

## Spatial Divisions of Welfare: The Geography of Welfare Benefit Expenditure and Housing Benefit in Britain

Hamnett, Chris

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**Spatial Divisions of Welfare: The Geography of Welfare Benefit Expenditure and Housing Benefit in Britain**

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3 Spatial Divisions of Welfare: The Geography of Welfare Benefit Expenditure and of  
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6 Housing Benefit in Britain  
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11 Chris Hamnett, Department of Geography, King's College London, Strand, London, WC2R 2LS  
12 chris.hamnett@kcl.ac.uk  
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21 Abstract  
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26 This paper examines the structure of state welfare expenditure in Britain. It argues  
27 that the geography of state welfare expenditure and its impacts have been relatively  
28 neglected given their importance in terms of state expenditure, regional distribution  
29 and spatial equality. It shows that welfare spending is a key component of government  
30 expenditure and that it has a distinct regional and local geography. It shows that there  
31 are distinct differences in the geographical incidence of different welfare benefits  
32 some of which function to redistribute income from the South to the North of Britain  
33 and it focuses on the geography of housing benefit as an example of what has been  
34 termed 'spatial divisions of welfare'.  
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48 Keywords: Welfare policy, housing benefit, spatial divisions of welfare, united  
49 kingdom, welfare spending  
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52 JEL codes: D63, E62, H53, H55  
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57 Les écarts géographiques de l'aide sociale: la géographie des prestations  
58 sociales et des allocations logement en Grande-Bretagne.  
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Hamnett

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6 Cet article cherche à examiner la structure des prestations sociales en Grande-  
7 Bretagne. On affirme que, toutes proportions gardées, on a prêté peu d'attention à la  
8 géographie des prestations sociales et à ses retombées, étant donné leur importance  
9 par rapport aux dépenses publiques, à la distribution régionale et à l'équilibre  
10 territorial. On laisse voir que les prestations sociales constituent un élément clé des  
11 dépenses publiques et qu'elles ont des géographies régionale et locale particulières.  
12 On montre qu'il existe des différences sensibles entre les fréquences géographiques  
13 des diverses prestations sociales, dont certaines sont destinées à redistribuer le revenu  
14 du Sud de l'Angleterre au Nord. L'article porte sur la géographie des allocations  
15 logement comme exemple de ce qu'on appelle 'les écarts géographiques de l'aide  
16 sociale'.  
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21 Politique en faveur de l'aide sociale / Allocation logement / Ecart géographique de  
22 l'aide sociale / Royaume-Uni / Prestations sociales  
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26 Classement JEL: D63; E62; H53; H55  
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30 *Räumliche Aufteilungen der Sozialleistungen: die Geografie der Sozialausgaben und*  
31 *des Wohngeldes in Großbritannien*

32 *Chris Hamnett*  
33  
34

### 35 Abstract

36  
37 In diesem Beitrag wird die Struktur der öffentlichen Sozialausgaben in  
38 Großbritannien untersucht. Es wird argumentiert, dass die Geografie der  
39 öffentlichen Sozialausgaben und ihre Auswirkungen bisher eher  
40 vernachlässigt wurden, wenn man berücksichtigt, welche Rolle ihnen  
41 hinsichtlich der staatlichen Ausgaben, regionalen Verteilung und räumlichen  
42 Gleichheit zukommt. Es wird gezeigt, dass die Sozialausgaben eine zentrale  
43 Komponente der staatlichen Ausgaben darstellen und eine deutlich regionale  
44 und lokale Geografie aufweisen. Ebenso wird gezeigt, dass es klare  
45 Unterschiede hinsichtlich der geografischen Inzidenz verschiedener  
46 Sozialleistungen gibt; einige dieser Leistungen haben die Funktion einer  
47 Umverteilung des Einkommens vom Süden in den Norden Großbritanniens.  
48 Als Beispiel für die so bezeichneten „räumlichen Aufteilungen der  
49 Sozialleistungen“ wird die Geografie der Zahlung von Wohnungsgeld  
50 untersucht.  
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54 Keywords:

