

Spending Review 2004

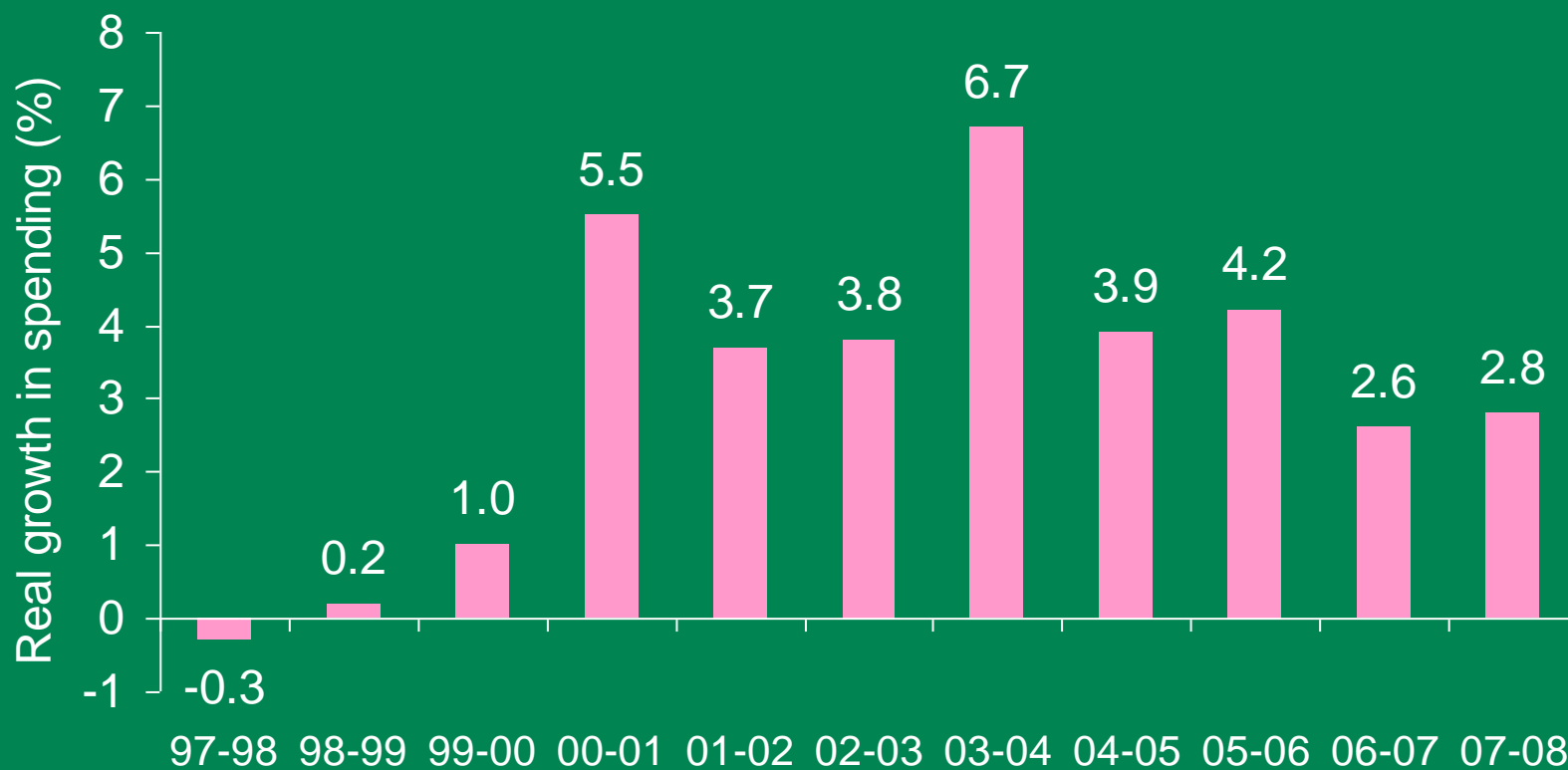
IFS Press Briefing

[www.ifs.org.uk/conferences/spending_review2004.
shtml](http://www.ifs.org.uk/conferences/spending_review2004.shtml)

