

Counting the Cuts

What the Government doesn't want the public to know

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by Dr Simon Duffy



Austerity in theory

In 2010 the UK government began an 'austerity' programme in order to cut public spending.

This was its response to a financial crisis caused by:

- A house price bubble
- Mounting personal debt and mortgages

- Excessive lending by the banks
- Poor governance by government and the Bank of England

However the government committed itself to make these cuts **fairly**: to place the greatest burden of cuts on those who were better-off.

“But it’s fair that
those with
broader shoulders
should bear a
greater load.”

David Cameron,
Speech, October 2010



Unfair cuts in practice

In reality the Government's plans have had the opposite effect. In particular, the Government decided to:

- Increase VAT to 20% - a tax that hits the poorest hardest
- Introduce a wide-range of cuts to the benefit system
- Cut housing benefit and mortgage interest relief
- Cut local government, which is responsible for social care for adults and children

- Cut legal aid and systems used to defend rights
- There have also been significant increases in the cost of meeting basic needs, e.g. utilities, housing

Especially worrying has been the government's unwillingness to carry out a 'cumulative impact assessment' in order to calculate the way in which many of these policies - at the same time - seem to **target disabled people**.

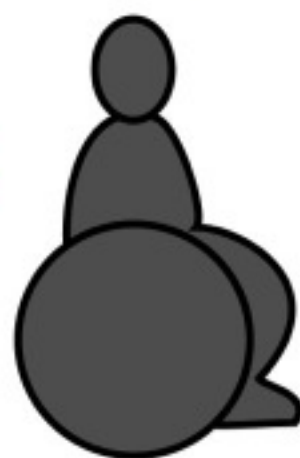
It seems that the government does not want us to know that its policies are very unfair indeed.

Housing Cuts

Bedroom Tax
Cuts in Housing Benefit
Cut in MIR
Cut Council Tax Benefit
Increased rents

Care Cuts

Increased means-testing
Higher eligibility
Cuts in Adult Social Care
Cuts in Children's Services
Closure of ILF
Cuts in Supporting People
Cuts to Personal Budgets



Income Cuts

VAT increased to 20%
Utility bills increased
Indexation rules changed
DLA replaced by PIP
Failing Work Programme
ATOS and WCA
IB being replaced by ESA

Policies hitting people on low incomes or with disabilities

Facts, figures and references available: <http://bit.ly/cuts-data>

The depth of the cuts

The Government's cuts programme is the most radical in the post-war era. But to understand the size of the cuts you must do two things:

1. **Adjust for inflation:** If prices increase faster than spending then this is a cut. (I have adjusted by using 2012-13 prices.)
2. **Adjust for growth:** If the economy grows faster than spending then this is also a cut, because it will lead to loss of support or an increase in relative poverty.

When we only adjust for inflation the total level of cuts is **1.95%**. If we adjust for growth the total level of cuts is **13.50%** - that is **£94 billion**.

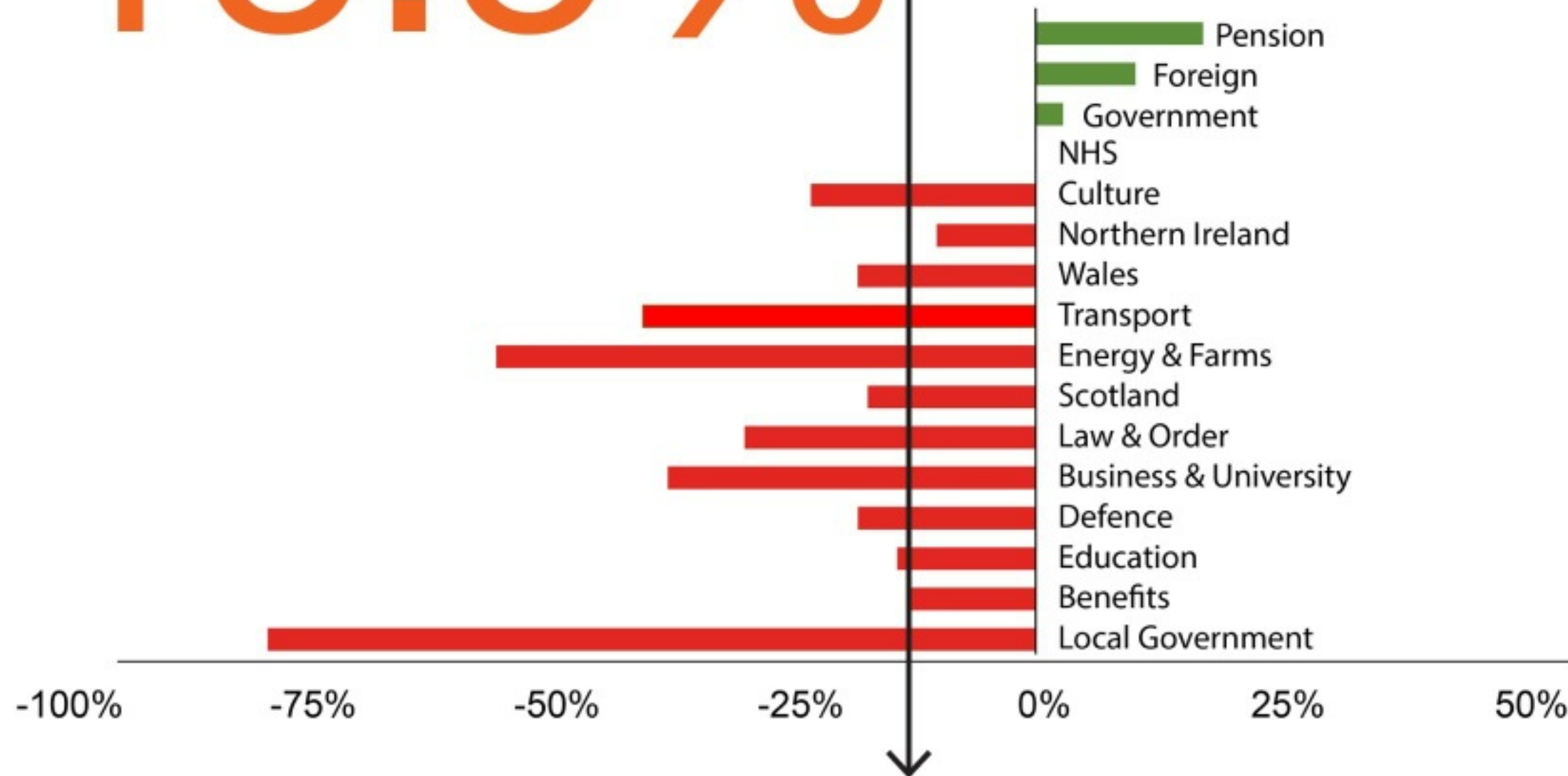
It is noticeable that the biggest of all cuts - **£31 billion** cut in the grant to local government (which includes social care) is:

- 61.96% with no adjustments
- 67.25% when adjusted for inflation
- 78.80% when adjusted for growth

This is a very deep cut indeed.

Overall spending is being reduced by

13.5%



Reduction in UK Central Government Spending 2008-16

Facts, figures and references available: <http://bit.ly/cuts-data>

Where the cuts fall

The details of the planned cuts were first set out in the [Treasury's 2010 Spending Review](#) and then in a series of announcements over the following years.

At the end of 2013 new reports were released that described:

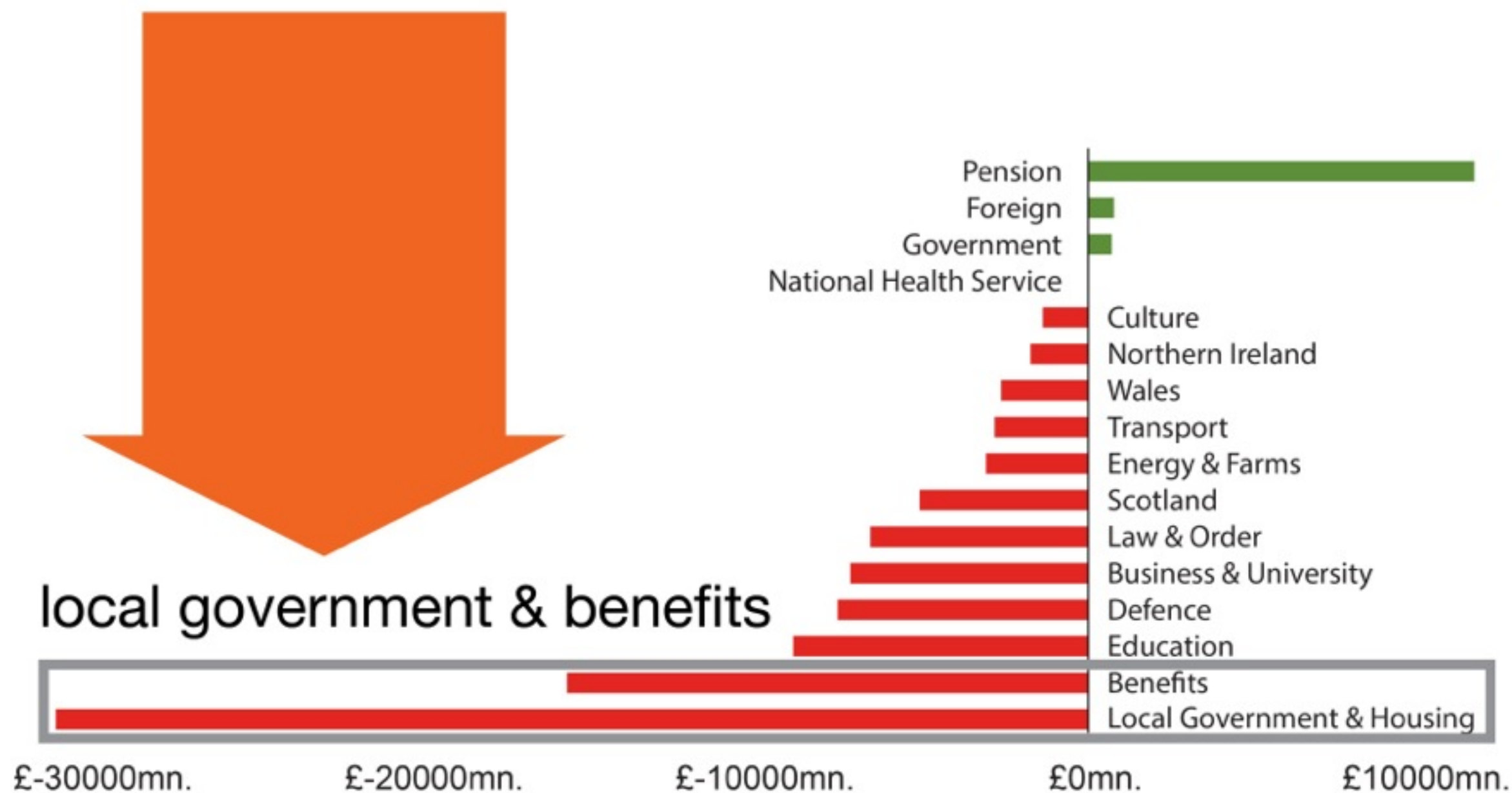
- Expenditure from 2008-09 to 2012-13
- Expected expenditure up to 2015-16