55 Sozialpolitik

56 Wohnungsgeld

57 Räumliche Aufteilungen der Sozialleistungen

58 Großbritannien

59 Sozialausgaben

60 JEL codes: D63, E62, H53, H55

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Divisiones espaciales del bienestar: la geografía de gastos en prestaciones sociales y subsidios para la vivienda en el Reino Unido

Chris Hamnett

Abstract

En este artículo examino la estructura de los gastos en prestaciones sociales en el Reino Unido. Sostengo que la geografía de los gastos estatales del bienestar y sus repercusiones han sido relativamente ignoradas dada su importancia en cuanto al gasto estatal, la distribución regional y la igualdad espacial. Demuestro que el gasto del bienestar es un componente clave del gasto estatal y que tiene una geografía regional y local distintiva. Demuestro que existen claras diferencias en la incidencia geográfica de los distintos beneficios del bienestar y algunos de los cuales funcionan para redistribuir los ingresos del sur al norte de Gran Bretaña. Luego me centro en la geografía de las prestaciones para la vivienda como un ejemplo de lo que ha venido a denominarse las 'divisiones espaciales del bienestar'.

Keywords:

Política del bienestar

Prestaciones para la vivienda

Divisiones espaciales del bienestar

Reino Unido

Gasto social

JEL codes: D63, E62, H53, H55

### Introduction

The post-war era saw the rapid expansion of welfare states in most western countries (Esping-Andersen, 1990; Cochrane and Clarke, 2001; Johnston, 1993; Kloosterman, 1994). Government spending on welfare as a proportion of national GDP increased more or less steadily until the mid 1970's when a series of fiscal and expenditure crises led to widespread cutbacks. As Esping-Andersen (1999) comments:

'From the 1960s to the 1970s, welfare states everywhere undertook major steps to assure benefit adequacy and reduce inequalities. Indeed...this, and not the 1950s was the true period of welfare state consolidation. This was the era of affirmative action, of anti-poverty programmes, of across-the-board benefit upgrading, and, generally of

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3 cementing the rights of social citizenship' (p2-3). He adds that: 'social expenditures  
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5 have almost everywhere been stagnant since the 1980s' (p3)  
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8 Despite cut backs in the 1990s, welfare spending still accounts for a substantial  
9  
10 proportion of state spending accounting for between 15 and 30% of national GDP.  
11  
12 Subsequently, the structure, cost and future of the welfare state has been a major  
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14 political issue in most western countries with the left seeking to retain or expand  
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16 welfare coverage and the right seeking to reduce it or introduce market forms of  
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18 provision, finance and organisation. The current neo-liberal view is that in an  
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20 increasingly competitive global economy high welfare spending and taxation is no  
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22 longer a viable national policy option but this is strongly challenged (Leitner, Peck,  
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24 and Sheppard (2006) and there are considerable variations in welfare policies and  
25  
26 spending between nation states ranging from the universalist to the residualist.  
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28 Within the geographical literature, the last 20 years have seen growing interest in  
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30 spatial divisions of production, spatial divisions of labour and, more recently, in  
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32 spatial divisions of consumption, (Dicken, 1998; Massey, 1984, Clarke and Bradford,  
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34 1998). But, despite a large international literature on the growth, differential structure  
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36 and explanation of welfare states and welfare spending, there has been relatively little  
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38 attention given to the geography of welfare spending, particularly at the regional, and  
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40 sub-national level. This is rather surprising, given the importance of welfare spending  
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42 both financially and in terms of its distributional impacts and it will be argued below  
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44 that it is important to pay more attention to the geography of welfare policies and  
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46 spending.  
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55 The structure, coverage and funding of welfare states varies considerably from one  
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57 country to another and one important distinction is between countries with unitary  
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59 structure and policies and those with a federal structure such as the United States,  
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3 German, Australia and Switzerland where there is considerable autonomy at the  
4 state, land or cantonal level. Esping-Andersen (1991) has also suggested that it is  
5 possible to identify three different clusters of welfare state regimes in advanced  
6 capitalist societies which are related to the historical development of these societies  
7 and particularly the role of class alliances. The first is the 'liberal' welfare state  
8 regime which is characterised by means-tested assistance and modest universal  
9 transfers or social insurance schemes. Entitlement rules are strict and the market is  
10 encouraged by limited state benefits. Esping-Andersen sees the United States,  
11 Canada and Australia as the archetypes of this model. The second cluster, comprising  
12 nations such as Austria, France, Germany, and Italy are labelled 'corporatist'. While  
13 they do not possess the market orientation of liberal regimes, they are typically shaped  
14 by the Church and committed to the preservation of traditional family values and  
15 emphasise subsidiary. Entitlements are generally work and income related and thus  
16 variable. The third, and smallest, cluster is that of social democratic welfare states,  
17 most notably Sweden, Denmark and Norway. They are characterised by universalism,  
18 by highly de-commodified and redistributive state benefits, by a breaking down of the  
19 barriers between working class and middle class beneficiaries and by entitlement as a  
20 social right. As Esping-Andersen (1990) comments, this model crowds out the  
21 market, and constructs: 'an essentially universal solidarity in favour of the welfare  
22 state. All benefit, all are dependent, and all presumably feel obliged to pay'. He notes  
23 that Britain has shifted from the very de-commodified and universalistic social  
24 citizenship of the Beveridge model in the 1950s towards a more liberal orientated  
25 welfare state in the 1980s and subsequently (p54). Recent work by Glennerster and  
26 Hills (1998) Hills (2005), Clark (2004) have elaborated some of these issues.