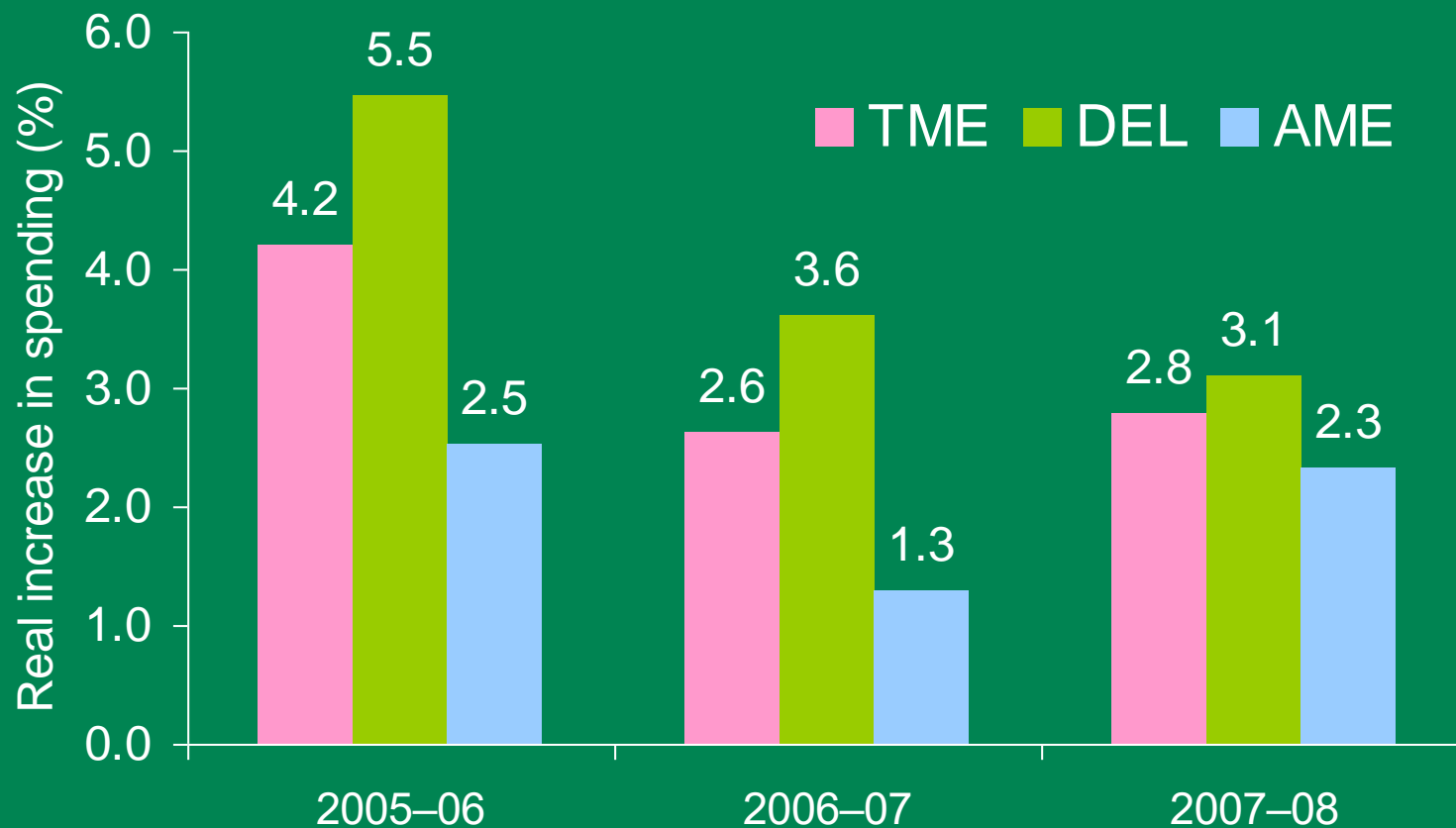
Public spending

Carl Emmerson

Total spending growth

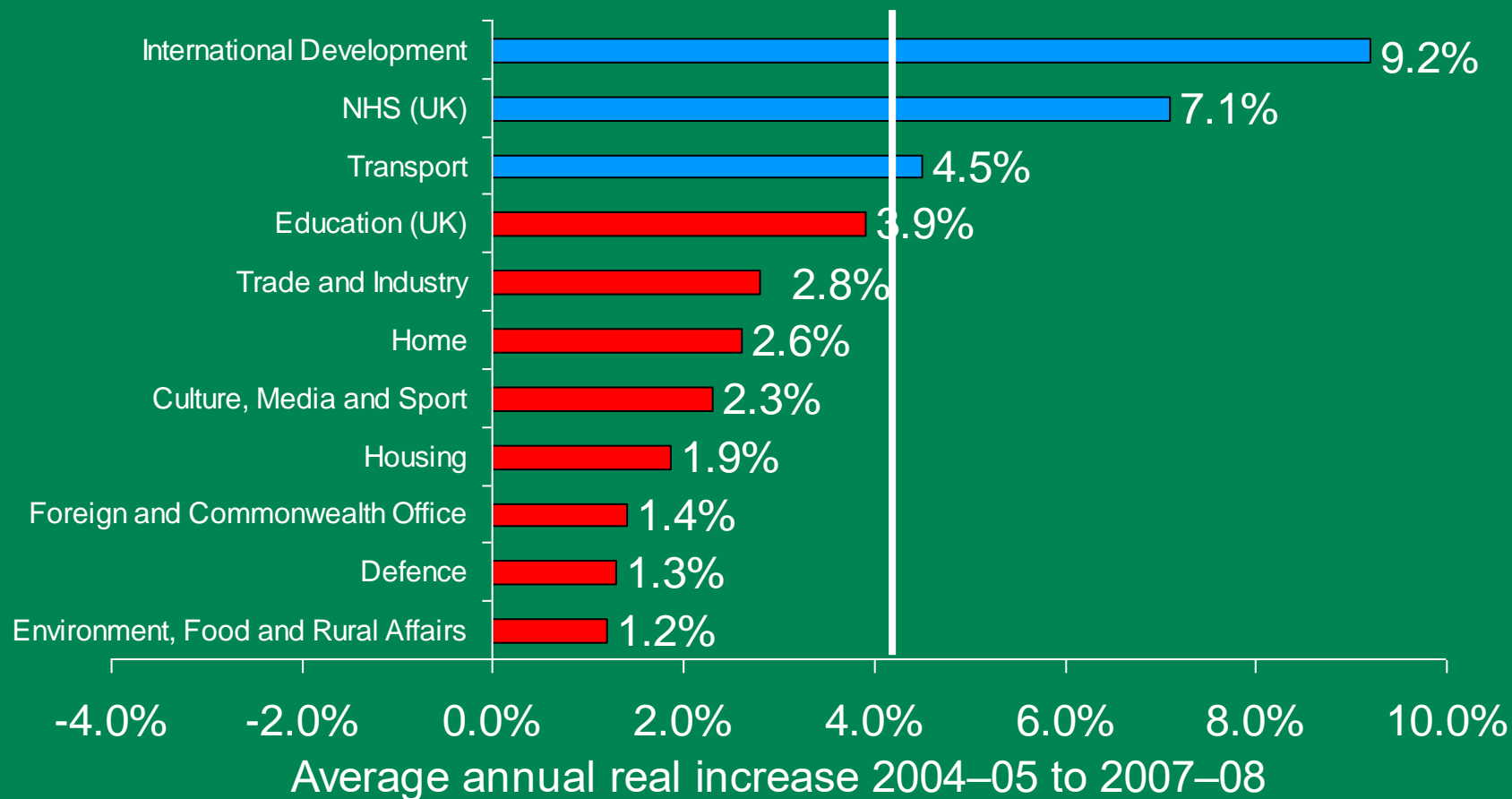


Breakdown of spending growth



