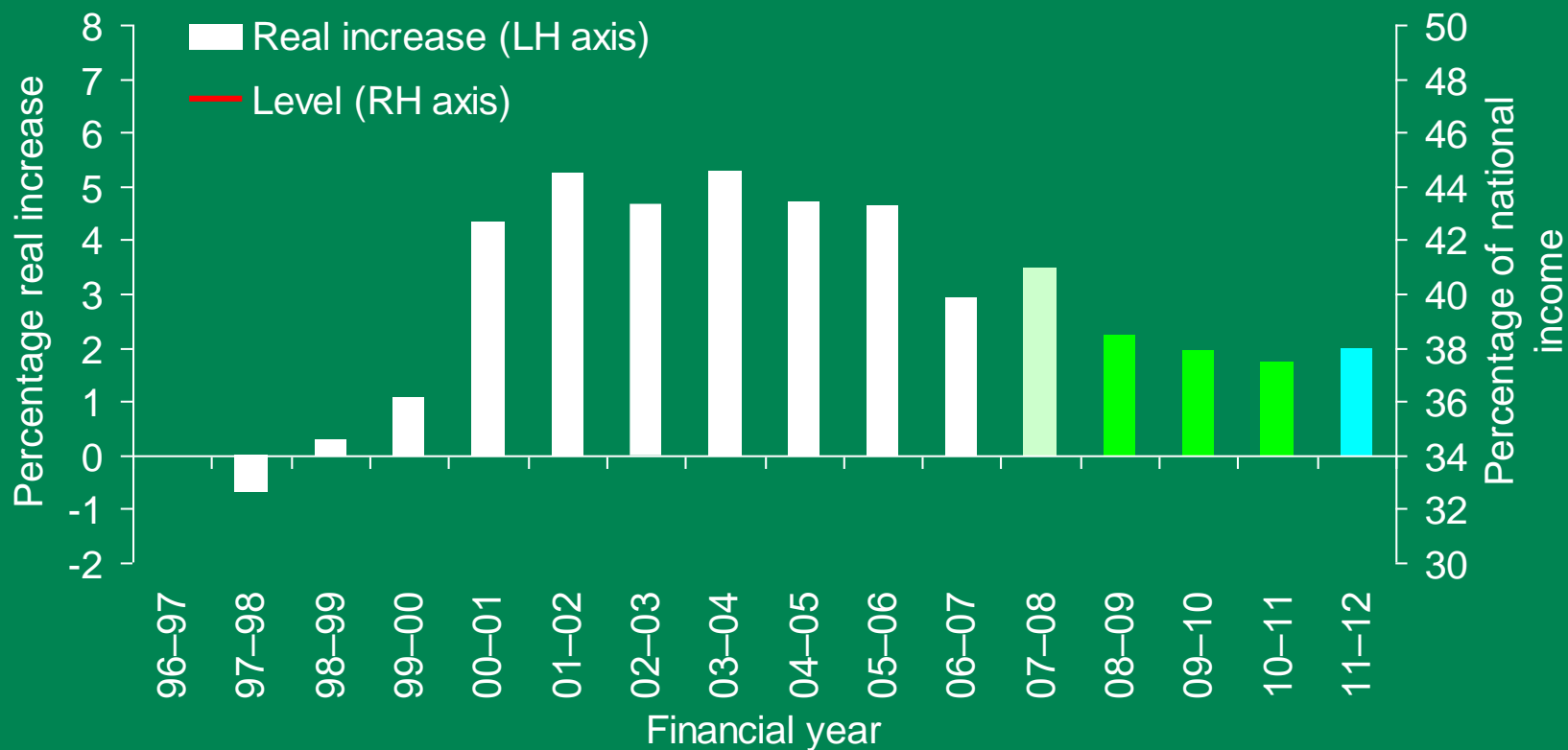


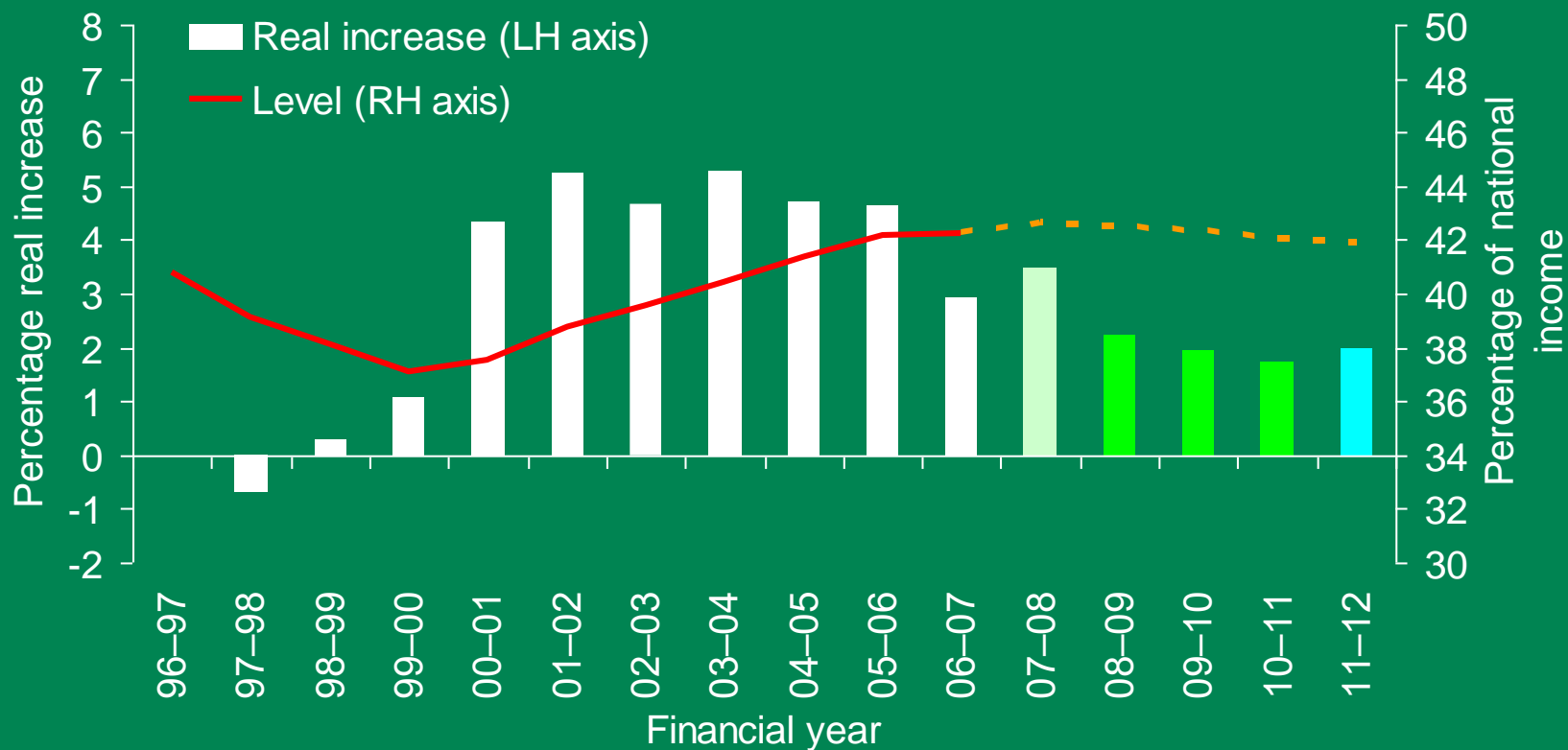
Public spending

Carl Emmerson
Institute for Fiscal Studies

Total Managed Expenditure



Total Managed Expenditure



But remember this...