By working through these reports it's possible to see where the cuts, have already fallen and where they are likely to fall in the future.

In short, Pensions, Foreign Aid and Central Government will all grow. The NHS will stay the same, and everything else will be cut - although to different degrees.

But, together **local government and benefits bear more than 50% of all cuts.**

Over **50%** of all cuts fall in just **2** areas...



Changes in UK Central Government Spending 2008-16

Facts, figures and references available: <http://bit.ly/cuts-data>

Social care cuts

The biggest and deepest cut is to local government.

This is probably because:

- Local government finance is organised in a very **complex** way
- Most of its funding comes from central government, but some of this funding is ring-fenced (e.g. education) and some comes from **Council Tax**
- The **public** neither understands nor highly values local government
- Local government can take the **blame** for any cuts that it is forced to make.

From the data it is clear that local government has often tried to protect social care from the worst of the cuts; but also that it cannot manage to fully protect social care.

Between 2007-08 and 2012-13 services had already been cut by **25%**. Further pressure on social care is inevitable and it is likely to lead to a cut of **£7.5 billion** by 2015-16. This is a cut of **33%**.

The government hopes to use funding from the NHS to fill the gap in social care funding; however this would mean **reversing its promise** to protect NHS spending.

By 2015-16 local government must cut **£31.2 billion** from its non ring-fenced spending.

Proportionately this would mean a cut of **£15 billion** to social care.

Even as local government tries to protect social care the cut will still be **£7.5 billion**:

33%



Distribution of non ring-fenced local government functions in 2008-09

Why social care cannot be protected from cuts

Facts, figures and references available: <http://bit.ly/cuts-data>

Benefit cuts

The second biggest cut in spending is to benefits, which will be cut by **£15.6 billion** by 2015-16.

However this cut is smaller than the target of **£22 billion** declared by the Chancellor of the Exchequer in Autumn 2013, and which included cuts in several specific disability benefits, for example, saving £1.2 billion by introduction of the Personal Independence Payment (PIP).