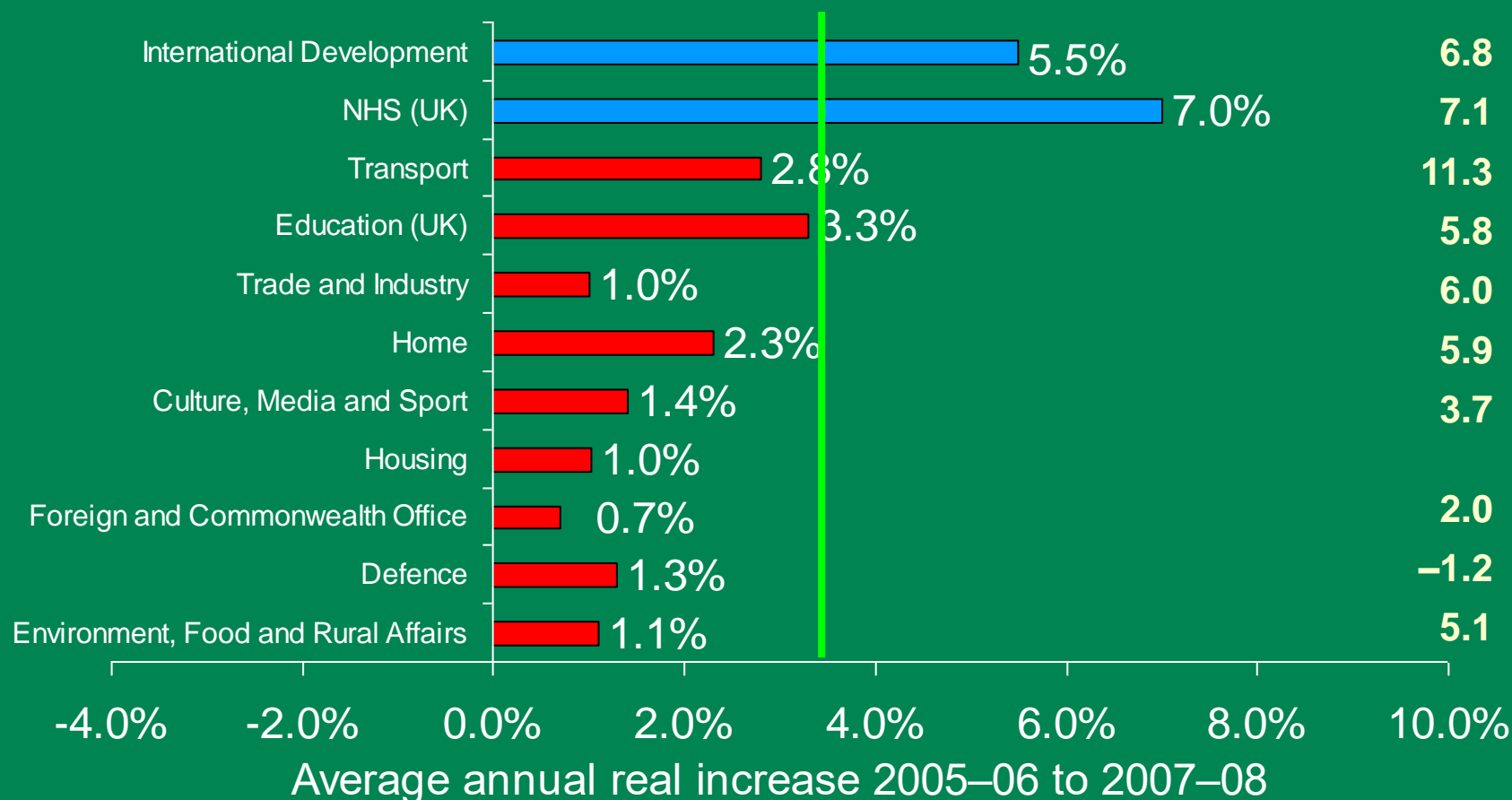
Winners and losers? (3 years)

Average DEL increase = 4.1 per cent



Winners and losers? (2 years)