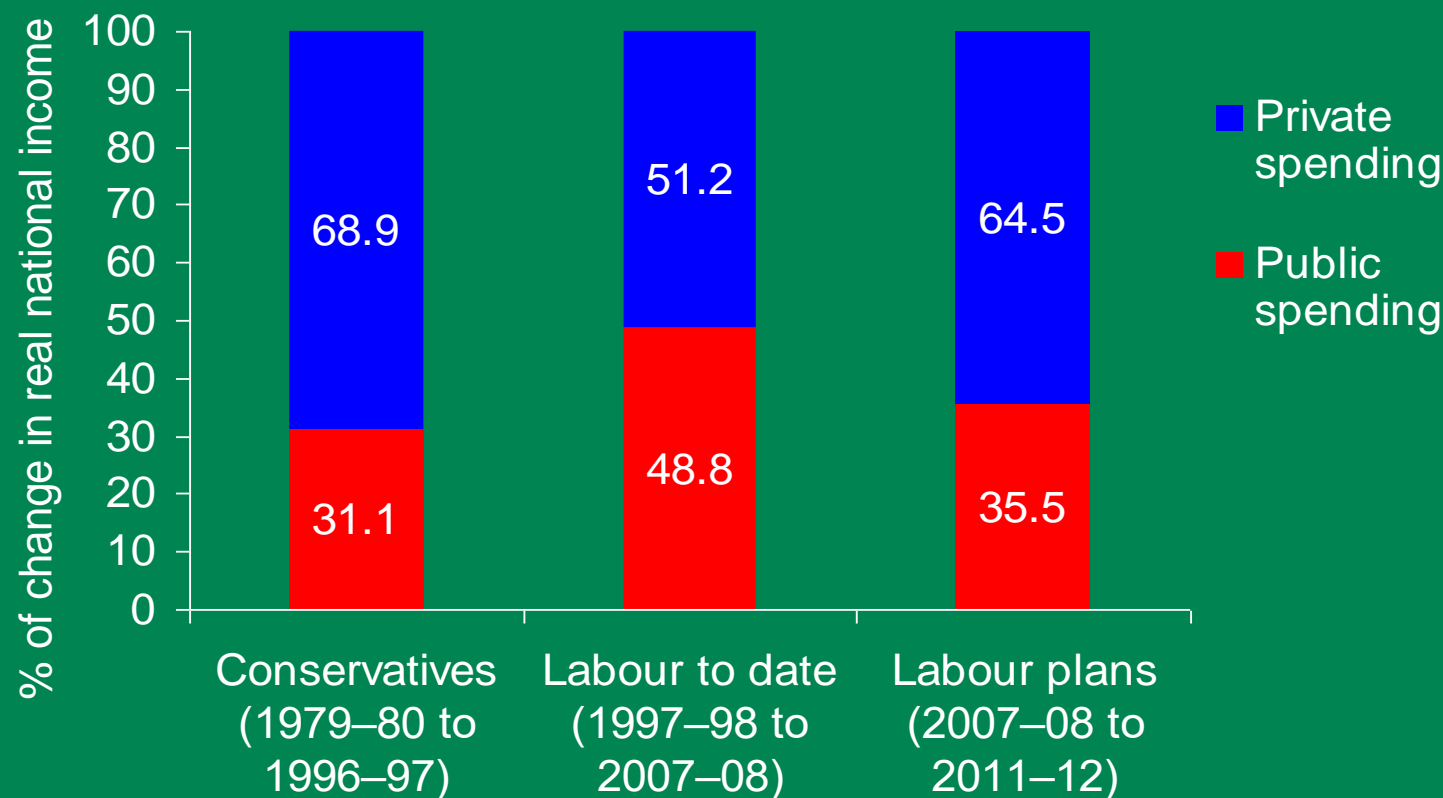


“The Tory flagship policies are... to cut spending by £35 billion.” (Gordon Brown, 20 April 2005)

Labour's spending cut

- Using Labour's election campaign methodology, spending to be cut by:
 - £9bn over the three CSR years (0.6% of national income in 2010–11 terms)
 - £12bn over the three CSR years plus 2011–12 (0.8% of national income in 2011–12 terms)
- Placing in 2007–08 terms
 - £8bn over the three CSR years
 - £10bn over the three CSR years plus 2011–12

