffusion and a continued increase in the knowledge-intensity of goods and services;
- continued global uncertainty and poverty, with ongoing threats of international terrorism and global conflict; and
- increasing pressures on our natural resources and global climate from rapid economic and population growth in the developing world and sustained demand for fossil fuels in advanced economies.

Reviews informing the CSR **6.6** These long-term challenges have fundamental and far-reaching implications for public services that require innovative policy responses, co-ordination of activity across departmental boundaries and sustained investment in key areas. The CSR will therefore be informed by the analysis and conclusions of a series of detailed reviews on specific cross-cutting issues.

6.7 To respond to demographic and socio-economic change and continue making progress on social exclusion:

- **this Budget launches a joint HM Treasury and Department for Education and Skills policy review of children and young people** to secure further improvement in outcomes. Under the umbrella of this review, sub-reviews will focus on support for families with disabled children, youth services, and services for families at risk of becoming locked into a cycle of low achievement (further details in Chapter 5);
- **this Budget announces a review of the policies needed to improve mental health outcomes and employment**, recognising that too many people are excluded from the world of work when, with the proper support, it should be possible for them to find or remain in work benefiting their health and the wider economy (further details are set out in Chapter 4); and
- as announced at the Pre-Budget Report and described in Chapter 3, the Government is conducting a cross-cutting review to ensure that appropriate infrastructure will be provided to support housing and population growth.

6.8 To equip the UK economy for future challenges, including the changing global economy and technological innovation:

- the Eddington Transport Study is reviewing the long-term impact of transport decisions on economic productivity, stability and growth, as described in Chapter 3;
- the Leitch Review of Skills will set out the skills profile that the UK should aim to achieve in 2020 in order to maximise productivity and growth over the long-term, as described in Chapter 3;
- as set out in *Devolved Decision Making 3: The Economics of Cities*, published alongside Budget 2006, **the Government will review the effectiveness of sub-national interventions on economic development and the regeneration and renewal of deprived neighbourhoods**; and
- building on the recommendations of Kate Barker's independent review of housing supply, 2005 Pre-Budget Report announced a review of how planning policy can better deliver economic growth and prosperity alongside other sustainable development goals (further details are set out in Chapter 3).

6.9 Whilst the UK has faced a variety of terrorist threats in the past, the global reach, capability and sophistication of international terrorist groups places the current threat on a scale not previously encountered. More broadly, global security in the decade ahead will be shaped by a range of factors, including international responses to poverty, future conflict, areas of instability and organised crime. **As part of its response to these challenges, the Government will review the delivery of its counter-terrorism and security strategies to inform the CSR.**

6.10 In order to respond to the challenges presented by environmental change, the Government is reviewing:

- the economics of climate change, led by Sir Nicholas Stern (further details are set out in Chapter 7); and
- the future UK energy policy and the UK's progress against the medium and long-term Energy White Paper goals (further details are set out in Chapters 3 and 7).

6.11 The Government alone cannot meet these challenges: citizens, communities, businesses and non-governmental organisations will all play a vital role in shaping the the future of UK society. To inform the CSR and develop a shared understanding of how the country must respond to the challenges of the decade ahead:

- as set out in Box 6.1, **this Budget announces plans for a national debate about how public services should respond to these challenges;**
- **this Budget announces a review of the third sector's future role in social and economic regeneration**, involving the largest consultation with the third sector ever conducted by the Government (further details are set out in Chapter 5); and
- the CSR will be informed by Sir Michael Lyons' Inquiry into the funding, role and function of local government.

Box 6.1: A national debate to inform the Comprehensive Spending Review

The Government carried out its first Comprehensive Spending Review in 1998, designed to ensure that existing spending was properly focused on its priorities and delivering maximum value for money.

Since then, the Government has built on the platform of a stable economy and sound public finances to deliver a sustained increase in public spending, meaning that by 2007-08, compared to 1996-97:

- spending on the NHS will be around 90 per cent higher in real terms;
- spending on schools in England will be over 65 per cent higher in real terms; and
- spending on transport will be over 60 per cent higher in real terms.

With the 2007 Comprehensive Spending Review coming a decade after the first CSR, the Government sees it as an opportunity to do a fundamental review of the balance and pattern of public expenditure, take stock of what investments and reforms have delivered to date and identify what further steps are needed to meet the challenges decade ahead, which include, for example:

- by 2017, there are expected to be nearly 2.3 million more people over the age of 65 in the UK, including a 32 per cent increase in those aged over 85;
- by 2017, China and India will have nearly doubled their share of world income and are likely to be bigger than the UK, French and German economies combined; and
- global temperatures are predicted by the Inter-Governmental Panel on Climate Change to rise by at least 1–2 degrees by the end of the century and the change could be as much as 5.8 degrees if carbon emissions continue to increase.

The Government believes it is critical that its response to these challenges and its priorities for public spending and the reform of the public services are informed by:

- a broad expert consensus about the nature of the long-term trends and challenges facing the UK;
- a wide cross-section of views about how to meet those challenges and what it means for the priorities for spending and public services over the coming decade; and
- consultation with front line professionals and the third sector.

The Budget therefore announces that the Government plans to initiate a national debate on the future priorities for public spending and public services, to inform the CSR.

ENSURING VALUE FOR MONEY

6.12 To ensure that historic increases in investment are translated into better outcomes across public services, the Government has taken a series of steps to drive improvements in delivery and value for money:

- the 1998 CSR saw the introduction of the first systematic, transparent, outcome-based performance management system for public services, in the form of the Public Service Agreements (PSAs) framework. It also set for the first time fixed, three-year budgets for all departments separated into resource and capital, removing the previous bias against investment and supporting the efficient planning of expenditure over the medium term;
- the Spending Reviews in 2000 and 2002 saw the improvement of the PSA framework and targets, including formal monitoring of PSA delivery, together with the introduction of selected value for money targets; and
- the 2004 Spending Review represented the first systematic attempt to drive operational efficiencies across the public sector through the Gershon Review, which focused on key processes that are common across government business and bringing the worst performing business units up to the level of the best.