Average DEL increase = 3.4 per cent



Plans and outturns: TME



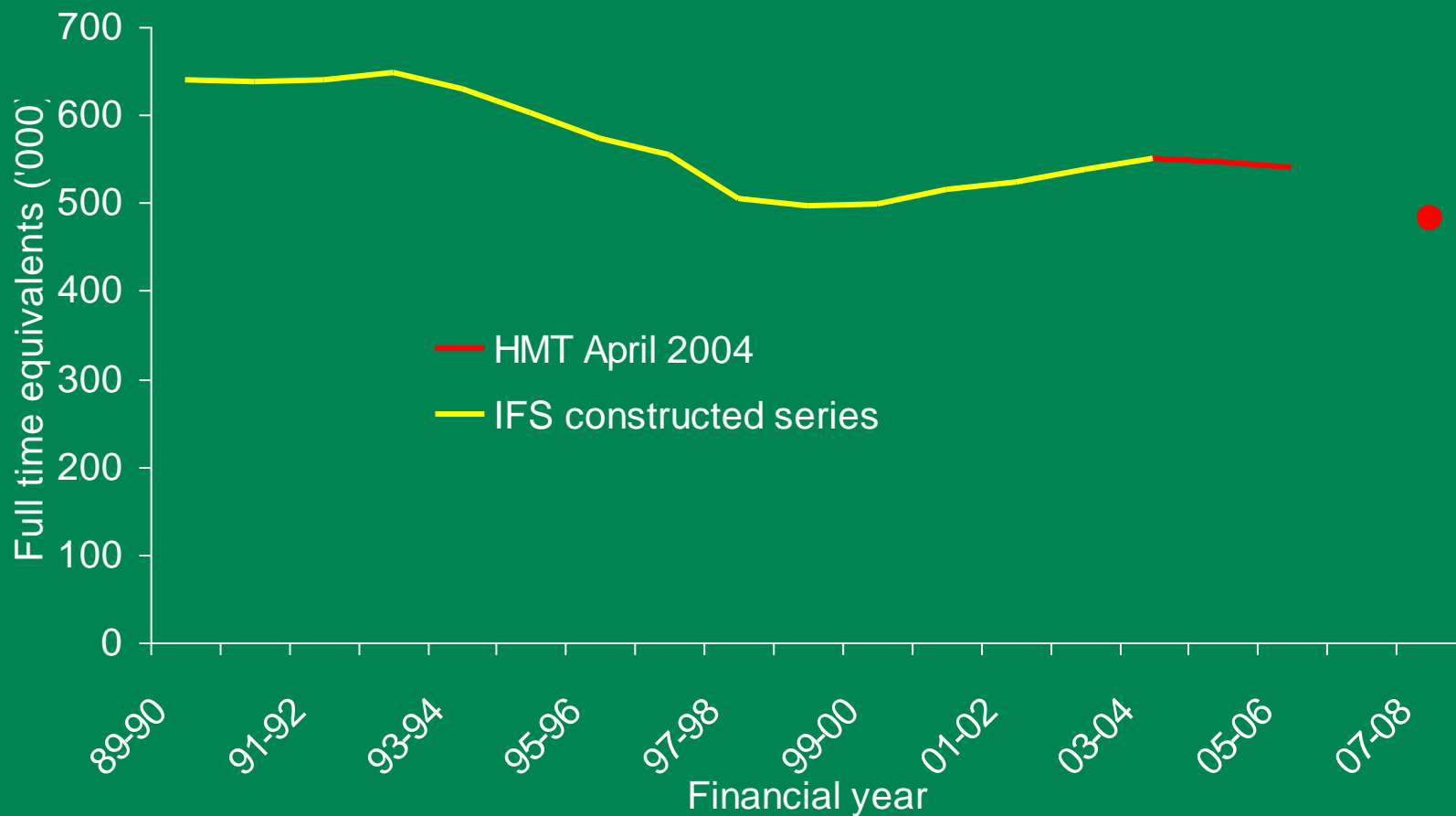
Plans and outturns: DEL



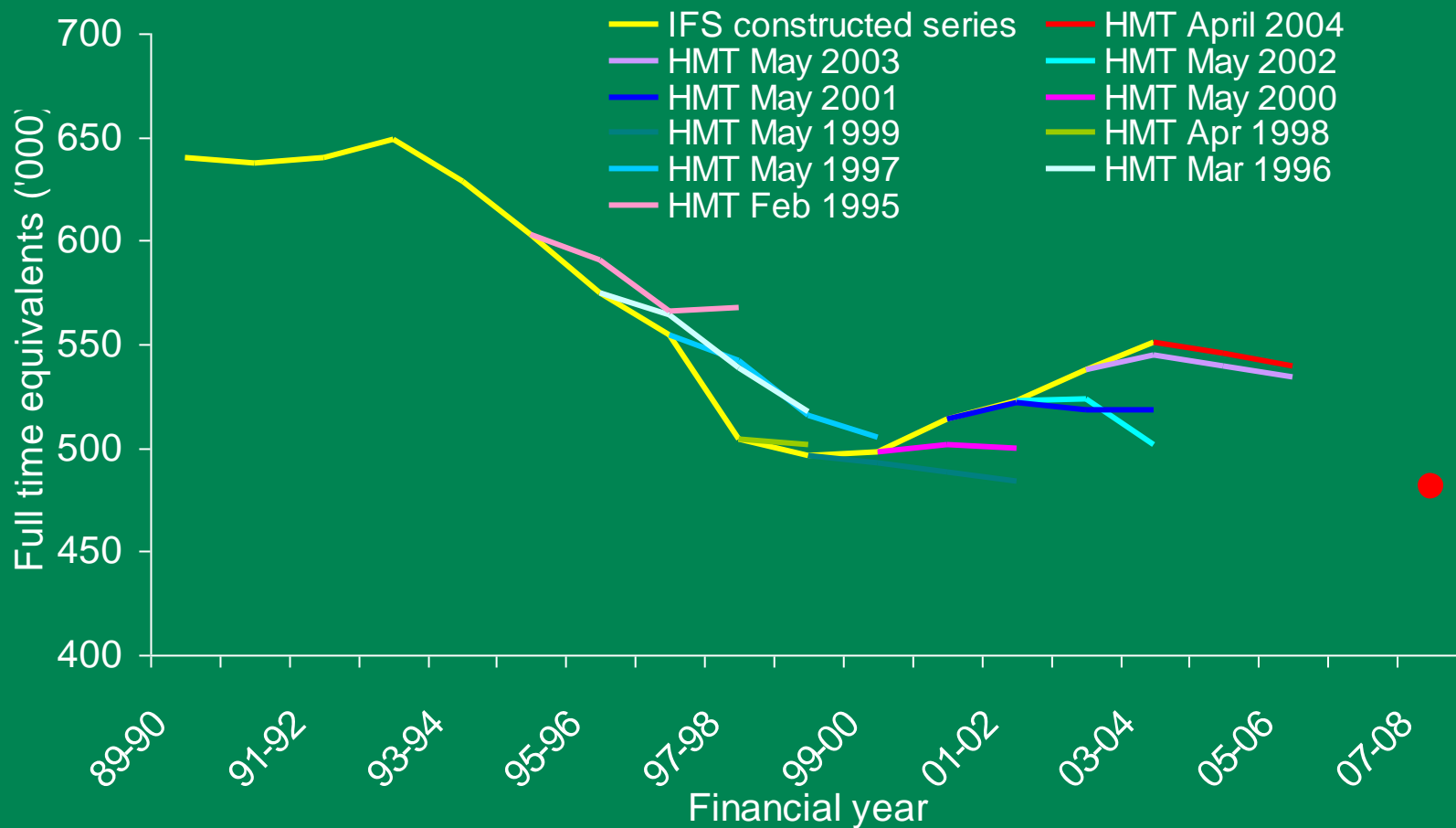
Plans and outturns: AME



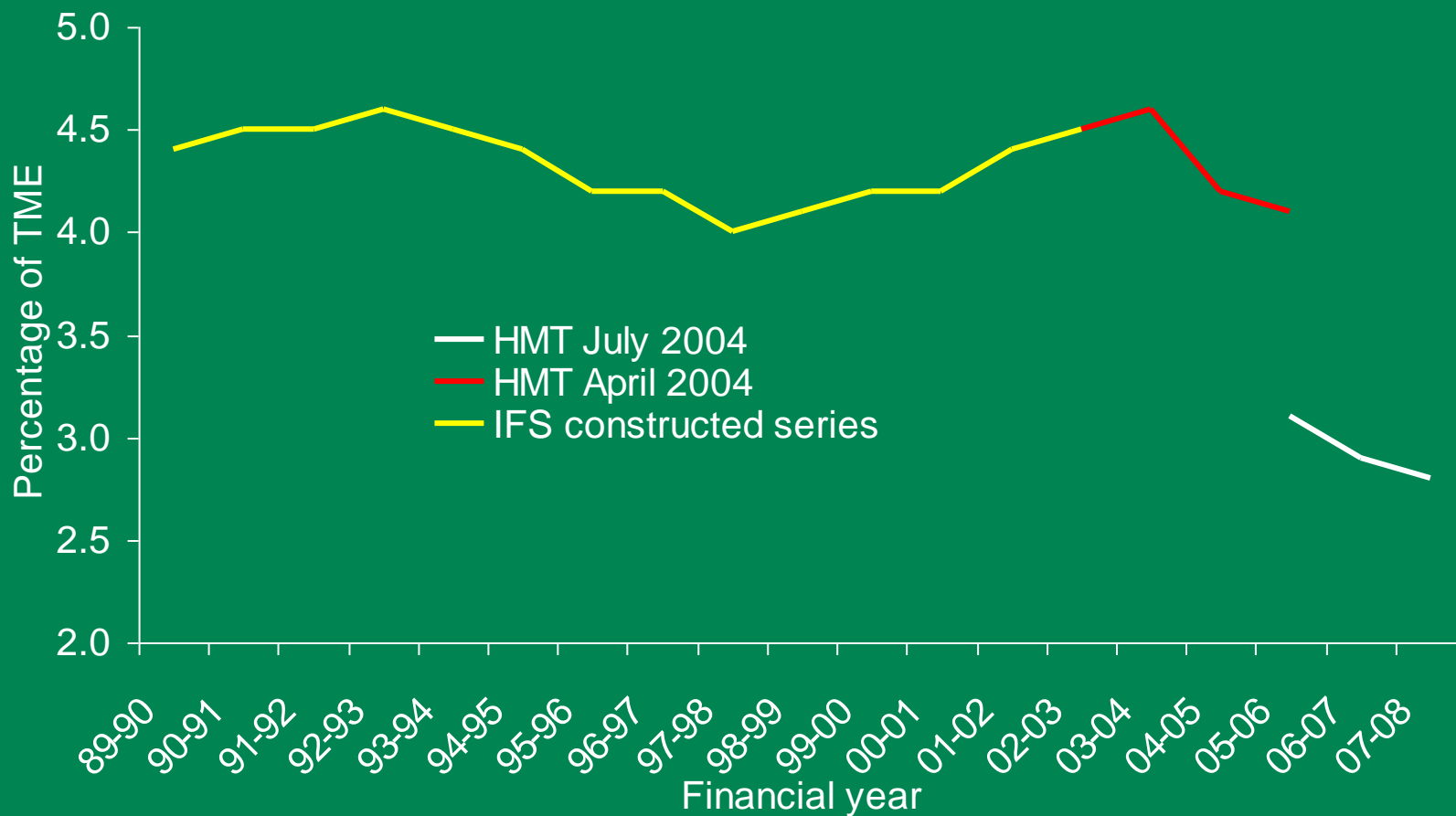
