

The new spending plans for the Chancellor's departments provide an additional £0.5 billion in 2005-06, as compared to 2002-03. This represents 1.4 per cent annual average growth after inflation, which will deliver:

- more efficient service delivery through greater use of electronic applications;
- further action to combat tax and excise fraud to safeguard revenues and fair competition; and
- modernisation of systems supporting national and local statistics.

**20.1** The Chancellor's departments play a key role at the centre of government: HM Treasury in setting the financial frameworks coordinating Euro preparations as required by the Government's policy of 'prepare and decide' and in stewardship of the resources which support public services; the two Revenue departments – the Inland Revenue and HM Customs and Excise – in providing key frontline services for citizens and businesses alike; and the Office for National Statistics in providing statistics essential for public policy making.

**Fraud prevention** **20.2** Tackling tax fraud and the shadow economy safeguards vital revenues and ensures the tax burden is properly and fairly distributed. It also ensures legitimate businesses do not face unfair competition from the fraudsters. Revenue departments will target their efforts to favour compliant businesses. New initiatives for tackling mainland oils fraud and VAT fraud will be implemented.

**Tax and benefit modernisation** **20.3** From April 2003 the Inland Revenue will be introducing the new tax credits announced in Budget 2002. The new Child Tax Credit will provide a single, seamless system of income-related support for families with children. The new Working Tax Credit will improve work incentives, make work pay and help to overcome persistent poverty among those in low paid work.

**Environment and sustainable development** **20.4** HM Treasury has a revised aim, and an additional new objective, highlighting the importance of delivering a better quality of life and protecting the environment. By using a solid base of evidence to inform decisions, and using the right mix of policy instruments, HM Treasury will continue to play an important part in delivering sustainable development.

## INCREASING CHOICE AND IMPROVING INFORMATION FOR CITIZENS

**e-government** **20.5** Additional resources will enable the Revenue departments to develop and roll out electronic applications as a platform for conducting business. This will lead to greater efficiency and reduced compliance costs for business. Contact centres and self-service Internet transactions are already transforming the way their business is conducted. Government will seek to increase take-up by designing effective services that citizens and business really want.

**20.6** Electronic filing of payroll data offers improvements in efficiency and data quality and the Government will work with employers and intermediaries to ensure that critical mass is achieved and inefficient paper-based routines are phased out as soon as possible. The new incentive scheme is designed to encourage small and medium-sized enterprises (SMEs) to use this facility.

**20.7** National Statistics and actuarial advice provide the key information to underpin economic and public service planning. National Statistics have a diverse customer base outside government in the business and research communities. The Spending Review supports continued investment to enable the Office of National Statistics to re-engineer their statistical systems to provide a more responsive and efficient service.

**National audit and accountability standards**

**20.8** Electronic data exchange also plays a key role in Whole of Government Accounts – commercial-style accounts covering the whole of the public sector. These are intended to present a “true and fair” view of Government’s activities, helping to deliver better policy making and greater accountability.

## SPENDING PLANS

**Table 20.1: Key figures**

	£ million			
	2002–03	2003–04	2004–05	2005–06
<b>Total Chancellor’s departments</b>				
Resource budget	4,309	4,468	4,608	4,778
Capital budget	228	238	300	303
<b>Total Departmental Expenditure Limit<sup>1</sup></b>	<b>4,264</b>	<b>4,421</b>	<b>4,619</b>	<b>4,789</b>
Inland Revenue <sup>1</sup>	2,704	2,749	2,836	2,913
HM Customs & Excise <sup>1</sup>	1,095	1,145	1,212	1,287
HM Treasury <sup>1</sup>	171	220	232	240
Office for National Statistics <sup>1</sup>	139	132	159	174
National Savings <sup>1</sup>	157	172	171	168
Government Actuary’s Department <sup>1</sup>	1	3	2	2
Near-cash spending in Chancellor’s departments DEL <sup>2</sup>	<b>4,239</b>	<b>4,324</b>	<b>4,513</b>	<b>4,680</b>

<sup>1</sup> Full resource budgeting basis, net of depreciation.

<sup>2</sup> Consistent with previous control basis.