Efficiency 6.13 The 2004 Spending Review set out the Government's ambition of achieving over £20 billion worth of annual efficiencies by the end of 2007-08 for re-investing in front line services, in line with the recommendations of the Gershon Review. As a recent National Audit Office report¹ recognised, this efficiency programme is the first to look at the efficiency of the public sector as a whole. Unlike previous attempts, it requires departments to demonstrate reforms have at least maintained the quality of public services. It provides a more structured and potentially more transparent model for delivery and accountability. Although the first full year of the programme is not yet complete, departments and local authorities have reported provisional annual efficiency gains totaling £6.4 billion by the end of December 2005. These include:

- the Ministry of Defence has made £511 million worth of efficiency gains, including gains from better contract negotiations and in procurement reform;
- the Department for Work and Pensions has made around £300 million worth of efficiency gains, for example through rationalisation of the benefit network, IT improvements and procurement efficiencies; and
- the Department for Environment, Food and Rural Affairs has made £141 million worth of efficiency gains as a result of better contract management and improved e-transactions.

6.14 Time lags mean that there could already be further gains achieved beyond what has been reported. These provisional gains will be subject to further verification, with the Government committed to continuing to report on progress against efficiency targets openly and transparently, including through Departments' Autumn Performance Reports and annual Departmental Reports.

¹ *Progress in Improving Government Efficiency*, NAO, February 2006.

Box 6.2: Delivering the Gershon efficiency programme

The efficiency gains of £6.4 billion reported by the end of December 2005 have been achieved through improvements across the public sector. In addition to the initiatives previously reported in the Budget and Pre-Budget Reports, further departmental efficiency examples include:

- The **Department for the Environment, Food and Rural Affairs** has supported Local Authorities in delivering savings in the procurement and contract management of environmental services and waste management. £54 million was achieved in 2004-05; £143 million is forecast for 2005-06 and £299 million is expected by March 2008.
- Within the **Ministry of Defence (MOD)**, the negotiation of a new engine contract for the Tornado will save £136 million over the next 5 years. Regional Rehabilitation Units in the MOD are getting more medically-downgraded staff Fit for Task more quickly by reducing times spent waiting for appointments, treatment and rehabilitation for orthopaedic injuries. From April 2005 to September 2005, a total of 450,000 man deployable days were gained achieving over £44 million worth of efficiency gains.
- The **Department for Work and Pensions** is delivering efficiencies in the Jobcentre Plus and in the Pension Service. Jobcentre Plus will reduce its management and support overhead from 13 per cent to between 7 and 8 per cent by March 2008, so that it focuses a higher proportion of its resources on front line staff directly helping customers. This will lead to a reduction of 4,300 posts. Innovative processes, joining up services and a focus on performance management has led to the Pension Service delivering better customer service with over 5,000 (27 per cent) less staff. In addition, significant levels of improvement in customer service targets for State Pension, Pension Credit and State Pension Forecasts have been achieved, including time taken to clear applications and targets for answering the telephone.
- The **Department of Health** has reported improved productivity in the NHS from lower levels of staff sickness and reduced use of agency staff in 2004-05. This has meant that around £60 million has been saved for investment in better patient care.

Lyons Relocation 6.15 The 2004 Spending Review announced that the Government plans to relocate 20,000 public sector posts out of London and the South East. As at the end of December 2005, 6,640 posts had been relocated, due to rise to 7,800 by April 2006. Recent moves include over 50 Valuation Office Agency Posts to Plymouth and Halifax. Posts have been relocated to every nation and region in the UK including:

- over 1,800 to Yorkshire and the Humber including over 200 to Sheffield;
- over 1,500 to the North West including 480 to Liverpool;
- over 1,400 to Wales including 500 to Wrexham; and
- over 550 to the North East including 450 to Newcastle .

Workforce Reduction 6.16 The 2004 Spending Review set out plans for a gross reduction of 84,150 Civil Service and military posts in administrative and support functions by 2007-08, with 13,550 reallocated to frontline service, resulting in a net reduction of 70,600 posts. The 2005 Pre-Budget Report reported that a gross reduction of over 31,000 civil service posts had been achieved by the end of September 2005. An additional 9,300 posts had been removed by the end of December 2005, taking the total gross reduction to over 40,000 by that date. Table 6.1 shows the details of the progress made. The Government is on course to achieve significant reductions in posts as set out by Sir Peter Gershon.²

Table 6.1: Workforce reduction across departments

Department	Reductions	Reallocations to front line roles	Total reduction
Department for Work and Pensions	14,698	5,594	20,292
Ministry of Defence	8,560	0	8,560
HM Revenue & Customs	3,671	1,560	5,231
Other departments	6,308	0	6,308
Total	33,237	7,154	40,391

Public Sector Pay 6.17 The Government is continuing its commitment to ensure that public sector pay is targeted towards delivering and administering high quality public services. Given that it accounts for around a quarter of all public spending, controlling pay is also essential in delivering value for money and keeping inflationary pressures in check. In November the Chancellor of the Exchequer wrote to the public sector pay review bodies emphasising the need to ensure pay settlements are based on the achievement of the Government's inflation target of two per cent.

6.18 The 2005 Pre-Budget Report announced the establishment of the new Public Sector Pay Committee (PSPC) – the Pay Gateway. The PSPC has met on several occasions since then to discuss specific workforce issues and has made good progress in strengthening the consistency and quality of the information base used to underpin pay decisions. The PSPC will set common objectives for pay across Government and will ensure that both pay awards and pay systems across the public sector are evidence based, represent value for money and are financially sustainable over the long run.

6.19 The PSPC will review progress on local pay. The terms of reference in remit letters to the Pay Review Bodies (PRBs) require them to have regard to regional/local labour markets and their effects on recruitment and retention. Departments responsible for workforces covered by PRBs are required to provide robust evidence on local and regional recruitment and retention issues and make clear to PRBs how they expect pay to reflect these different markets. In addition, civil service remit guidance instructs Departments to fully consider local pay.

² *Releasing Resources to the Front Line, an independent review of public sector efficiency*, Sir Peter Gershon, July 2004.