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Esping-Andersen's model has been criticised by Kloosterman (1994) amongst others who argued, using the example of the Netherlands, that the typology fails to identify hybrid types or changes in the structure and provision of welfare spending. It has also been criticised on a variety of other grounds, notably that there are more than 3 basic regime types. Nonetheless, it remains an influential basis for thinking about the varieties of welfare states and Esping-Andersen (1999) has addressed some of the criticisms in an updated analysis which examines the shift from post-war welfare capitalism built on class struggle to the welfare regimes of post-industrial economies where the focus is more on deregulation, competitiveness and flexibility.

The size of the welfare state and the growth of welfare benefits has also been the subject of considerable theoretical and empirical debate over the years (Mahler, 1990). On the one hand Marxist and neo-Marxist analysts such as O'Connor (1973) Fine and Harris (1976) and Gough (1979) argued that it has been necessary for capitalist states to expand the size of their welfare programme to ensure the social reproduction of the labour force and hence the continuation of capital accumulation, while on the other hand, Conservative public choice analysts such as Buchanan and Tullock (1962) argued that the welfare state grows as a result of the tendency of bureaucracies to expand. Others such as Flora and Heidenheimer (1981) saw a growth of the welfare state as a result of environmentally imposed demands such as social and technological change. Thirty years on, some of these interpretations seem very dated, and debates today are much more about the continued existence of welfare states and the financial pressures they face, and associated questions of eligibility, benefit levels and welfare dependency. There is little doubt, however, that the origins of welfare state provision in most countries owes a great deal to growth of an expanded urban working class, the changing balance of class forces and growing political pressure for the state to