Sharing the proceeds of growth



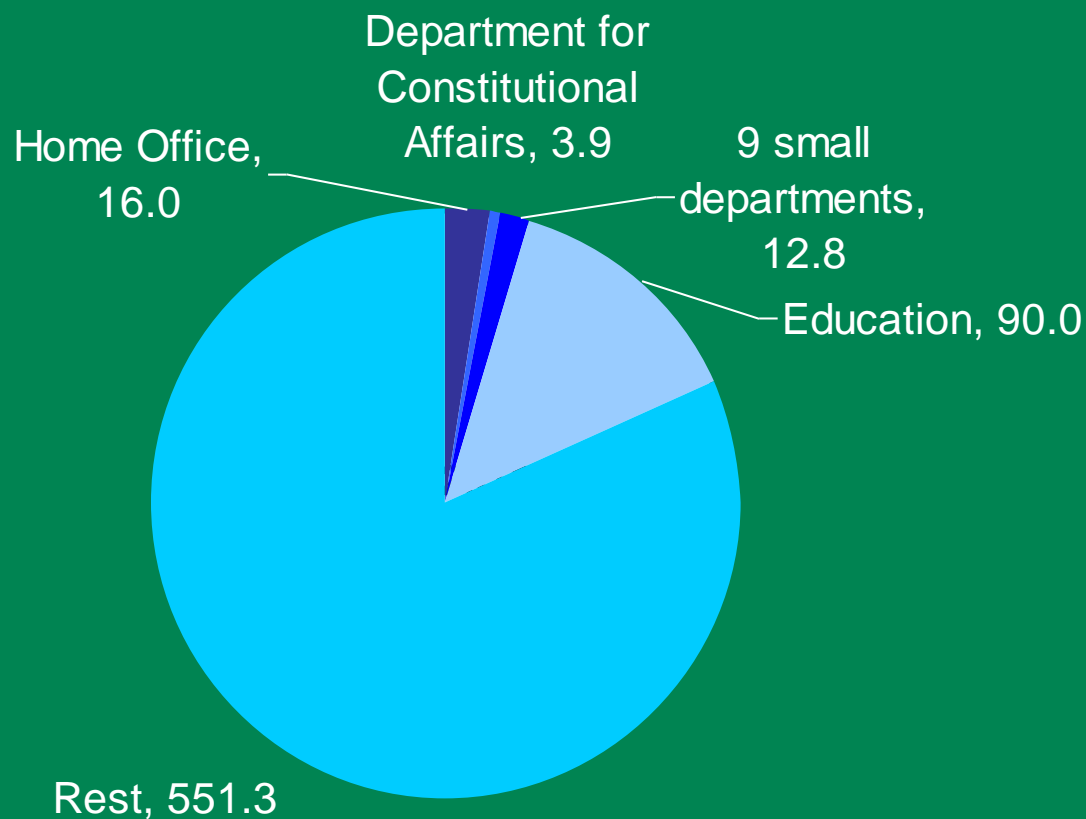
A challenging spending review?

Av. annual increase (%)	Current	Capital	Total
2007 CSR	+1.9	+3.2	+2.0

A challenging spending review?