Value for money in the Comprehensive Spending Review

6.20 The 2007 CSR marks the next stage of development in the Government's programme for delivering better value for money in public services. To continue to improve front-line service delivery and release the resources needed to respond to the long-term challenges, the CSR will go beyond the ambition set in the 2004 Spending Review efficiency programme by:

- deepening the government-wide efficiency programme in the operational areas established by the Gershon Review, with greater engagement of front-line professionals to identify opportunities for service improvements;
- taking a radical look at the way that government spends money on programmes and policies ten years on from the first CSR, through a set of zero-based reviews of departments' baseline expenditure;
- reviewing the opportunities for transforming service delivery across government, looking at how the channels through which services are delivered can be made more efficient and responsive to the needs of users; and
- delivering a step-change in the management of the public sector asset base, taking forward the recommendations of the Lyons Review of asset management.

6.21 The Government is developing an ambitious efficiency programme for the CSR period building on the foundations laid in the 2004 Spending Review. Further progress is possible on all of the strands of work that make up the existing programme as the lessons of best practice on efficiency spread across Whitehall and the wider public sector. In particular, significant gains are still to be made through the extension of current work on collaboration in procurement and the shared provision of corporate services to government departments and the wider public sector. There is also scope to learn from best practice in redesigning working practices to substantially increase the productive use of the time of front-line staff.

6.22 Alongside this work on improving operations and processes, departments are also taking forward a set of zero-based reviews of their baseline expenditure to assess its effectiveness in delivering the Government's long-term objectives. Whereas past spending reviews have traditionally focussed on allocating incremental increases in expenditure, the process of setting new long-term objectives in the CSR provides an important opportunity – with many past objectives achieved and supporting programmes and spending potentially available for reallocation – for a more fundamental review of the balance and pattern of expenditure within and across departments. The aim of these zero-based reviews is to renew each department's baseline expenditure to reflect changing priorities ten years on from the first CSR.

6.23 This Budget announces early CSR spending settlements for the Department for Work and Pensions, HM Revenue and Customs, HM Treasury and the Cabinet Office which embed ongoing efficiency savings into their medium-term expenditure plans and lay the foundation for a spending review focused on meeting the challenges of the decade ahead. Box 6.3 sets out details of these settlements.

Box 6.3: Embedding efficiency in departmental expenditure planning

This Budget announces that the Department for Work and Pensions, HM Revenue and Customs, HM Treasury and the Cabinet Office have already agreed to deliver ambitious value for money reforms over the CSR period, enabling them to continue improving services within Departmental Expenditure Limits (DEL) that will fall by 5 per cent in real terms per year in 2008-09, 2009-10 and 2010-11. These early settlements embed efficiency savings into their medium-term expenditure planning and release £1.8 billion in total over the three years of the CSR period for reallocation to front-line services. To meet the transitional costs of transforming these departments, the Government is setting aside a modernisation fund of over £800 million.

Department for Work & Pensions

The 2004 Spending Review announced plans for DWP to modernise and streamline the delivery of its services by 2007-08 while its Departmental Expenditure Limit for 2006-07 and 2007-08 was held constant in nominal terms at 2005-06 levels, representing a real terms cut. To date, this modernisation programme has enabled DWP to reduce its workforce by 14,698 posts and redeploy 5,594 posts to customer facing roles, while still maintaining employment at historically high levels. Going forward into the CSR, DWP will make further progress in improving the efficient delivery of its services to the public, including by:

- redesigning and simplifying business processes;
- implementing a channels strategy to improve the customer experience and reduce waste; and
- consolidating delivery and support functions to generate economies of scale.

HM Revenue and Customs

The 2004 Spending Review announced that the Inland Revenue and HM Customs and Excise would merge, releasing resources, providing a one-stop service to businesses and allowing tax flows to be managed more effectively. Since its establishment HMRC has generated efficiency savings of £75 million in 2005-06 and headcount reductions of 3,653 full-time posts. Building on this success, over the CSR period HMRC has committed to a programme of service transformation that will further increase efficiency and place customers at the heart of what they do, including by:

- supporting customers to get it right first time;
- simplifying business processes and implementing more flexible ways of working; and
- improving risk targeting to increase compliance.

HM Treasury and the Cabinet Office

Both HM Treasury Group and the Cabinet Office have initiated ambitious change programmes aimed at transforming their organisations, improving their strategic focus and enhancing the service provided at the centre of government. This will involve comprehensive, zero-based reviews of their activities and services, including identifying opportunities for the rationalisation and sharing of services.

Transforming service delivery 6.24 This Budget also announces that the Chancellor has asked Sir David Varney, Executive Chairman of HMRC and former CEO of O2, to advise him on the opportunities for transforming the delivery of public services. Drawing on the Government's recent strategy paper on service transformation, *Transformational Government, Enabled by Technology*,³ the review will look at how the channels through which services are delivered can be made more efficient and responsive to the needs of citizens and businesses, for example by:

- exploiting the full potential of electronic service delivery, including by making wider use of online provision to make services more accessible to the public;
- raising the quality of service provided by call centres, learning from private sector experience in simplifying processes for call handling, improving support to front-line staff and rationalising the number of call centre sites;
- identifying the opportunities for more efficient and innovative use of local office networks, building on the success of many local authorities in basing service provision around the concept of "one-stop shop" local offices that provide a wide range of services from a single site; and
- exploring the scope to improve processes for handling identity.