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3 intervene in issues of housing, public health, education and poverty relief from the  
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5 late C19th onwards (Marcuse, 1978; Swenarton, 1984; Esping-Anderson, 1999;  
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8 Cochrane and Clarke 2001; Harris, 2004).  
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10 Although there has been considerable attention directed to the regional implications of  
11  
12 certain types of government spending on regional policy and defence (Lovering,1991;  
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14 Lovering and Boddy, 1988) and questions of regional equity in government spending  
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16 and taxation (Bennett, 1990; Johnston, 1979, 1980; MacKay, 2000; Gripiaios, 2001,  
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18 Hamnett, 1997),the geography of welfare expenditure has been relatively little  
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20 discussed (though Pinch, 1997;Walker and Huby, 1989, Powell and Boyne 2001, and  
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22 Hansen and Jensen-Butler, 1996 are notable exceptions).This is surprising because  
23  
24 government social spending is very important in influencing both the scale and quality  
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26 of provision of various forms of collective consumption such as education and health,  
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28 and some forms of social benefits such as income support are an important component  
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30 of household income, particularly for low income households. As Hansen and Jensen-  
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32 Butler (1996) note: 'the welfare state involves income redistribution between different  
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34 social groups (and) this income redistribution has an important spatial dimension,  
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36 both regional and local' (p.167). They point out in the conclusion of their analysis of  
37  
38 welfare spending in Denmark that: 'The welfare state in Denmark plays an important  
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40 role in preventing regional and local economic inequality...from reaching serious  
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42 proportions, a role which is much more important than that of earlier regional policy,  
43  
44 designed specifically for this purpose' (p.184). A similar point is made by Walker and  
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46 Huby (1989) who note in their analysis of regional social security transfers in Britain  
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48 that: 'The spatial concentration of present social security expenditure is purely  
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50 incidental and occurs simply as a result of the clustering of social security  
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52 beneficiaries in particular areas. Nevertheless, by affecting regional aggregate demand  
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3 these spatial transfers act to lessen the growth of regional disparities' (p321). To this  
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5 extent, while reduction of regional and local inequality is rarely an explicit objective,  
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7 some forms of government welfare spending could be seen as a form of indirect  
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9 regional income support policy which function in part to reduce regional inequalities  
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11 in incomes.  
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### 14 15 Spatial Divisions of Welfare 16