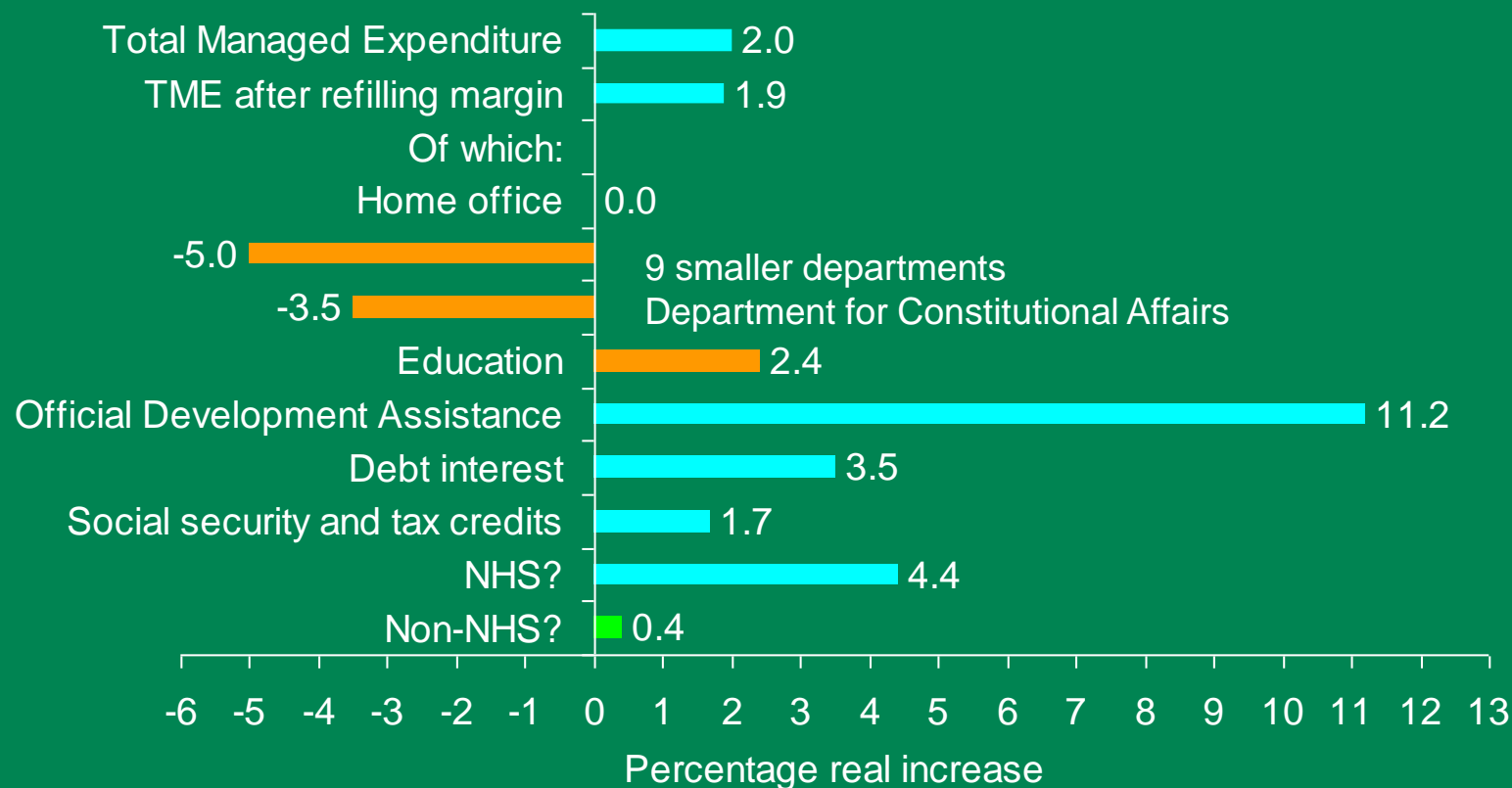
Av. annual increase (%)	Current	Capital	Total
2007 CSR	+1.9	+3.2	+2.0
<i>Labour</i>			
April 1999 to March 2008	+3.7	+15.4	+4.0
April 1997 to March 1999	-0.3	+6.7	-0.2
<i>Conservatives</i>			
April 1979 to March 1997	+1.7	-4.9	+1.5

What's left for the CSR?



