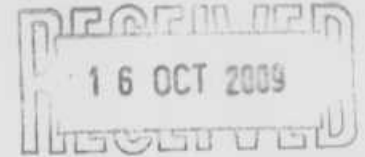




HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

John Burgess Esq
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9 OCT 2009

Dear John

Thank you for your letter of 24 June to the Prime Minister about public services.

Over the past decade the Government has invested record amounts in key services and delivered significant improvements. There are now 40,000 more doctors and 71,000 more nurses than in 1997 for example, increases that have directly improved the services provided to patients. Challenging targets such as the 18-week maximum waiting time from referral to treatment are now almost universally delivered.

These improvements have been achieved alongside a sustained drive on value for money. The Government has over-delivered against Sir Peter Gershon's efficiency targets for the 2004 Spending Review, and, building on that record of delivery, we have agreed stretching value for money targets for the current spending period, which will save £35 billion by 2010-11. These savings are being delivered right across Government, for example, by renegotiating the drugs contract the Department of Health will save the £550 million a year. The local government sector also has a strong track record of delivering substantial value for money savings. Far from having a negative impact on our public services it is precisely this sort of reform which have enabled the Government to release resources for re-investment in key priorities: driving improvements in value for money precisely in order to deliver higher quality public services. It is for this reason that the Government is determined to go further on value for money as announced in the Budget.

Local authorities are playing their part, going further and faster to release efficiency savings to meet pressures and also improve services to their residents, while keeping council tax increases down. The Government is working with the sector to help authorities deliver an additional one percentage point to the total savings target for 2010-11, taking it to at least four per cent. Delivering increased efficiencies that are recycled within local authorities' budgets will help authorities to continue to meet the priorities of their residents.



The Comprehensive Spending Review 2007 set out public sector spending until 2011. The Government has stuck to these plans as maintaining public spending, and supporting investment, jobs and the economy during the recession, is essential. As the IMF has said, withdrawing fiscal support now would increase the risks to the recovery.

The Government has also been clear that support for the economy now must be matched by action to ensure we live within our means in the medium term. The combined effect of the measures announced by the Chancellor in the Pre Budget Report and Budget will halve the deficit over four years. As part of this, we have set overall spending limits up to 2014, which will see current spending continue to grow each year, but at a slower rate. This follows a decade which has seen public services transformed, thanks to a tripling of public investment and public service reform.

Thank you for taking the trouble to make us aware of these concerns.

A handwritten signature in black ink, appearing to read "Liam Byrne". The signature is written in a cursive style with a long horizontal stroke at the end.

LIAM BYRNE