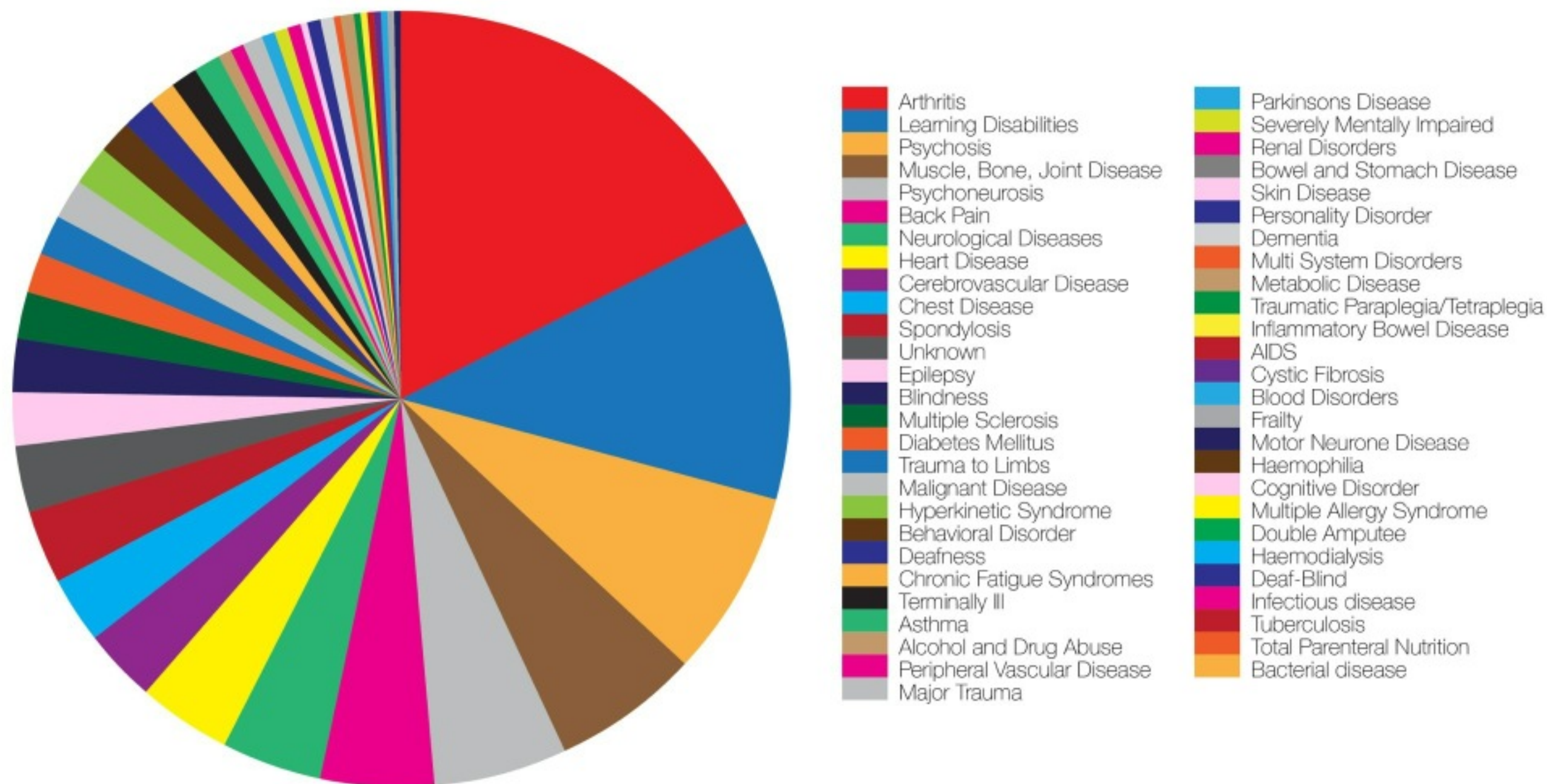
To date I have found no explanation for such a large disparity, between the official figures and the Chancellor's statement.

The official figures don't target disabled people as much as the Chancellor seemed to intend. But they do further target people in poverty - particularly **people on low incomes** or needing support with housing. Obviously this has a significant impact on disabled people.

In general the public don't understand **the reality of disability**.

There are 11.3 million people with a disability in the UK, and of these 4.5 million have a significant disability that entitles them to a disability benefit like Disability Living Allowance or Attendance Allowance. 2.7 million disabled people live in poverty.

Disability is **real**, has **many** causes
and can happen to **any of us**



Recipients of Disability Living Allowance (DLA)

Source: DWP Benefit Tables, May 2011

Who the cuts target

In media discussions about the cuts there is often disagreement about whether or not there should be any cuts. However there is much less debate about whether the cuts are being distributed **fairly**.

