



Media Release

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## **New IFS research shows families and poorest hardest hit by coalition cuts**

Research commissioned from the Institute for Fiscal Studies by the End Child Poverty campaign (1) shows that the Coalition's emergency budget hit families with children hardest, and that the poorest families are set to lose most.

The research contradicts the Chancellor's claim that the budget measures were progressive (2), and calls into question commitments to 'fairness'. Unlike the Treasury's own modelling, the analysis takes into account the impact of all the budget's changes up to 2014; analyses the June 2010 Budget changes separately from those announced previously; and includes changes to Housing Benefit and Disability Living Allowance. It shows that:

- "The measures announced in the June 2010 budget are regressive as they hit the poorest more than the seventh, eighth and ninth deciles in cash, let alone percentage, terms."
- Families with children lose more than pensioners or other household types in all except the top three income groups (3).
- The poorest families with children lose more than any other group. As a result of the changes announced in the June Budget, families in the bottom income decile are set to lose over 5 per cent of their income, compared to less than one per cent for non-pensioner households without children in the top decile.

Fiona Weir, a spokesperson for the End Child Poverty campaign, said:

*"The coalition has committed to ending child poverty by 2020, but its cuts are hitting the poorest families hardest. It's not fair that children should have to pay for the cuts and shocking that the poorest families are bearing the brunt of them.*

*The coalition must re-consider its cuts, including changes to Housing Benefit and uprating benefits. The spending review will need to show clearly how the Government will deliver on the commitment to ending child poverty, ensuring that cuts fall on those most able to pay."*

### Notes to editors:

(1) The research '*The distributional effect of tax and benefit reforms to be introduced between June 2010 and April 2014: a revised assessment*', by James Browne and Peter Levell, was commissioned from the Institute for Fiscal Studies and is published today on their website at [www.ifs.ac.uk](http://www.ifs.ac.uk)

(2) The coalition has repeatedly made commitments to fairness:

George Osborne, Budget Statement:

*"Overall, everyone will pay something, but the people at the bottom of the income scale will pay proportionately less than the people at the top. It is a progressive budget."*

The Coalition: our programme for government:

*"We will introduce arrangements that will protect those on low incomes from the effect of public sector pay constraints and other spending constraints."*(p.15)

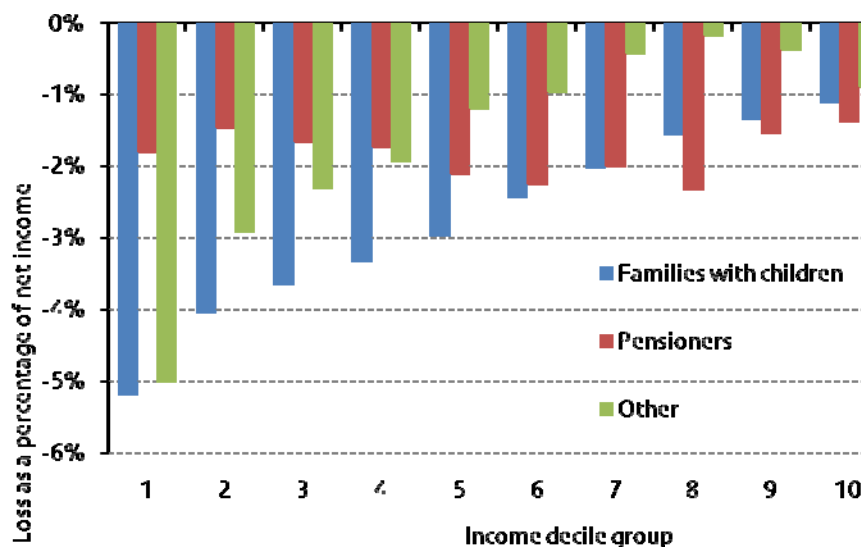
Danny Alexander (Observer comment piece, 27 June 2010):

*"Fairness is a key coalition principle and has been applied to the most difficult budget for 60 years. We have ensured the measures' impact is progressive. Whether as a share of income or spending, the best off will pay most... The budget has no negative impact on measured child poverty."*

Danny Alexander (letter to the Observer, 4 July 2010):

*"The budget is progressive because the burden falls most heavily on the wealthier in our society."*

### (3) The effect of tax and benefit reforms announced in the June 2010 Budget to be introduced by April 2014 by income decile and household type



Note: Income decile groups are derived by dividing all households into 10 equal-sized groups according to income adjusted for household size using the McClements equivalence scale. Decile group 1 contains the poorest tenth of the population, decile group 2 the second poorest, and so on up to decile group 10, which contains the richest tenth. Assumes increases in employer NICs are passed on to employees in the form of lower wages. Sources: IFS calculations using TAXBEN.

(4) The End Child Poverty campaign made up of more than 150 organisations from civic society including children's charities, child welfare organisations, social justice groups, faith groups, trade unions and others, united in our vision of a UK free of child poverty. For a full list of members, visit [www.endchildpoverty.org.uk](http://www.endchildpoverty.org.uk)

We campaign to achieve our vision by:

- Ensuring the voices of families facing economic disadvantage are heard;
- Increasing understanding of the causes and impacts of child poverty and mobilising public support and action;
- Promoting to politicians and government the case for ending child poverty by 2020, the actions that will achieve it and holding them to account on the requirements of the Child Poverty Act.

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