

Foreword

The fallout from the global economic crisis continues to ripple through all sectors of the economy. The challenge for governments across the globe is great. The sovereign debt crisis has resulted in large-scale fiscal retrenchment as governments rein in debt to reassure investors and markets. The UK Government is no different.

The UK Government has embarked on a plan to reduce public spending by £81bn by 2014-15, which has translated to tough Spending Review settlements for the public sector. The unprecedented level of cuts is fundamentally challenging not only how public services are delivered, but also what level of public service government should provide. With tightening resources, the need to manage public finances better is imperative.

These challenges have led to a second period of rapid change in central government finance (the 1998 *Code for Fiscal Stability* heralded the start of the first period of change).

This guide is designed to provide a high-level overview of UK central government finance and financial management as it is today. It is aimed at anyone wishing to gain an appreciation of central government finance, its structure and its management. Devolution has resulted in some regional variations and these have been signposted. For ease of reference, each chapter aims to be self-contained and so information may appear in more than one chapter. Sources of further information are contained in the appendix.

This publication does not seek to provide definitive guidance but aims to give the reader an understanding of the main features and guiding principles. It provides a background and describes the developments that have led to where we are today and outlines some of the changes still to come.

I hope you find this guide useful in interpreting the complex world of central government finance.

A handwritten signature in black ink, reading 'V. Vaughan-Dick'. The signature is stylized with a large, sweeping flourish that extends across the bottom of the text.

Dr Valerie Vaughan-Dick

Chair

CIPFA Central Government Panel

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