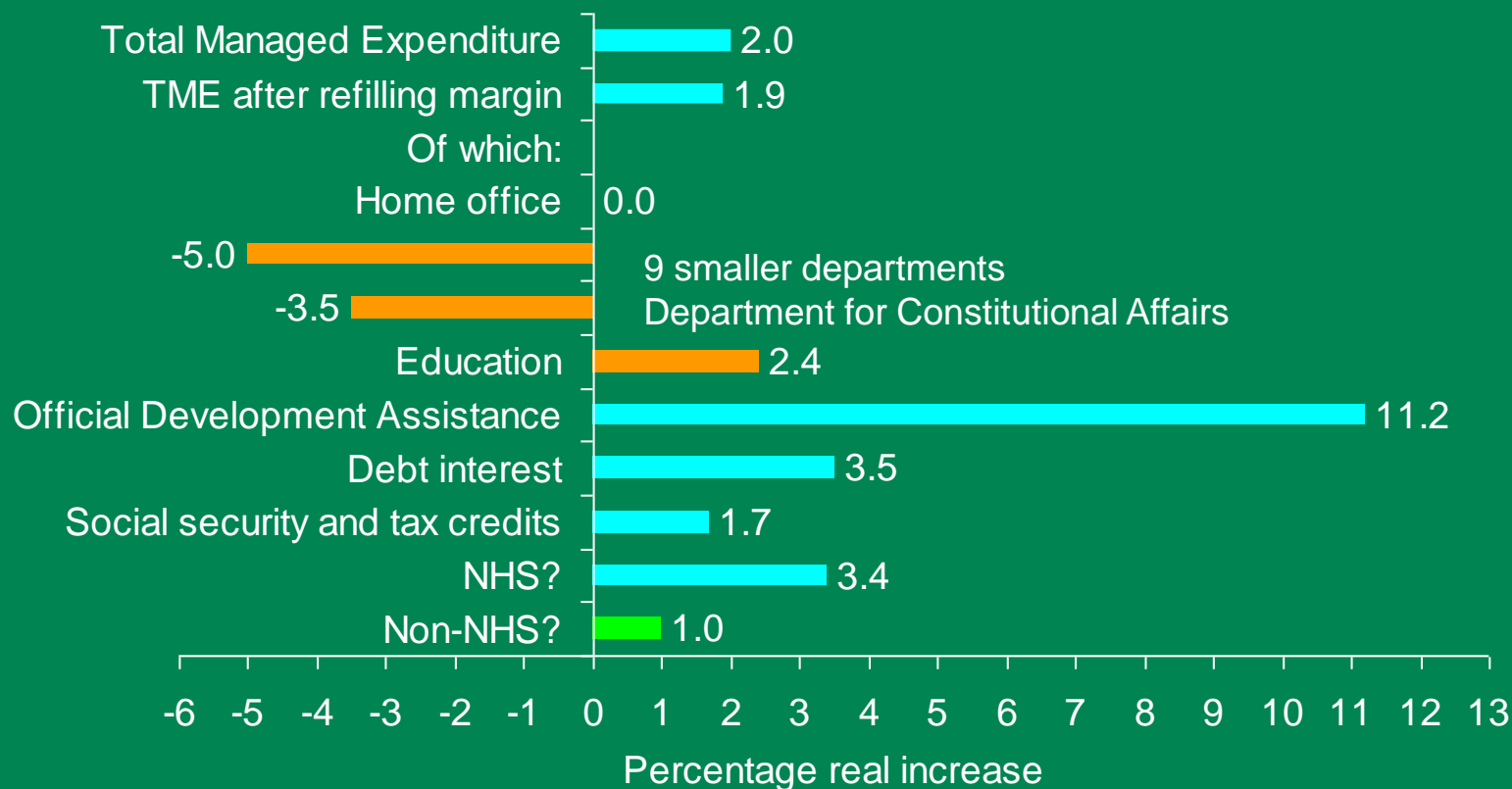
How much is left for health?