17 This paper attempts to shed light on some key aspects of the geography of state  
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19 welfare spending in Britain, drawing on the concept of 'spatial divisions of welfare'  
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21 outlined by Mohan (1999) and Powell and Boyne (2001). Mohan uses this concept to  
22  
23 refer to the geography of public and private provision suggesting that: 'There is...an  
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25 emerging *spatial division of welfare* between places with comparatively high levels of  
26  
27 private provision and those without' (p139 emphasis added). He thus stressed the key  
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29 role of the social relations of provision, and the extent to which provision takes place  
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31 through the market or outside.  
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35 Valuable though this distinction is, it can be argued that it is unduly restrictive, and  
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37 could be very usefully broadened to encompass the scale and structure of welfare  
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39 spending and benefits and their importance, both nationally and internationally, as  
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41 well as the mix of public and private provision. From this perspective, the concept of  
42  
43 'spatial divisions of welfare' should relate to, among other things, geographical  
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45 differences in the overall structure, funding and organisation of welfare provision, the  
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47 extent to which it is publicly or privately provided, and the history and politics of such  
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49 provision, as well as geographical variations in the type, extent, and cost of provision,  
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51 differences in eligibility criteria and rates of take-up of various types of benefit and  
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53 their incidence and the impact of changes in any of the forgoing. It should arguably  
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55 also include analysis of the geography of certain welfare needs and the extent to  
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3 which they are met by welfare provision although they may be difficult to isolate  
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5 independently of actual benefit claims. Thus, although the focus is on spatial variations  
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7 in welfare provision (or the lack of it) this must necessarily also include analysis of  
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9 the variations in the social relations of provision and the changing political discourses  
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11 surrounding these where relevant.  
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15 Thus, in addition to the differences in welfare regime types identified by Esping-  
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17 Andersen, and the significant shifts away from the more decommodified forms of  
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19 provision to more market based, contracted out or restricted forms of provision, there  
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21 may be major variations between federal and unitary systems in terms of the level and  
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23 organisation of spending and in eligibility criteria, and differences in terms of what is,  
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25 or is not, included within the ambit of state welfare spending. So too, within unitary  
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27 states, there may be substantial variations in terms of the autonomy, responsibility and  
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29 power of regional, city or local authorities over spending levels. Thus, it may be  
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31 important to distinguish between centralised and decentralised state welfare policies  
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33 and also between policies which have an intended-v- non intended spatial  
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35 redistributational effects (see Walker and Huby, 1989).  
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41 The concept of spatial divisions of welfare was analysed by Powell and Boyne (2001)  
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43 who pointed out that much discussion of the geography of welfare is often simplistic,  
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45 is not placed in the context of national or local welfare states and rests on a centralist  
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47 perspective which assumes that geographical inequalities in welfare expenditure are  
48  
49 undesirable, whereas such inequalities may be necessary and desirable to rectify  
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51 inequalities of condition. They quote Newton (1980. p105) as saying that: 'central  
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53 government grants are an essential part of the redistributive systems of the modern  
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55 welfare state. As such, one of their main functions is to achieve a degree of territorial  
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57 justice within the country'. Powell and Boyne (2001, p184) also make the point that:  
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4 'Geographical location should make no difference to contributions or benefit: two  
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6 individuals of identical income should pay the same amount towards the service and  
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8 two individuals in identical need should receive same amount of benefit regardless of  
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10 location. The aim of a truly national service would be to make geography irrelevant'.  
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12 This point was also made by MacKay (2001, 2003) who noted in the context of an  
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14 analysis of regional transfers in the UK that: 'they follow naturally from one of the  
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16 most widely accepted principles of fiscal equity. Citizens in equal positions should be  
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18 treated equally' with the objective of 'horizontal equity, equal treatment of similar  
19  
20 citizens no matter where located' (p564). Some criticisms of his analysis were made  
21  
22 by Gripiaios (2002), but the fundamental principle is correct – namely that spatial  
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24 transfers (though they may be made at the individual level) have a function (if not the  
25  
26 purpose) of levelling social and spatial inequalities. Thus, inequalities in geography of  
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28 benefit spending should not necessarily be seen as problematic. On the contrary they  
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30 may be precisely what is required in order to even up existing inequalities of need or  
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32 condition. But the notion of territorial equity and spatial transfers may not be fully  
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34 applicable in the context of federal systems such as those in Australia, Germany,  
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36 Switzerland or the USA where there is a considerable degree of state autonomy and  
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38 where inequalities in provision or benefit may be a political consequence of such  
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40 autonomy.  
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48 Looking at government spending and taxation in the UK, MacKay (2001) showed that  
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50 government spending as a percentage of revenue varied by region from a low of 78%  
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52 in South East of England to a high of 152% in Northern Ireland. Thus the transfers in  
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54 terms of the percentage of revenue, ranged from -22% in the South East to +52% in  
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56 N.Ireland. Boyne and Powell (1993) also point out that the North appears to have  
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58 benefited more from welfare spending than the South from the 1980s onwards, though  
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3 this is almost certainly a result of higher levels of unemployment and lower incomes  
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5 in these regions. This has led to considerable political debate with some politicians  
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7 and business organisations in the South East arguing that the region subsidises the rest  
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9 of Britain financially, whilst regional politicians claim London gets the lion's share of  
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11 government capital spending.  
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16 Although it is to be expected that the incidence of some benefits will be more or less  
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18 equally geographically distributed, for example retirement and child benefit, this is  
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20 likely to vary to an extent depending on the age structure and household composition  
21  
22 of the population. Other benefits, however, connected with unemployment, disability,  
23  
24 and income support are likely to vary much more given the larger spatial differences  
25  
26 in the incidence of disability, unemployment and incomes and the consequent need  
27  
28 for support (Martin, 1995; Fothergill, 2001; Beatty, Fothergill and Macmillan, 2000).  
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30 Changes in benefit provision, level and eligibility are therefore likely to have distinct  
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32 spatial consequences. Thus, the current debate in Britain to tighten eligibility criteria  
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34 for incapacity benefits (Fothergill and Wilson, 2006) are likely to have distinct  
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36 geographical implications given the number of benefit recipients (c2.7 million pa  
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38 1995-2005) and the concentration of such benefits in the older ex-industrial and  
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40 coalfield regions where unemployment levels were very high.  
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47 The structure of the paper is as follows. First, it briefly examines the debates over the  
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49 size and growth of the welfare state and international differences in welfare spending  
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51 across the OECD. Second, it looks at the changing structure of benefit expenditure in  
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53 Britain, and the differential regional incidence of different types of benefits. Many of  
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55 these are concentrated in the older industrial regions and serve to redistribute income  
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57 to these regions. Third, it specifically examines the geography of housing benefit  
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59 which is paid to households or direct to landlords to reduce the cost of housing for  
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3 households on low incomes. As will be shown, the geography of HB is unusual as it is  
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5 disproportionately concentrated in areas with high housing costs, particularly inner  
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7 London: in this respect it benefits poorer households and their landlords in some of  
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9 the more prosperous areas of Britain. Finally, it examines some of the proposed  
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11 changes to the organisation of housing benefit due to take effect in 2008.  
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#### 14 15 The changing importance of government welfare policy and welfare expenditure 16