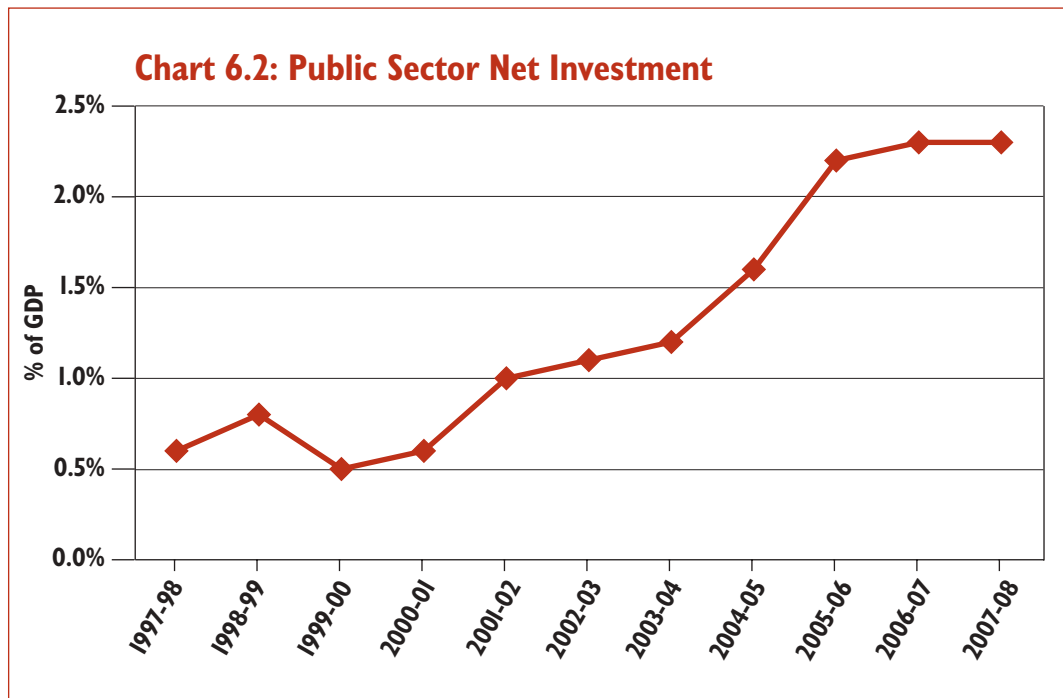
Public investment

6.25 The 1998 CSR established public investment as a long-term priority, recognising its crucial contribution to both public service delivery and the productivity and flexibility of the wider economy. Since then, subsequent Spending Reviews have addressed the legacy of under-investment in the nation's public infrastructure, increasing public sector net investment from just 0.5 per cent of GDP in 1999 to a planned level of 2¼ per cent by the end of the 2004 Spending Review period. This substantial growth in public investment has been underpinned by the reforms to the budgetary and fiscal framework, including separate capital and resource budgets, that safeguard long-run capital investment.

6.26 Together with private investment, public sector investment is delivering improvements to capital assets across the public sector:

- the NHS is undertaking the biggest hospital building programme in history, with 57 new hospital schemes open since 1997, and another 31 under construction;
- 20,000 schools have benefited from building improvements, and the Government has committed to providing twenty-first century facilities for all secondary pupils and rebuilding or refurbishing half of all primary schools; and
- significant improvements have been achieved in the quality of the strategic road network.

³ *Transformational Government, Enabled by Technology*, Cabinet Office, November 2005.



Capital in the CSR 6.27 Building on the recommendations of the Lyons Review of Asset Management, the 2007 CSR will place a particular focus on the condition and management of the underlying asset stock as a basis for looking at investment decisions across the public sector. This will ensure that departments are realising the maximum value from the assets they hold by:

- disposing of assets that are no longer required for service delivery;
- improving the management and utilisation of assets retained in the public sector; and
- basing future investment decisions on a more complete assessment of the condition and performance of the existing asset base.

Asset disposals 6.28 The disposal of surplus assets and the full exploitation of under-utilised assets are crucial to ensuring the efficient use of public sector resources. The 2007 CSR will continue to drive forward the Government's objective of realising £30 billion of asset disposals by 2010. With asset disposals of £6.3 billion in 2004-05, the Government is on track to meet this objective, with strong progress made across government:

- the Ministry of Defence has sold over £250 million of assets in the last year and is conducting a strategic programme of estate rationalisation including: the merger and co-location of Royal Navy, Royal Air Force and Army bases; reviews of defence training sites, Royal Marines bases and defence airfields; and relocation and consolidation of defence estates in Greater London on to a number of core sites;
- the Department for Transport will, by 2008, dispose of around £185 million of land and property;

- the Home Office and its frontline partners are expecting to sell assets worth over £125 million during 2005-06. The Metropolitan Police have launched a programme to reconfigure their estate over the next decade, supporting wider policing initiatives and reflecting changing technology;
- the Department of Health has concluded a landmark deal with the Office of the Deputy Prime Minister to transfer a portfolio of former NHS hospital sites to English Partnerships, for an affordable housing initiative. The 96 sites, with land totalling 1,600 hectares and a gross book value of over £700 million, are expected to generate up to £1 billion in private sector investment by 2010; and
- the Department for Constitutional Affairs is taking forward an extensive plan to rationalise land and buildings held by the Court Service.

6.29 Building on this progress, departments will, as part of the 2007 CSR, set out plans that demonstrate how the Government will meet its ambition of realising £30 billion of asset disposals by 2010. In line with its commitment to retain only those assets which are required to meet its public service objectives, the Government will:

- complete the sale of Westinghouse for approximately £3 billion;
- look to realise value from our stake in Urenco;
- move ahead with the sale of the Tote;
- consider selling part of its stake in British Energy after completion of the Energy Review; and
- as described in Chapter 3, bring forward specific proposals for the sale or sharing of public sector spectrum by the end of 2006. Departments will also set targets for spectrum release in the CSR, supported by the publication of a strategy document early next year examining current spectrum use and forecasting future requirements.

Asset management 6.30 Recognising that the efficient management of the £766 billion public sector asset stock is crucial for effective public service delivery, the 2007 CSR will build on the recommendations of the Lyons Review of Asset Management in 2004 by focussing on effective asset management as the basis for new investment decisions:

- **a joint ODPM and HMT taskforce will work to improve the release of surplus public sector land for housing**, aiming to identify an estimated 3,000 hectares of land that has the potential for development or redevelopment;
- to reinforce the effective management of assets across the public sector and to complement the approach being taken by central departments, **ODPM are leading work to explore opportunities for strengthening asset management by local authorities** – delivering improved outcomes for local communities through more efficient use of public assets and realising greater potential for disposal of surplus local assets; and
- in order to improve incentives for effective asset management, **HM Treasury will consult departments on possible changes to the budgeting rules for impairments in order to remove any unnecessary barriers to asset disposal.**

A zero-based approach to capital **6.31** Since the 1998 CSR, significant strides have been made to address the backlogs in investment across the public sector. To ensure that new investment is focused where it will be most effective and in the areas where it is needed to meet the long-term challenges, the 2007 CSR will introduce a more strategic approach to capital budgeting by:

- **updating the National Asset Register, as part of a comprehensive survey of the condition and performance of the public service asset base**, together with an assessment of what the sustained increases in investment have achieved at a sectoral level;
- introducing a more zero-based approach to setting capital baselines and capital budgets, to fully realise the benefits of separate capital and resource budgets; and
- requiring departments to prepare asset management strategies that build on the principles of asset management identified in the Lyons Review.