With no additional resources for child poverty target



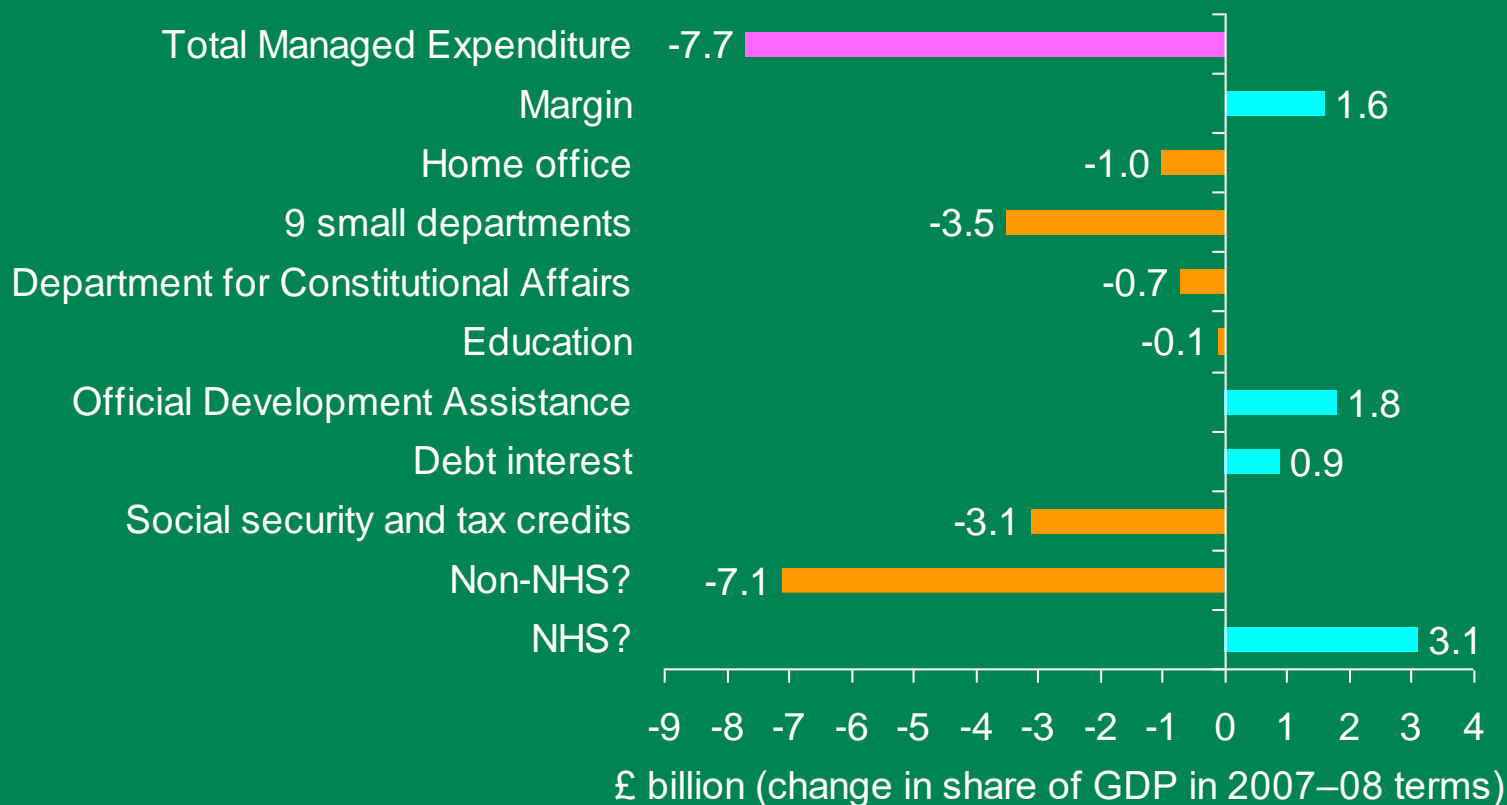
How much is left for health?

With no additional resources for child poverty target



Where are the 'cuts'?