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18 As noted previously, the post war period has seen a considerable shift in the nature of  
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20 the debates over the welfare state, with a broad social consensus towards expansion in  
21  
22 the first 30 years, replaced by a more critical neo-liberal stance in the last 30 years  
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24 toward welfare spending in particular and government spending in general. This first  
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26 manifested itself in Britain in the mid 1970s with the IMF crisis, but was subsequently  
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28 a key element of Thatcherite public policy with its emphasis on ‘rolling back the  
29  
30 frontiers of the state’ (Thompson, 1990, Hills, 1998, 2005, Glennerster and Hills,  
31  
32 1998). Similar political changes in the USA saw the ending of the Great Society  
33  
34 programme, a shift to the right under Reagan and Bush, and a focus on welfare to  
35  
36 work programmes (Peck, 2000) which has subsequently been taken up in Britain (see  
37  
38 Powell, 1999) . In 2006, the Labour government in Britain outlined a radical reform  
39  
40 of welfare provision in its Green Paper: ‘A New Deal for Welfare: Empowering  
41  
42 People to Work’ which included plans to cut the numbers on incapacity benefit by one  
43  
44 million, to get 300,000 lone parents into work and to get one million older workers  
45  
46 back into work. Launching the new policy, John Hutton, the Secretary of State for  
47  
48 Work and Pensions, stated that:  
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54  
55 ‘Our plans will redefine the role of the welfare state. The fundamental emphasis will  
56  
57 be on what people can do not what they cannot. Essentially we want to return to  
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3 fundamental principles where the welfare state is able to respond to people's abilities  
4 and help them into the work place - not one that condemns them to a life on benefits'.  
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Needless to say, these welfare to work proposals met considerable opposition by those such as the Child Poverty Action Group and others concerned that the underlying objective was to force people into work and cut welfare expenditure (see for example Peck and Theodore, 2000). Some of the implications of the policy for housing benefit are discussed later in the paper.

In Europe there have recently been marked shifts to the right in the Netherlands, Sweden, Denmark, France, Germany and Italy with attempts to introduce Anglo-American style flexibility and deregulation to try to improve competitiveness and reduce unemployment. A number of conservative theorists such as Murray (1984) have argued that welfare policies have also played a key part in the development of a benefit dependent underclass: a view also shared by some on the left (Field 2001, 2002). Part of the argument has concerned the ability of the state to afford continued extensive welfare provision, and a greater drive towards income tax cuts in Britain, the US, France, Sweden, Denmark and elsewhere. The impact of higher rate income tax cuts generally benefit higher income groups and areas the most (Johnston, 1979). As Hamnett (1997) showed, the Conservatives 1987 higher rate income tax cut (from 60% to 40%) had a major regional impact with large benefits for London and the South East where high incomes are concentrated.