REFORMING THE DELIVERY OF PUBLIC SERVICES

6.32 Recognising that increased resources alone are not enough to transform the performance of public services, the Government has established an ambitious programme of reform designed to raise standards of service, reduce inequalities and increase user satisfaction. Strengthening accountability, as part of an overall framework for devolved decision making, is key to this reform agenda to ensure that public services are responsive to the needs and preferences of individuals and communities. The successful implementation of this ambitious reform programme is driven by the Government, frontline professionals, communities and individuals, including through:

- *setting clear goals and establishing national standards*, to raise performance and increase accountability;
- *increasing frontline flexibility and capability*, giving front-line professionals greater operational autonomy and support to provide services that are personalised to users' needs;
- *promoting community and citizen engagement* – including in the design, delivery and governance of public services – to increase local responsiveness and accountability; and
- *empowering users*, to create personalised services which meet individual needs and preferences, including by exercising choice.

Clear goals and national standards **6.33** Outcome-oriented targets and incentives for achievement, backed up by high quality regulation and inspection regimes, are the key approaches that the Government has used to improve performance and enforce minimum standards across public services. Since their introduction in the 1998 CSR, Public Service Agreements (PSAs) have been central to this approach, setting national goals with unprecedented levels of transparency and focusing energy and resource on the highest national priorities at a time when past investment in public services has been low and capacity was weak. The 2004 Spending Review signalled an evolution in the relationship between central government, local government, regional organisations and the frontline, with a rationalisation of targets and an increased focus on clearly measurable outcomes to enable greater freedom for providers to decide upon the most effective method of delivery. Resulting improvements in performance, increased capacity and the availability of transparent data provide impetus for a more devolved approach and the 2007 CSR provides an opportunity to further progress this agenda.

Frontline flexibility and capability **6.34** The Government recognises that public service professionals, operating within a framework of clear goals and national standards, need the flexibility to apply their first-hand knowledge and expertise to raise standards and deliver personalised services that are responsive to individual needs. In parallel with reforms designed to increase frontline flexibility, the Government has also taken steps to increase the capability of frontline professionals, and introduced measures designed to stimulate the spread of best practice through organisational collaborations and informal networks of professionals. Examples include:

- The Government has earmarked £220m in 2006-07 and £565m in 2007-08 within the core schools funding settlement to support personalisation and tailored support. This will enable intensive support for those who have fallen behind and will be focused on local authorities with the largest numbers of under-achieving and deprived children. This funding will support provision for catch-up classes and greater stretch for gifted and talented pupils; and
- Practice-Based Commissioning in the NHS, where GP practices will be able to directly commission care and services tailored to the specific needs of their patients. This should lead to local innovation resulting in higher quality services for patients and will mean that patients can benefit from a greater variety of services from a larger number of providers in settings that are closer to home or more convenient for them.

Community and citizen engagement **6.35** Outcome-focused goals and national standards work best as part of an overall framework of devolution and local accountability, enabling communities and citizens to have a greater say in the design, delivery and governance of their local services. Therefore, the Government has been increasing opportunities for community engagement, for example through:

- Tenant Management Organisations (TMOs), where council tenants in England have a statutory right to manage collectively the council-owned housing in their area. TMOs may take on the running of council services such as organising repairs and maintenance, making sure buildings are kept clean and tidy, letting vacant homes and collecting rents and service charges. Currently, around 250 groups of tenants now manage 85,000 homes, with a further 30 groups currently in development;
- the national neighbourhood policing programme, where neighbourhood teams are developing innovative approaches to community engagement based on local needs. These range from regular neighbourhood panels and open meetings to surveys, door knocking and focused problem-solving events; and
- as part of national debate on the CSR set out in Box 6.1, the Government will be looking to identify further opportunities to increase public and user engagement as a driver for improving public service delivery.

Empowering users **6.36** Improving public service outcomes, in health, education and elsewhere, is as dependent on the actions of users themselves as on the work of public service professionals. In recognition of this, the Government is committed to providing users with new mechanisms to influence service design and delivery, so that services are more personalised to their diverse needs and preferences. For example:

- in social care, the Government is piloting Individual Budgets for older and disabled people to give service users greater control and choice over their support. Service users eligible for Individual Budgets will be allocated a transparent sum or ‘budget’ based on the resources that would typically have been spent on that individual. Using this nominal ‘budget’ the service user can then select a package of services more tailored to their specific needs; and
- the Department of Health is giving NHS patients greater choice over when, where and how they are treated, and increasingly over what treatment they receive. Since January 2006 patients have been offered the choice of at least four hospitals and a booked appointment when they need a referral for elective care. By 2008 choice will widen even further, with patients able to choose any healthcare provider that meets NHS standards and can provide care within the price the NHS is prepared to pay.

Increasing Personalisation **6.37** A number of the long term trends and challenges that will shape public services over the next decade are likely to drive an increased need for, and provide opportunities to deliver, more responsive public services. Increasing user expectations of public services, the needs of an increasingly diverse population and the necessity to equip all individuals to compete in a globalising world will require us to move further away from “one size fits all” and towards public services which deliver for each individual. At the same time technological progress is opening up new opportunities to personalise public services, including new ways to access services and more scope to tailor delivery to individuals’ needs. However, technology alone is insufficient. The capacity and capability of both frontline professionals and users of services themselves to work together to secure better more responsive services are also crucial. In the CSR, the Government will examine how to achieve more personalised services.

Inspection Reform **6.38** Budget 2005 outlined the Government’s strategy for inspection reform, building on the policy outlined in July 2003.⁴ Significant progress has already been made, with legislation to establish the first of the new inspectorates in the areas of justice, community safety and custody and children’s services, education and learning already before Parliament. The structural mergers of the inspectorates will in themselves encourage better joint working between inspection functions that focus on similar service areas and service users. In addition, the new inspection bodies being created will adopt common legal powers and duties that will better facilitate the sharing of information and allow for further coordination and alignment of inspection schedules. The reforms will also give inspectorates the duty to challenge proposals made by other inspectorates that may represent an unreasonable burden on inspected bodies. These new powers will make real the Government’s ambition that inspection activity be rationalised.