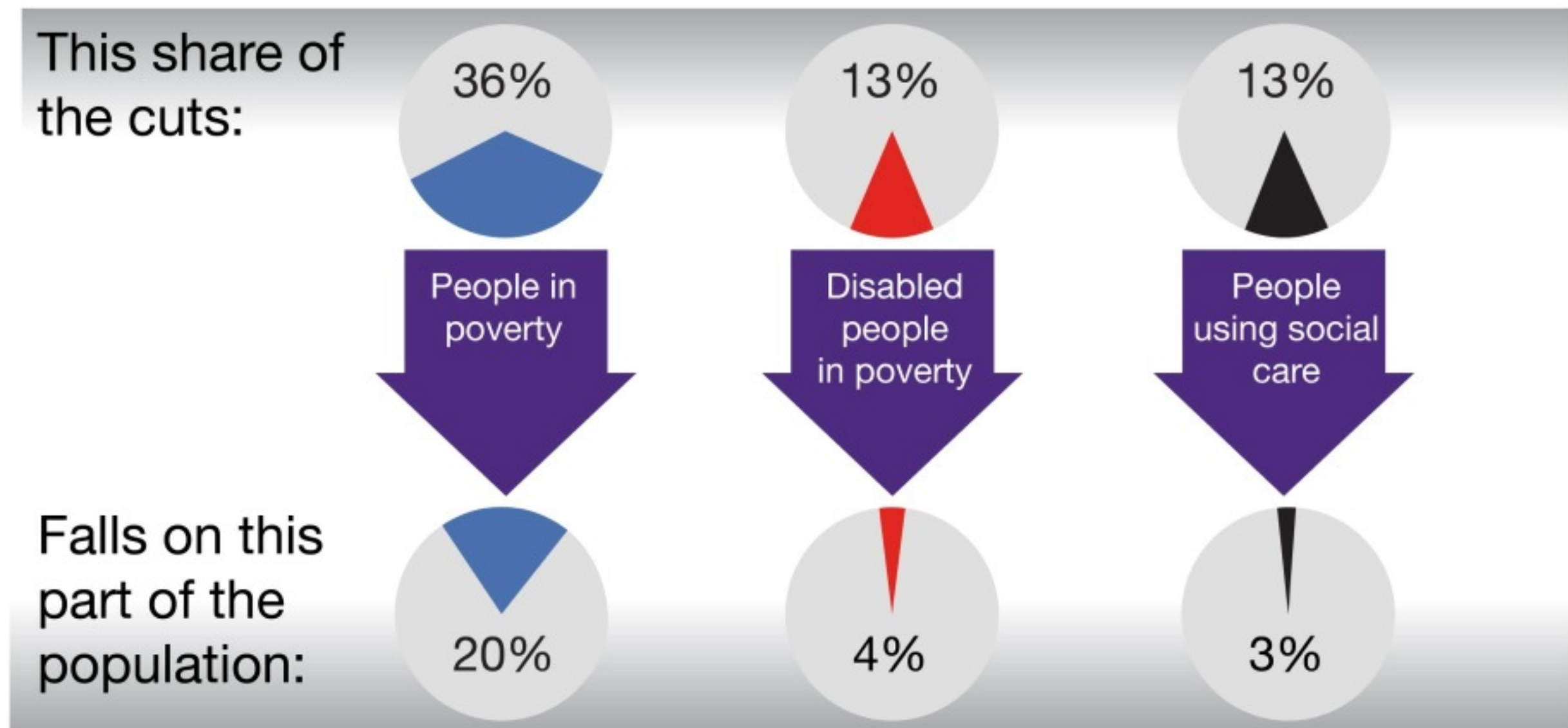
Even if you agree that some cuts are necessary it is not clear why those cuts should **target** people who are already disadvantaged.

But this is what has happened. Some cuts affect all of us equally; but many target only a few people - very unfairly.

When we examine where the cuts fall we can see that some of the people they target include:

- a) **People in poverty** (20% of the population) bear 36% of the cuts.
- b) **Disabled people in poverty** (4% of the population) bear 13% of the cuts.
- c) **People using social care** (3% of the population) bear 13% of the cuts.

More cuts falls on people who need extra help



The impact of the cuts on different groups

Facts, figures and references available: <http://bit.ly/cuts-data>

The impact on individuals

How people experience these cuts is also complex.

For different people, to different degrees, there will be:

- Reductions in or a complete loss of support
- Ineligibility for support as thresholds are raised
- Higher means-testing, often leading to loss of support or loss of income

- Loss of income or reduced spending power

Moreover it is possible to calculate the average annual cut, per person, in income or support, by 2015-16, for each one of these groups of people:

- a) **People in poverty** will lose an average of £2,744 per year
- b) **Disabled people in poverty** will lose an average of £4,660 per year
- c) **People using social care** will lose an average of £6,409 per year

Where the heaviest cuts fall

£1,126



on
average

£2,744



if you're on
a low income

£4,660



if you've
also got
a disability

£6,409



if you need
social care

Average annual cuts per person by 2015-16

Facts, figures and references available: <http://bit.ly/cuts-data>

The unfairness of the cuts

If the cuts had been made fairly then the burden of cuts would not fall most heavily on the most disadvantaged.

In fact the cuts would have been organised to have the opposite effect: with a heavier burden falling on the better-off.

However, in reality, the cuts have been imposed very unfairly:

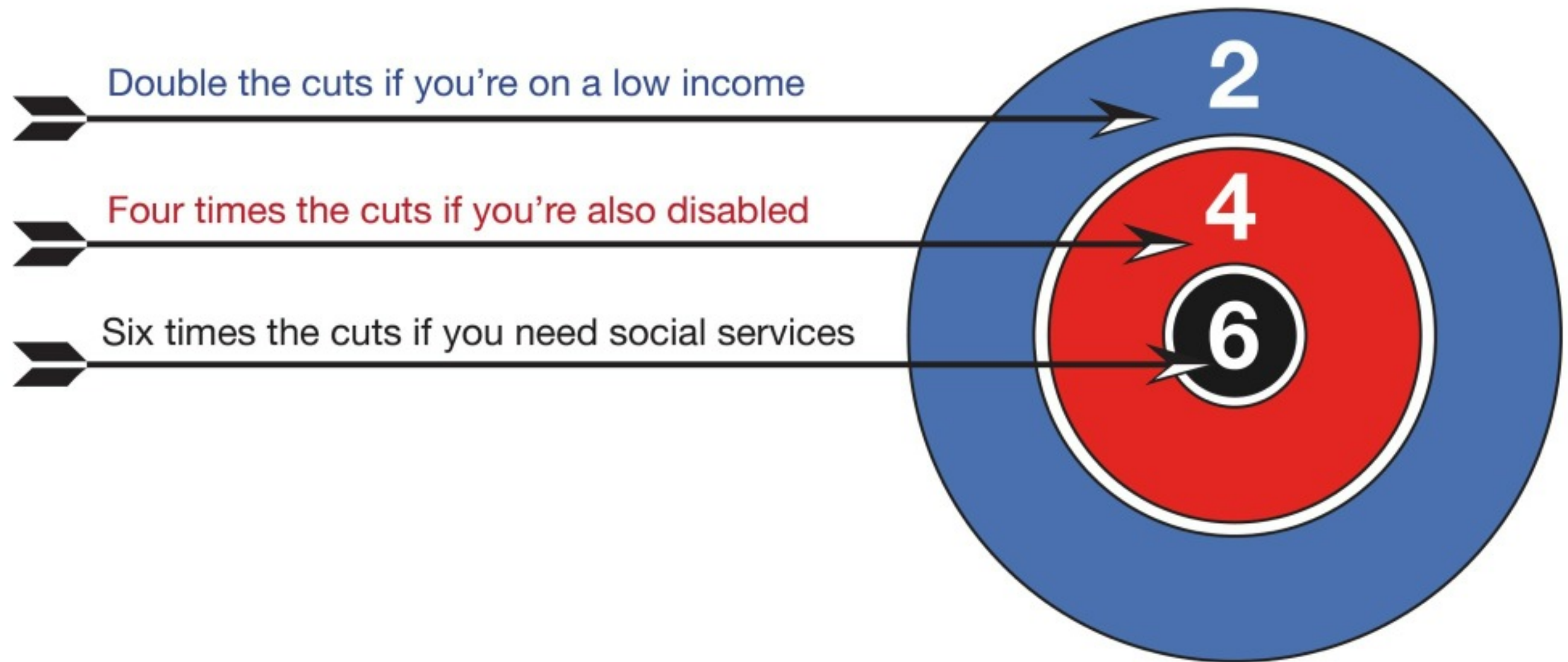
a) **People in poverty** bear more than twice the burden of cuts compared to most citizens.

b) **Disabled people in poverty** bear a burden which is more than 4 times the (modal) average.

c) **People using social care** bear a burden that is nearly 6 times the burden on the average citizen.

Although this may seem extraordinary it is the logical result of a government policy that has protected some areas of funding, whilst cutting spending in the areas that are most important to those of us who are already disadvantaged.

The unfair **targeting** of cuts



How the cuts target the people who need the most help

Facts, figures and references available: <http://bit.ly/cuts-data>

Consequences

The impact of these cuts is already being experienced.

In particular, we already see:

- Growing numbers forced to use food banks
- Rapid (25%) reduction in social care services
- Growing crises in health care services as social care diminishes.
- Increased personal debt

- Increased mental health problems
- Increased family breakdown
- Growing inequality

Paradoxically many of the consequences of these cuts will be perverse - creating new social costs and leading to unnecessary spending in other areas (e.g. A&E).

As things stands these problems are only just beginning. The benefit cuts and the social care cuts are set to continue for many years.

“I worry about the future as I have been told that my funding may not be enough for me to have the right amount of support to enable me to live my life.”

Nadia Clarke
My Rights, 2013



Explanation

The reason that cuts have been targeted in these areas is not moral or economic - it is **political**:

- It's easier to **scapegoat** disabled people and people in poverty.
- Few people use or understand **social care** or local government.
- Benefits and social care are highly means-tested and **stigmatised**.
- Most people are **scared** at the size of their own mortgage and fearful of another banking crisis or a drop in house prices.
- Fairer options (e.g. tax increases, or salary controls) are not popular with **swing voters**.
- Disabled people and people in poverty have no effective **political representation**.

Inequality Street



Bonuses for bankers
Higher salaries for MPs
Privatisation and profit
Subsidised loans and mortgages
House prices rising
Growing inequality



Food banks & care cuts
Low pay and benefit cuts
Increased VAT
Loan sharks
Higher rents and higher prices
Poverty, stigma and sanctions



Conclusion

There is no doubt that these cuts have been distributed unfairly:

- They target the people that a decent society should **protect**.
- They target the people who **did not cause** the current economic crisis.
- They are justified by the use rhetoric and **stigma** which causes further **prejudice** and harm.

Changing and challenging this unfairness will require political action.

In particular it will require disabled people, and others concerned about fairness and poverty, to work together.

We will need to find ways to use the legal and democratic processes to **restore the UK's sense of fairness**.

Action

Over 100,000 people supported the **WOW Petition's** campaign to force a debate on these issues and to demand a cumulative impact assessment on the impact of the cuts on disabled people. A debate in the House of Commons is scheduled for the 27th February 2014.

If you think that what the government has done is wrong why not join the **Campaign for a Fair Society**.

Join for FREE here by following the link **HERE**.