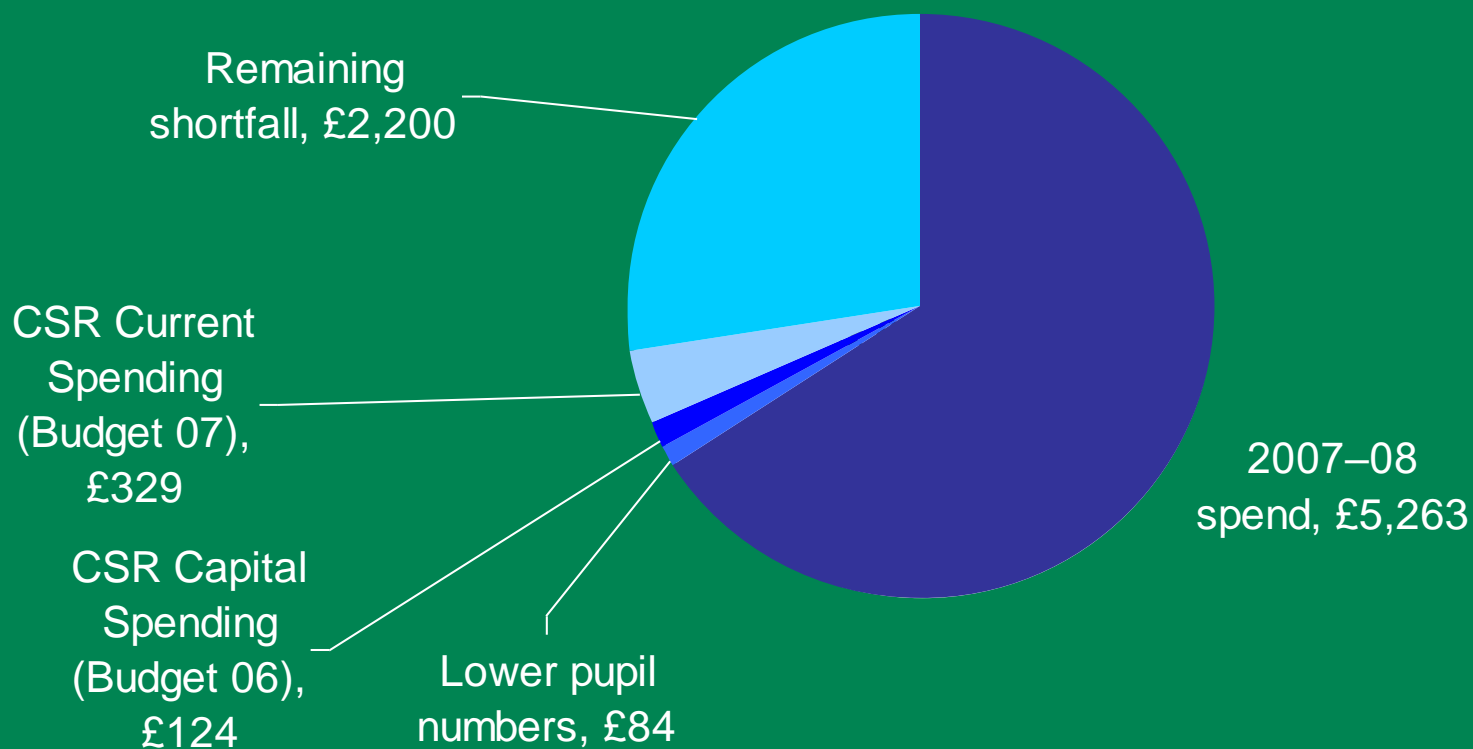
With no additional resources for child poverty target
 NHS to get 3.4%p.a.; other to get 1.0%p.a.



Matching private school spending

“Our long-term aim should be to ensure for 100 per cent of our children the educational support now available to just 10 per cent”

More to do to close the gap



Note: 2005-06 Prices

Source: HM Treasury; IFS calculations

More to close the gap?

- Gap remaining would be £2,200
- To meet in 2010–11, would cost
 - £2,200 per pupil * 7.5m pupils \approx £17bn
- When would it be met assuming...
 - growth under CSR 07 (3.3%): 2020–21
 - growth 1997 to 2007 (5.7%): 2016–17
- Private spending per pupil likely to grow?
 - state spending in 2005–06 at 1996–97 private levels

Conclusions

- Confirmed tight spending plans for 2007 CSR
- Education spending not to grow as a share of national income
- Tough choice for next Chancellor between NHS and other spending priorities
- Plans could be subsequently topped up, but would require additional finance