6.39 These reforms will lead to a reduction in overall inspection activity, giving the best performers as much freedom as possible, ensuring appropriate and swift action to tackle poor performance and driving improvement across public services. As a result, the Government is working with public service inspectorates to assess more fully the scope for reducing inspectorate expenditure by around a third over the medium term as overall inspectorate activity is reformed, rationalised and ultimately reduced.

⁴ *Inspecting for Improvement: developing a customer focused approach*, Office of Public Sector Reform, July 2003.

Regional Funding Allocations 6.40 In July 2005 the Government published indicative regional funding allocations across the inter-related areas of transport, housing and economic development to enable regions to better align their strategies and enhance their input into public spending decisions that affect the regions. Each region has now submitted advice to the Government on their priorities within these allocations. The advice sets out for the first time a clear list of regional transport priorities within the indicative allocations, demonstrates widespread agreement within each region on strategic priorities, and succeeds in strengthening the alignment between Regional Economic and Spatial Strategies. The Government is now considering the advice provided by the regions and will set out in due course how it will be utilised and developed upon in the Comprehensive Spending Review process.

6.41 Budget 2005 announced new measures to strengthen devolution, performance management and accountability in the Regional Development Agencies (RDAs). The first of these, an independent assessment conducted by the National Audit Office and based on the Initial Performance Assessment (IPA) of the London Development Agency (LDA) has been introduced for the RDAs on a rolling basis during 2005-06. Initial findings from the IPA exercise will be available towards the end of summer and will inform the Government's wider assessment of subnational performance ahead of the Comprehensive Spending Review 2007.

Review of Government Offices 6.42 The Review of Government Offices (GOs) published alongside this Budget will provide an enhanced opportunity for the significant decentralisation and devolution of Government activity. It proposes a smaller, more strategic role for the GOs:

- transforming the way central Government focuses on places, by working with local and regional partners to determine priorities and stretch performance;
- translating Departmental policies into operational delivery, by providing focussed policy and performance feedback to departments about regional delivery challenges and solutions in delivering Public Service Agreements (PSAs); and
- supporting and challenging regional strategies to improve their quality and consistency.

6.43 To meet the challenge of this new role the Review finds that the GO network must make a transformational change refocusing more clearly on priority outcomes and seizing the opportunity to streamline activity by, inter alia, reducing overall staff by at least 33 per cent.

The Third Sector 6.44 The third sector, encompassing voluntary and community organisations, charities, social enterprises, co-operatives and mutuals, has a key role to play in identifying more effective ways of engaging citizens and delivering more innovative, responsive and personalised services.⁵ Both the *Welfare Reform Green Paper* and the *Out of Hospital Care White Paper* highlighted the potential for the sector to play an even greater role, and the Government will outline next steps to build capacity and promote third sector involvement in public services through three forthcoming documents:

- the Government's response to the Public Accounts Committee (PAC) report *Working with the Voluntary Sector*;⁶
- the publication of a comprehensive cross-government action plan for achieving a step-change in the level of public services delivered by the third sector (co-ordinated by the Home Office); and
- the Government's action plan for social enterprise, led by DTI.

⁵ The wider role of the third sector is discussed in Chapter 5.

⁶ 32nd Report, 2005-06 session – HC 717.

6.45 As a further step towards supporting the third sector **this Budget announces the participation of Cumbria, Portsmouth, Tower Hamlets and Dorset Councils as local area pathfinders** who have committed to explore ways in which the third sector can add value to the delivery of local services. The pathfinders' approaches will be shared with other councils through key national partners.

6.46 The Government is also committed to supporting the development of the sector's infrastructure and capacity through the Capacity Builders programme and the Futurebuilders Fund which has now made 110 investments totalling £37.2 million since summer 2004. Revised funding guidance *'Improving financial relationships with the third sector'* will also be published in the spring – including new guidance on best practice in funding full costs and clarification of the clawback rule which covers the conditions that are placed on grants provided for the acquisition or improvement of assets.

6.47 The Government wants to ensure that the third sector is consulted and recognised throughout the CSR process. As well as the long-term policy review on the future role of the third sector in social and economic regeneration, the Government will run a series of evidence-based workshops examining best practice in third sector delivery of public services, including in health, education, employment and crime.

Local government 6.48 Co-ordinated action at a local level offers an opportunity to bring many of these themes together to deliver both national priorities, embodied in PSAs, and local priorities. Consideration of the strategic role of local government, and the relationship between local authorities and their partners, are key to this. Sir Michael Lyons is examining these issues as part of his Inquiry into Local Government and is due to publish a paper on the role and function of local government later in the spring.

6.49 Local Area Agreements (LAAs), first introduced in April 2005 for 20 upper and single tier authorities, play a key role in improving the delivery of both national and local public service outcomes, by offering authorities the chance to pool a wide range of area-based funding streams in a single payment and performance framework, encouraging a coherent dialogue between central and local government and its partners, communities, individual users and the voluntary and community sector. The outcome of the Review of Government Offices (GOs) offers a crucial opportunity to build on the GOs' strategic role in the development, negotiation and ongoing management of LAAs.

6.50 LAAs will be extended in 2006-07 to a further 66 authorities, due to be signed off by Ministers shortly. From 2007-08, when all upper or single tier authorities will have the opportunity to negotiate an LAA, some area-based funding streams will be automatically pooled within LAAs, to increase the efficiency of the performance monitoring arrangements at both a central Government and local level.

6.51 In the context of the Local Government White Paper, due to be published in June, and the CSR, the Government will be considering how other area-based funding streams could be included in LAAs to further improve the efficiency and delivery of outcomes across public services.

DELIVERING BETTER OUTCOMES ACROSS PUBLIC SERVICES

Education 6.52 The 2004 Spending Review provided for education spending in England to increase by an annual average of 4.4 per cent in real terms, building on sustained high levels of investment in education since 1997. Across the system and at all levels there have been substantial improvements in attainment, with, for example, 2005 GCSE results showing the biggest year on year increase for a decade, and 56.3 per cent of pupils now achieving five or more grades A*-C. However, there remain significant gaps in attainment by socio-economic background, ethnicity, and gender – this year over 60 per cent of girls achieved five or more grades A*-C at GCSE, but only around 50 per cent of boys reached this standard.