Facts and figures

Every year since 2011 The Centre for Welfare Reform has tried to estimate the impact of the cuts on disabled people. This is the fourth report and it is based on the most recent information.

In particular:

- a) HM Treasury: PESA 2013
- b) DWP: Benefit Tables 2013
- c) DCLG: Local Government Financial Statistics 2013

d) HSCIC: Reports on Social Care 2013

This is only a partial cumulative impact assessment. It does not include tax or price increases.

Also some government information is inconsistent. For example, some of the cuts announced publicly are not reflected in official figures.

A full list of the reports and data used is provided in the bibliography.



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Statistics

Benefit expenditure and caseload tables 2013

Organisation: Department for Work & Pensions
Page history: Updated 4 February 2014, see all updates
Collection: Benefit expenditure and caseload tables

Historic and forecast benefit expenditure and caseload data 2013.

Documents

- Outturn and forecast: Autumn Statement 2013**
MS Excel Spreadsheet, 1.6 MB
This file may not be suitable for users of assistive technology.
[Request a different format.](#)
- Benefit expenditure by Parliamentary constituency from 2000/01 to 2012/13**
MS Excel Spreadsheet, 5.3 MB
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- Benefit expenditure by local authority from 2000/01 to 2012/13**
MS Excel Spreadsheet, 6.5 MB
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- Benefit expenditure by region 1996/97 to 2012/13**
MS Excel Spreadsheet, 206 KB
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- Benefit expenditure by region 1996/97 to 2012/13**
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HM Treasury

Public Expenditure

Statistical Analyses 2013

Cm 8663

July 2013

hscic Health & Social Care Information Centre

Community Care Statistics, Social Services Activity:

England 2012-13, Provisional Release

Published 10 July 2013

hscic Health & Social Care Information Centre

Personal Social Services: Expenditure and Unit Costs, England

2012-13, Final release

Published 10 December 2013

Lies, damn lies & statistics

Statistics can be misleading.

Often Government statistics don't tell the whole truth and big policy decisions can be hidden by apparently technical changes.

When the Government wants to make something sound important then it will describe it using one method; but when it wants something to look insignificant it will use a different method.

Quite reasonably many think that campaigners also distort statistics to make the Government look worse than it really is.

So I have published all the statistics that I have used online using **Google Spreadsheets**.

You can check my figures and use the statistics to do your own calculations. Go directly to the online spreadsheet to see all the facts, figures and workings.

Cumulative Impact Assessment (2014)

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Comments

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Central Spending - Government Expenditure 2008-2016

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Central Spending - Government Expenditure 2008-2016													
2	This table is a summary which is drawn direct from government data which you can access using the tabs below. It brings together the two categories of expenditure which the government has kept distinct (DEL and AME) but separates out pensions from other benefits as this is the key area where government policy has a significant impact (i.e. pensions are protected from cuts, benefits are targeted for cuts). It also integrates some smaller funding streams. Real figures are expressed in 2012-13 prices as set out in PESA 2013 (HM Treasury, 2013).													
3	The key figure is the level to which the NHS grows, in 2012-13 prices from 2008-09 to 2015-16, which is:													
4	11.55%													
5	The government's policy has been to protect the NHS, in other words to allow the NHS to grow at the pace of the economy - not just inflation. So when expenditure grows below this level it is effectively a cut in terms of the real growth in the economy, this figure allows us to see where things have really grown or really been cut. It is more meaningful than just an adjustment for price inflation, and is more likely to reflect salaries and levels of service.													
6														
7														
8														
9		Share of Spend		2008-09		2015-16		Change		Percentage Change		if Protected	Growth or Cuts	Change
10		2008-09	2015-16	Nominal	2012-13 Prices	Nominal	2012-13 Prices	Nominal	2012-13 Prices	Nominal	2012-13 Prices	2012-13 Prices	2012-13 Prices	
11	NHS	18.74%	21.30%	102,607	112,332	132,973	125,304	30,366	12,972	29.59%	11.55%	125,304	0	0.00%
12	Local Government & Housing	6.61%	2.20%	36,173	39,601	13,762	12,968	-22,411	-26,633	-61.96%	-67.26%	44,174	-31,206	-78.80%
13	Benefits	20.16%	20.24%	110,390	120,853	126,341	119,055	15,952	-1,798	14.45%	-1.49%	134,809	-15,754	-13.04%
14	State Pension	11.25%	14.89%	61,584	68,043	90,851	87,580	29,267	19,537	47.52%	28.71%	75,901	11,679	17.16%
15	Education	10.47%	10.38%	57,299	62,730	64,800	61,063	7,501	-1,667	13.09%	-2.66%	69,974	-8,911	-14.21%
16	Transport	1.17%	0.85%	6,405	7,012	5,299	4,994	-1,106	-2,018	-17.27%	-28.78%	7,822	-2,828	-40.33%
17	Business & Universities	3.18%	2.39%	17,408	19,068	14,927	14,066	-2,481	-4,992	-14.25%	-26.19%	21,259	-7,193	-37.74%
18	Law & Order	3.68%	3.06%	20,129	22,037	19,101	17,999	-1,028	-4,038	-5.11%	-18.32%	24,582	-6,583	-29.87%
19	Defence	7.09%	6.74%	38,816	42,495	42,078	39,651	-2,844	-3,262	-8.69%	-8.69%	47,402	-7,751	-18.24%
20	International	1.28%	1.58%	6,988	7,650	9,887	9,317	2,899	1,667	41.49%	21.79%	8,533	784	10.24%
21	Nature (Energy, Farms etc.)	0.93%	0.53%	5,083	5,566	3,320	3,128	-1,763	-2,438	-34.68%	-43.80%	6,209	-3,081	-55.35%
22	Culture	0.99%	0.69%	5,424	5,508	5,578	5,254	152	-684	2.80%	-11.52%	6,824	-1,370	-23.07%
23	Scotland	4.93%	4.73%	26,967	29,523	29,547	27,843	2,580	-1,680	9.57%	-5.69%	32,932	-5,089	-17.24%
24	Wales	2.40%	2.28%	13,149	14,395	14,250	13,428	1,101	-967	8.37%	-6.72%	16,057	-2,629	-18.27%
25	Northern Ireland	2.86%	2.96%	15,654	17,138	18,440	17,377	2,786	239	17.80%	1.39%	19,117	-1,740	-10.15%
26	Government	4.27%	4.56%	23,367	25,473	31,196	29,131	7,829	3,658	33.50%	14.36%	28,415	716	2.81%
27	TOTAL	100.00%	100.00%	547,443	599,844	622,348	588,158	74,906	-11,686	13.68%	-1.95%	669,113	-80,955	-13.50%
28														
29	Notes						Population UK	63,100,000				UK Cuts	94,135	
30							England	53,060,000	83.99%			English Cuts	80,421	
31							Scotland	5,360,000	8.40%			Scottish Cuts	7,322	
32							Wales	3,000,000	4.75%			Welsh Cuts	3,893	
33							NI	1,800,000	2.85%			NI Cuts	2,498	
34												Total	94,135	
35														