Civil service numbers over time



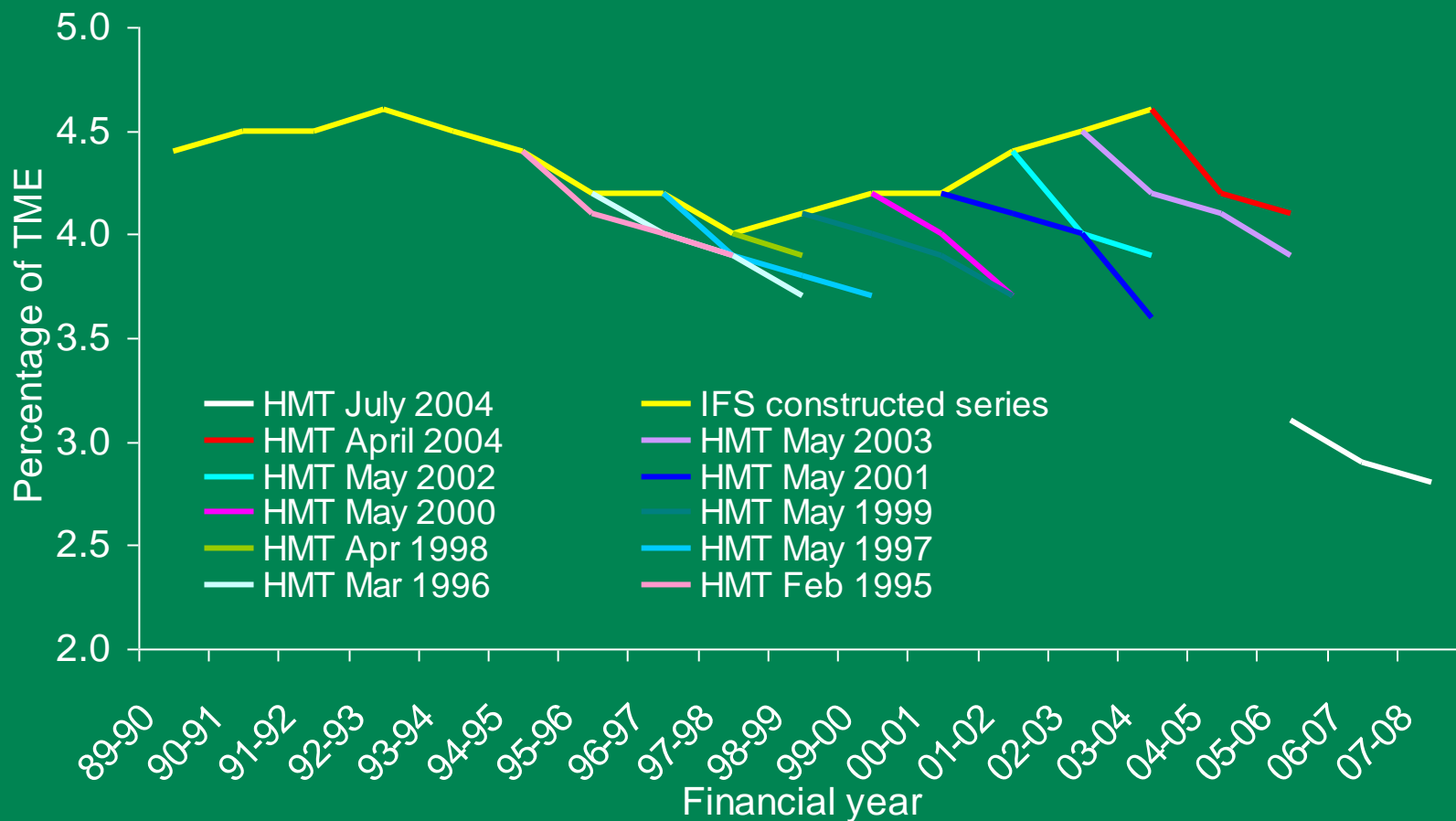
Civil service numbers over time



Admin spending



Admin spending: 10th time lucky?



Conclusions

- Slower spending growth in 06-07 & 07-08
 - NHS and defence relatively protected, slowdown in spending growth in all other areas
 - Greater efficiency growth needed for public services to improve at same rate
- Previous projections have:
 - Underestimated growth in total public spending
 - Overestimated administrative savings