6.53 Personalisation – tailoring teaching and wider support to the needs of individual pupils – is key to tackling these gaps. Research clearly suggests that tailored teaching – whether in a traditional whole class setting or for smaller groups or individuals – can have a strong positive impact on attainment. Wider activities beyond the curriculum can also boost aspirations and attainment. The Government is committed to build on the available evidence base by ensuring that schools and teachers have access to the best possible information about how to implement effective personalisation. **The Secretary of State for Education has therefore asked Christine Gilbert, Chief Executive of Tower Hamlets local authority, to lead a Review to ensure that personalised learning is a reality in every classroom and set out a vision for how teaching and learning should develop between now and 2020.** The review will report back to the Secretary of State for Education by the end of the year.

The long-term challenge 6.54 Closing gaps in attainment and ensuring that all children reach their potential is a long-term challenge, but one that it is essential to meet if the UK is to prosper in an increasingly competitive global economy.

6.55 Higher levels of resource and capital per pupil in the maintained sector, rising from £2,500 in 1997 to £5,000 in 2005-06, are allowing an increasing number of state schools to offer a wider range of individual attention and support. However, the higher overall level of resources in the independent sector – an average of £8,000 per pupil in private sector day schools in 2005-06 – means that a minority of pupils still benefit from a greater depth and breadth of support than is available to many in the state sector.

6.56 The Government's long-term ambition is for all pupils to have access to the same level of support and opportunities that are currently available to pupils in the independent sector. The Government will therefore aim – over time, and adjusting for inflation – to increase funding per pupil towards today's private sector day school levels. As a first step towards this long-term goal, the Government will match today's levels of private sector per pupil capital investment⁷ by the end of the CSR. **Budget 2006 therefore announces that school capital investment will rise from £6.4 billion in 2007-08 to £8.0 billion by 2010-11.** This unprecedented level of investment will support the Government's commitment to transform the schools estate by providing 21st century facilities for all secondary school pupils through Building Schools for the Future, and by rebuilding and refurbishing at least half of all primary schools through the primary schools capital programme first announced in Budget 2005.

6.57 As the Government moves towards this long-term ambition, it will continue to support effective personalisation by providing resources targeted according to need, to enable intensive support for those who need it most. Effective personalisation also requires a

⁷ Estimated at £975 per pupil in 2005-06, excluding spend specifically on boarding accommodation.

highly skilled teaching workforce and a high quality school environment which gives teachers the flexibility to teach in different ways. There is also an important role for extended services and activities in providing all pupils with the opportunities to reach their full potential.

Resources for personalisation 6.58 The Government has already earmarked £220 million in 2006-07 and £565 million in 2007-08 within the core schools funding settlement to support personalisation and tailored support. This will enable intensive support for those who have fallen behind and will be focused on local authorities with the largest numbers of underachieving and deprived children. **Budget 2006 announces additional resources of £220 million in 2006-07 and £365 million in 2007-08 to provide further support for personalisation in schools in England.** In recognition of the important role that personalisation can play in closing gaps in attainment, a significant proportion of this funding will be targeted towards schools with low prior attainment and high levels of deprivation. This funding will go directly to schools through a reformed and more targeted School Standards Grant (SSG) – increasing direct payments for an average primary school from £31,000 in 2005-06 to a total of £39,500 in 2006-07 and £44,000 in 2007-08, and for an average secondary school from £98,000 in 2005-06 to a total of £150,000 in 2006-07 and £190,000 in 2007-08. Payments to the largest secondary schools in the most challenging circumstances through the reformed SSG and the former Leadership Incentive Grant⁸ will rise to over £500,000 in 2007-08, compared to £267,000 in 2005-06.

6.59 Schools will be able to use this funding to support increased personalisation by, for example, improving the skills and knowledge of their teaching staff, and by supporting access to extended activities for pupils who may otherwise not benefit from the full range of opportunities that extended schools can offer.

6.60 Budget 2006 also announces the following specific measures to support schools in providing more personalised teaching and learning:

- The Government's ambition is to create an education and training environment that delivers the best in science teaching and learning at every stage.⁹ **Budget 2006 announces funding for a nationwide pilot of 250 after school science clubs for small groups of Key Stage 3 pupils with interest and potential in science, to offer an engaging and intellectually stretching programme of science to supplement the school's science curriculum.**
- Budget 2005 announced £50 million over the next two years for schools in deprived areas to provide home access to Information and Communication Technology (ICT) for pupils with the greatest need. Schools are increasingly providing online resources to support their pupils learning and **Budget 2006 therefore announces additional revenue funding of £10 million over the next two years to ensure that pupils benefiting from this scheme have access to the internet.**

Schools workforce 6.61 Delivering effective personalisation requires a high quality and highly skilled teaching workforce. The Training and Development Agency for schools is reviewing the framework of professional standards for classroom teachers, and has recently completed consultation on a draft revised set of professional standards. The new standards, which strengthen the requirements for teachers to develop the skills they need to effectively deliver personalised learning, will be available to schools from September 2006.

⁸ Now incorporated in School Development Grant.

⁹ *The Science and Innovation Investment Framework 2004-2014*, HM Treasury, DTI and DfES 2004.

Quality school environments 6.62 Investment in schools buildings is essential to provide high quality learning environments that give teachers the flexibility they need to deliver personalised learning. Budget 2005 announced additional funding of £150 million in 2008-09 and £500 million in 2009-10 to support a 15-year programme to equip primary schools to deliver personalised learning and play a lead role at the heart of their communities. DfES and HM Treasury have recently published a consultation document seeking views on the Government's proposed approach to delivering this investment. The document invites stakeholders to comment on a number of key issues, including how capital investment can most effectively support primary schools in contributing to the Every Child Matters agenda by increasingly delivering integrated services for children.¹⁰

Health 6.63 The Government is half-way through a ten-year NHS improvement programme, a programme based upon major investment coupled with service reform. Since 1997 this Government has delivered a record increase in investment in the NHS. By 2007-8 spending will have risen to £92 billion compared with £33 billion in 1996-97. Funding for health services has increased by 7 per cent per annum on average in real terms since 2002. With these levels of funding, the NHS should be able to plan for and achieve financial balance every year. However, while most NHS bodies are living within their budget, a minority of organisations have built up significant deficits. The Government is taking urgent action to address this, and turnaround specialists have been appointed to help improve financial management in organisations with the biggest problems.

