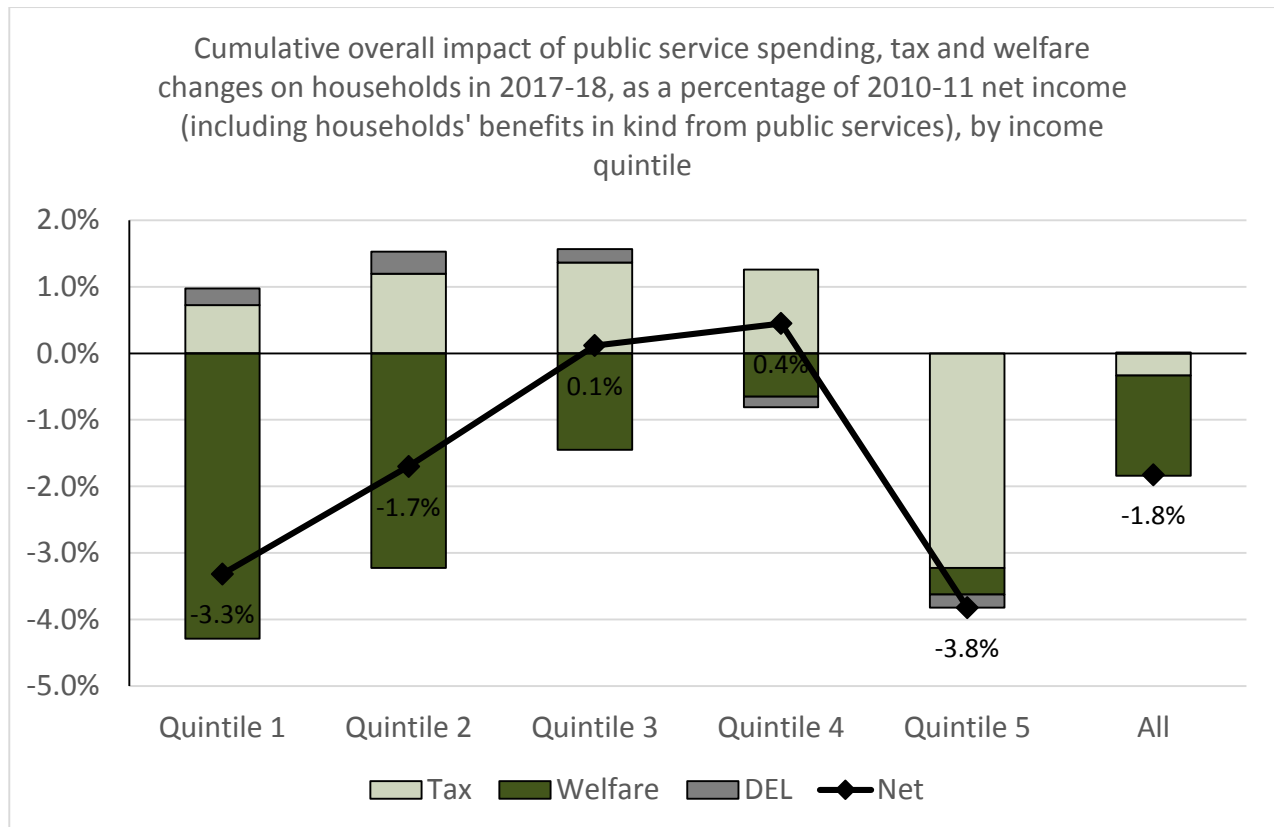


Summer Budget 15: Draft distributional analysis on previous basis



The chart above shows the direct impact on households in 2017-18 of the policy changes to tax, welfare and public service spending announced from 2010-11 up to and including Summer Budget 2015. **This shows that the richest 20% of households are still making the greatest contribution to reducing the deficit, as a percentage of their income.**

This analysis captures the impact of the same measures as were included in the Impact on Households document published at Summer Budget 2015 and available on gov.uk. This analysis models the impact of this Summer Budget and adds it to the analysis from the last Parliament. See Chapter 2 of the publication for more detail on the methodology, and the full list of measures included from this Summer Budget.

The government has set out a new approach to distributional analysis that demonstrates the effect of government decisions on the distribution of tax and spending, abstracting from the decision about the level of government borrowing (see main "Impact on Households" document available on gov.uk). Distributional analysis of the type presented above was not published in the main Summer Budget analysis because it assumes that additional government borrowing is a gain to households. But higher spending or lower taxes today would increase the deficit and debt burden, with consequences for households in the future.