The new child poverty targets

Alissa Goodman

Background

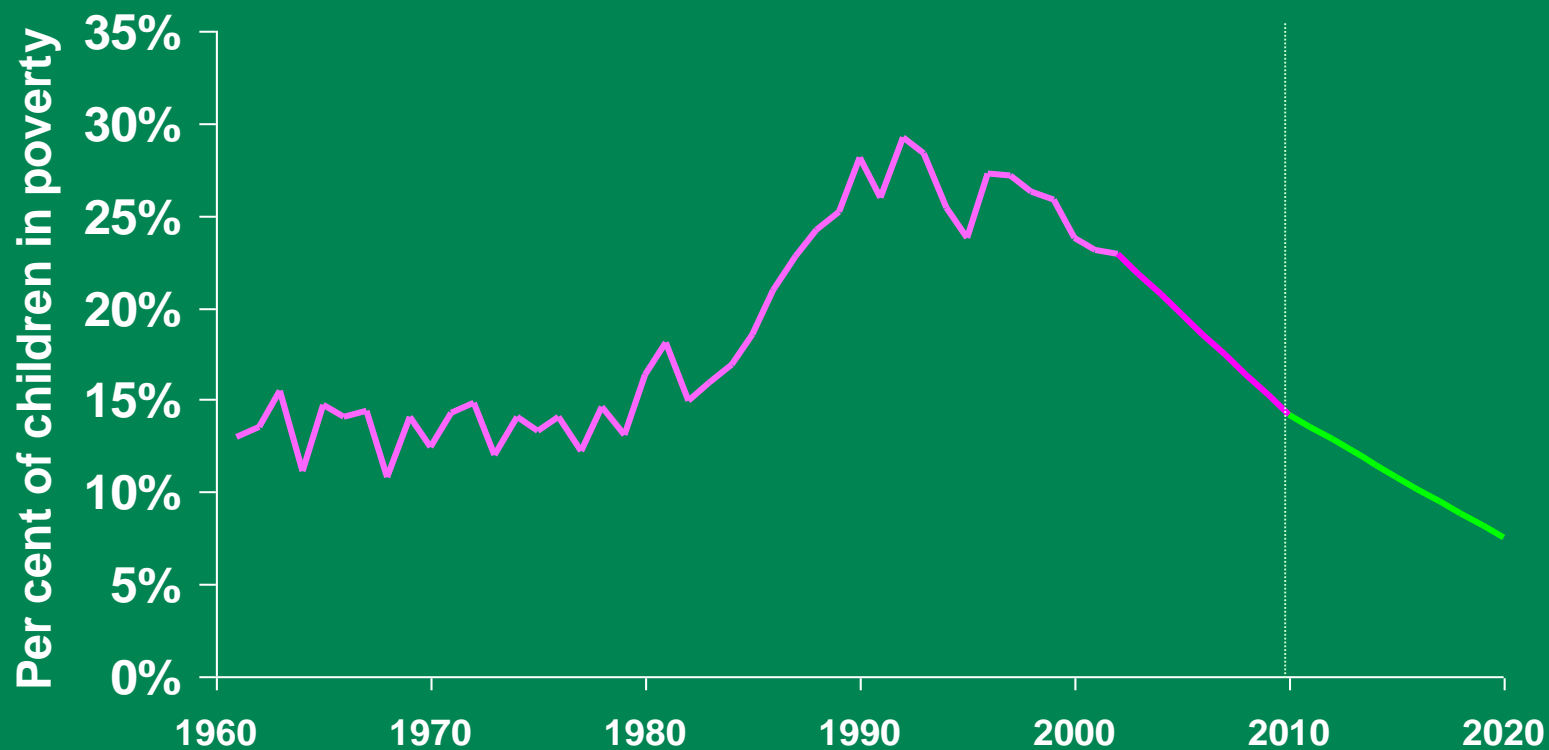
“The Government’s long-term economic ambition is to halve child poverty by the end of the next decade as the Government moves forward with its commitment to end child poverty in Britain within the next twenty years”