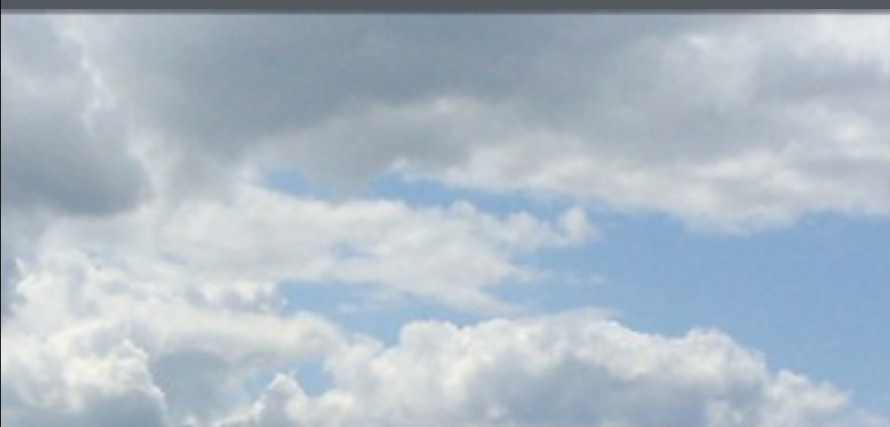
Further reading

This analysis is a summary of research that is available on our online spreadsheet.

If you want more detail about the cuts and why they target disabled people read [A Fair Society? how the cuts target disabled people](#), which outlines the arguments in more detail.

If you want to think about what kind of alternatives there might be to this unfairness then read the [Campaign for a Fair Society's Manifesto](#).

You can also find a range of interesting materials on the website of [The Centre for Welfare Reform](#). You might also be interested in my latest book which explores how disabled people were the first victims of the Holocaust: [The Unmaking of Man](#).



A fair society?

How the cuts target disabled people

by Dr Simon Duffy on behalf of the Campaign for a Fair Society



Manifesto for a Fair Society 2012

The Unmaking of Man

DISABILITY AND THE HOLOCAUST

by Simon Duffy



THE NEED FOR ROOTS



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The Centre for Welfare Reform is a research network established in 2009 to improve the design of the welfare system - to make it fairer for everyone.

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We fell asleep. We forgot that they don't take care of us, we take care of each other. We forgot that it's the rich who need the poor, not the poor who need the rich. We forgot that politicians work for us, we don't work for them. We forgot that government doesn't innovate, people do. We forgot that government doesn't create wealth, people do. We forgot that government doesn't know best, people do. We forgot about citizenship, we forgot about families, we forgot about community. We confused good with big. We confused achievement with wealth. We confused love with control. We forgot that the welfare state was made by us, that it belongs to us and it needs to work for us. It's time to wake up.

CAMPAIGN FOR A

FAIR SOCIETY