6.64 In line with the government's commitment, by 2007-08 the UK is likely to be spending at least the European average share of GDP on health. Record levels of investment have enabled us to make significant progress on improving services:

- there are 27,000 more doctors and 79,000 more nurses since 1997 and the biggest NHS hospital building programme in history;
- the government set itself a target to ensure that the maximum wait from GP referral to hospital treatment is no more than 18 weeks by 2008. In 1997 people waited over 18 months to see a specialist. Now few patients wait over six months, with the average wait being nine weeks;
- over 98 per cent of those attending accident and emergency units are now seen within 4 hours which is up from 80 per cent in 2001-02; and
- heart disease and cancer have been significantly reduced and 99 per cent of people with suspected cancers are seen by a specialist within 2 weeks of an urgent GP referral.

6.65 Alongside record levels of investment in the NHS the Government has introduced far-reaching service reform to improve services for patients and increase patient choice including:

- NHS Foundation Trusts, a new type of NHS trust in England, which have been created to devolve decision-making from central government to local organisations and communities. Local people and staff directly elect representatives to serve on the Board of Governors;
- payment by results, which more closely links payment to activity. It means that hospitals will be funded in a consistent way for the work which they do. As payment will follow patients it will also ensure that services offered will more closely reflect patients' needs; and

¹⁰ *Every Child Matters: Primary capital programme*, DfES, March 2005

- patient choice, which will mean NHS services becoming more personalised and tailored to individual needs. Patients now have the right to choose from at least 4 to 5 different healthcare providers.

Security 6.66 A priority of the CSR will be to examine the UK's future security requirements. **The Government will therefore conduct a review of its counter-terrorism and security strategies.** This review will look at existing governance structures and consider the case for a single security budget.

6.67 Between 1997-98 and 2007-08, spending by the Home Office on crime, justice, security and communities will have risen by 75 per cent in real terms. To lock in this increased funding, Budget 2006 **announces as part of the CSR an early spending settlement for the Home Office which maintains the Home Office's 2007-08 Departmental Expenditure Limit in real terms over the years 2008-09, 2009-10 and 2010-11.** In the context of continued global uncertainty and security challenges at home, this funding agreement provides the Home Office with the long-term certainty needed to lead the fight against crime and terrorism. This settlement guarantees that the Home Office will be able to retain the efficiency gains from its ambitious value for money programme, including police force reform and restructuring, for reinvestment to deliver further improvements in front-line policing. Further, the Home Office will be able to continue ambitious reform programmes of the immigration and offender management systems.

6.68 The first responsibility of a government is to protect its citizens and ensure their security. The 2005 Pre-Budget Report announced significant further resources for the fight against terrorism, including an additional £85 million to advance the ongoing expansion of the security and intelligence agencies and extending the availability of the Counter-Terrorism Pool beyond 2005-06. **This Budget announces the allocation of £42.5 million to the Home Office from the Pool to help fund emerging counter-terrorism priorities in 2006-07 and 2007-08.**

Special Reserve 6.69 International peace support operations continue to play a key role in global stability. The United Kingdom's continued engagement in these operations, either through direct contribution of military or civilian personnel or through the work of international organisations, is an important component in achieving our foreign, defence and development policy objectives. The Government provided £980 million for the Special Reserve in 2005-06 as a prudent measure to ensure the necessary funding for our continuing international commitments. **Budget 2006 announces £800 million of provision for the Special Reserve in 2006-07, set aside from within existing public spending plans,** to help meet the costs of Iraq, Afghanistan and other international commitments and **further allocates £200 million from the Reserves in 2006-07 to support ongoing peacekeeping activity across the world through the Global Conflict Prevention Pool.**

6.70 Our armed forces are committed to continuous modernization to ensure their effectiveness in a rapidly changing world. **This Budget announces a further £100 million funding for the Ministry of Defence in 2006-07 to support the ongoing programme through which our forces are reshaping themselves for the future security environment.**

Neighbourhood policing 6.71 The 2004 Spending Review provided funding for the recruitment of Police Community Support Officers (PCSOs) to support the nationwide roll-out of neighbourhood policing by 2008. By September 2005 there were 6,324 PCSOs in England and Wales, an increase of 53 per cent since September 2004. In 2005, the Home Secretary announced funding through the Neighbourhood Policing Fund of £88 million in 2006-07 and £340 million in 2007-08 for further PCSO recruitment to complete the delivery of neighbourhood policing

in every area. **This Budget now provides a further £100 million to bring PCSO recruitment to 16,000 by April 2007, so that every area will have neighbourhood policing by that date, a year ahead of previous plans.** This will also fund development of a new service to publish local crime and police performance data on a regular basis, building on the current review of crime statistics.

Olympics and Sport 6.72 In July 2005, the International Olympic Committee (IOC) announced that London had been awarded the 2012 Olympic and Paralympic Games. The Government believes that the Olympics is a great opportunity to showcase our best British athletes and that the Games provide opportunities and benefits for sport that are can be shared across all of the UK.

6.73 The Government wants to ensure that Team GB inspire, motivate and have the best chance of success in a British Olympics. **In continuing partnership with the Lottery the Government has decided to provide funding of £200 million for elite athletes, including paralympic athletes, for the next seven years, helping them to achieve their medal ambitions.** This is an addition to £300 million that has already been committed from the National Lottery and will fully fund the elite athlete programme in the run up to the 2008 Olympics in Beijing. However, the Government wants to see commercial sponsorship play a role in supporting elite athletes. The Department for Culture, Media and Sport and UK Sport will bring forward proposals in the Pre-Budget Report to lever in an additional £100 million of commercial sponsorship.

6.74 To encourage elite sportsmen and women to put something back into grassroots sport and inspire young people to take up sport, **this Budget announces £2 million will be made available over two years from 2006-07 to fund an extension of the successful Sporting Champions Scheme.** Because today's children and young people will play a huge part in London 2012, there will also be **£6 million over two years from 2006-07 to fund School Sport Festivals; and a further £7 million in 2006-07 for the National Sports Foundation and their 2012 Kids programme** which will fund projects including those developed and chosen by young people.