- Pre-Budget Report, 1999

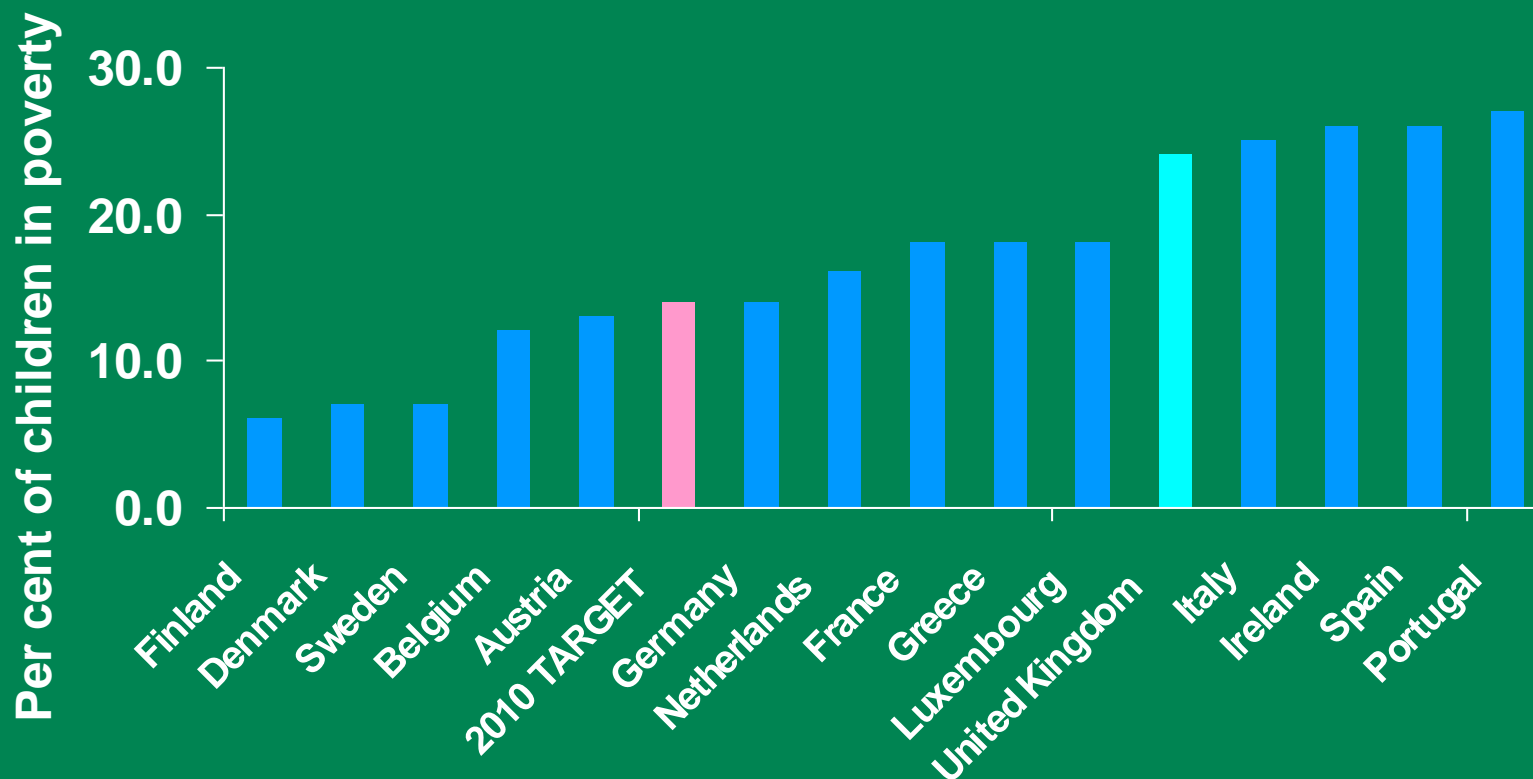
The new child poverty targets

- Relative low income
 - “Halve the number of children in relative low-income households between 1998-99 and 2010-11 on the way to eradicating child poverty by 2020”
- Material deprivation
 - Target will be set in 2006 when data becomes available

Meeting the target



Moving up the EU-15 league?

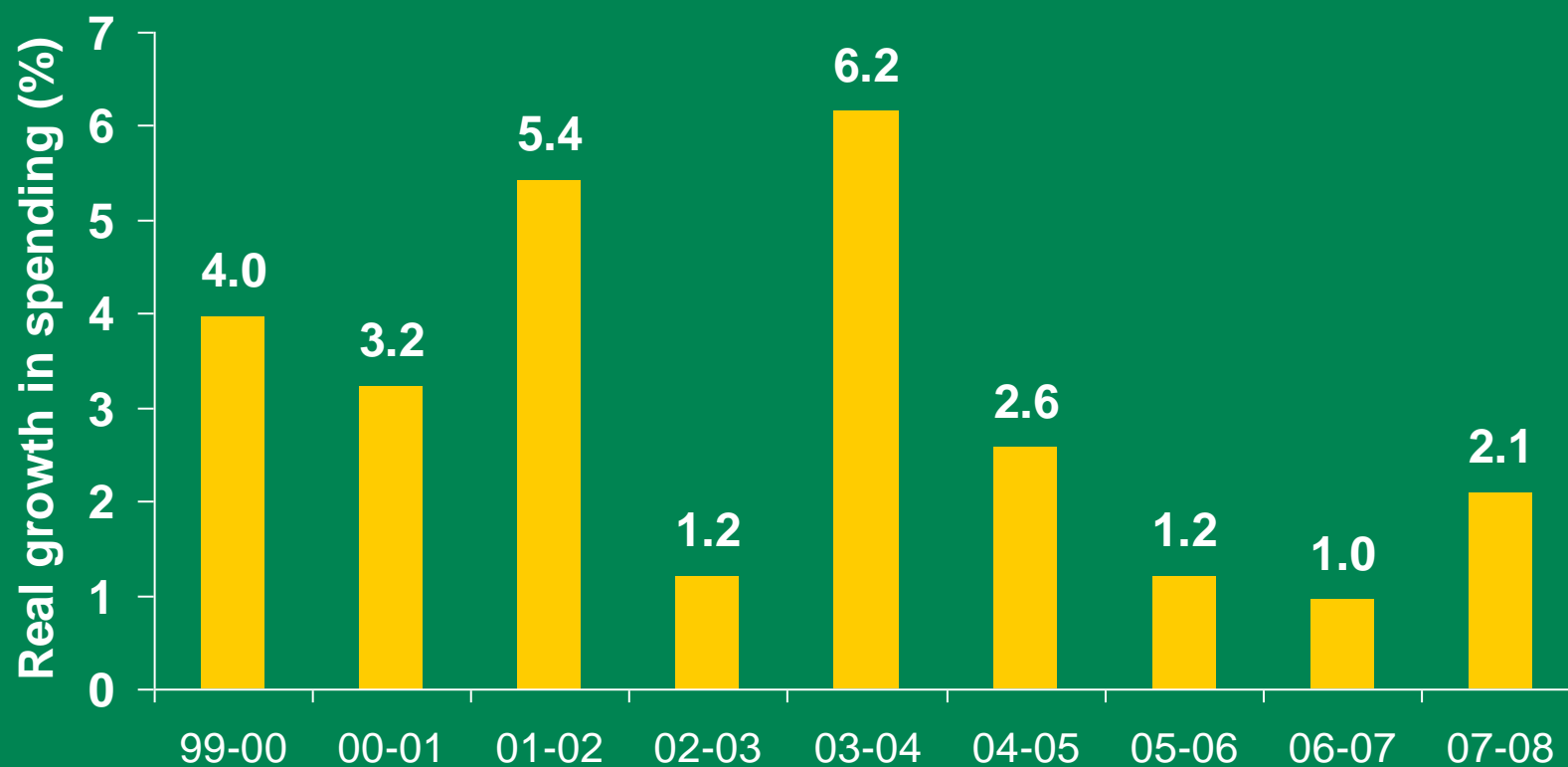


Source: European Community Household Panel, 2001

More public spending needed?

- Child tax credit will need to be up-rated with earnings growth beyond 2005
- Not factored into SR2004 projections for AME?

Growth in social security spending



Note: Includes expenditure on tax credits
Source: HM Treasury

More public spending needed?

- Child tax credit will need to be up-rated with earnings growth beyond 2005
- Not factored into SR2004 projections for AME?
- Longer-term policies to change underlying income distribution also necessary

Conclusions

- Very ambitious target
- Returns child poverty to pre-Thatcher era
- Full costs not included in SR2004?

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