

The impact of national budget cuts, tax changes and local reductions in services on disabled people and their families in Norfolk

Summary

Background to the report

- The Coalition government has set in motion a series of severe budget cuts and tax changes.
- This has or will lead to reductions in and the tightening of eligibility for a range of key benefits.
- These include, among others, housing benefits, disability living allowance and incapacity benefit.
- In addition Norfolk County Council is proposing budget cuts of £136 million over the next three years.
- About £45 million of these cuts will directly and exclusively hit disabled people

Why the report?

- Although many people, including a government minister, have said that disabled people and their families will be hit hardest by these measures, no one has yet provided a detailed, quantified analysis of the likely impact.
- Furthermore, no one has investigated the consequences of the combination of national and local cuts.

Some key facts

- Nationally between 17% and 21% of the country's 60 million people are disabled.
- Nationally about 7.5 million households (29%) contain at least one disabled person.
- Nationally the average income of a household with a disabled person is about a fifth lower than that of other households.
- In Norfolk there are 186,00 disabled people (22% of the population),
- In Norfolk there are 100,000 households with at least one disabled person.

Main findings for disabled people and their families in Norfolk

- Of Norfolk's 186,000 disabled people, 45,000 of working age on disability benefits will lose £526 per year, 8% of income each year.
- Of Norfolk County Council's proposed £136 million cuts in services over the next 3 years, £45 million will directly and exclusively affect disabled people, representing a loss of services valued at £476 per disabled person per year, or about 7% of their income.
- Disabled people will also be affected by other services cuts making the full impact even greater.
- The increase in VAT is expected to add £158 to the essential bills of the average household and will mean a loss of about 2% of income for the poorest 50% of disabled people.
- As a direct consequence of the above, the poorest 53% of disabled people in Norfolk, around 100,000 people and their families, will see their living standards decline by a third over the next four years.
- The conclusion is that the impact of the changes introduced by the coalition government together with the cuts proposed by Norfolk County Council will be devastating, disproportionately affecting the most vulnerable and poorest group in society.

What are the alternatives?

Reduce inequality, which the current cuts will increase, and address the deficit by:

- Increasing tax rates on the rich
- Reducing tax avoidance
- Introducing a small tax on financial transactions

These measures would raise £50 billion, against the proposed £40 billion mixture of spending cuts and tax rises and would also be far less likely to tip the economy back into recession, a situation often associated with high levels of inequality.

The report was commissioned by Norfolk Coalition Of Disabled People (NCODP) and carried out by Dr. Chris Edwards, Consultant and Senior Fellow of the School of International Development at the University of East Anglia.