Irrespective of the arguments over the debates over the expansion of the welfare state, the cost of social security and various welfare benefits comprise a major component of government expenditure in most developed western countries. The data in figure 1 are based on published OECD figures and include spending on old age pensions, health, incapacity and family benefits, unemployment and labour market participation

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2  
3 and housing but not education. Public social spending as a proportion of GDP  
4  
5 increased substantially from the 1960's onwards as welfare provision expanded,  
6  
7 reaching a peak in the depths of the early 1990s recession, particularly in some of the  
8  
9 Scandinavian countries such as Denmark, Sweden and Finland, since when it has  
10  
11 fallen back in response to growing political concern about the size of the welfare  
12  
13 budget and to government cutbacks. As can be seen the USA, Ireland and Japan are  
14  
15 down near the bottom of the graph, with several Scandinavian countries along with  
16  
17 France, Germany and Austria at the top. The UK falls more or less in the middle of  
18  
19 the distribution, closely paralleling the OECD average, with a peak in 1992 in the  
20  
21 depths of the recession. These differences could be seen, of course, to reflect major  
22  
23 differences in regime types, with the social democratic regimes spending a higher  
24  
25 proportion of GDP on welfare, while the US and Japan with their liberal welfare  
26  
27 systems come at the bottom. The Southern European countries of Spain, Portugal,  
28  
29 Greece have all seen a sharp increases in public social spending as a proportion of  
30  
31 GDP from the early 1980s onwards to around the OCED average. This reflects the  
32  
33 late development of their public social spending programmes, partly as a result of the  
34  
35 move from dictatorship to democracy, and partly membership of the UE and the  
36  
37 greater economic prosperity. Ireland, by contrast, has seen a steady decrease in social  
38  
39 spending as a percentage of GDP since the mid 1980s as has New Zealand, the latter  
40  
41 the result of a shift to neo-liberal policies from early 1990s onward. These shifts raise  
42  
43 the important question of the extent to which all regimes types are influenced by neo-  
44  
45 liberalism and the extent to which some may be more resistant than others, possibly  
46  
47 owing to the stronger alliances of pro-welfare forces.  
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58 Government expenditure on social services in Britain  
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3 The modern welfare state in Britain was put in place immediately post war as a result  
4 of the Beveridge report, and established a free National Health Service, free secondary  
5 education and a variety of unemployment, pension and other universal social benefits  
6 paid for both through National Insurance and taxation. (Hills et al, 1994). Although  
7 this has subsequently been cut back so that Britain lies in the border zone between  
8 universal and neo-liberal policy, it has not disappeared. The structure and funding of  
9 social benefits in Britain is very heavily centralised with central government setting  
10 out the form and organisation of provision, and specifying budgets and payment rates  
11 through powerful ministries such as Work and Pensions, Health and Education. Thus,  
12 pensions and family benefits are organised and paid for centrally, but school education  
13 has traditionally been run by local authorities (though central government has recently  
14 clipped their wings) and some benefits such as council tax and housing benefit have  
15 been operated at a local government level, though paid for centrally. Health provision  
16 has been constantly reorganised by government but it is still paid for by government.  
17 Government expenditure in Britain on social services<sup>i</sup> (which include social security  
18 benefits, the NHS, education, welfare services and housing) at current prices rose  
19 from £173 bn in 1993/4 to £252 bn in 2002/3 though it fell from 26% to 22% of GNP  
20 reflecting the Labour government pledge to contain government expenditure in the  
21 years from 1997 onwards. Looking at individual components of social spending, there  
22 was a decline in the share of social security spending as a result of the falling level of  
23 unemployment and rising incomes. Spending on the NHS and education as a  
24 percentage of the total rose over this period, however, reflecting changes in Labour  
25 party priorities in recent years. (figure 2). The reduction in housing expenditure as a  
26 % of GDP reflects the shift away from direct support of social housing construction in  
27 government expenditure and the winding down of the social housing programmes and  
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3 expenditure since the early 1980s when Thatcher took power (Hamnett, 1995). It also  
4 reflects the fact that housing benefit is classified as part of social security spending.  
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7  
8 Figure 1 about here\*  
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10 Figure 2 about here\*  
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### 15 The size of UK social security benefit expenditure.

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17 Focusing specifically on social security benefit spending and excluding education,  
18 health and other areas, total government benefit expenditure measured in current  
19 prices rose from £69 bn (11.6% of GDP) in 1991/2 to £106 bn (10.6% of GDP) in  
20 2001/2. This includes a wide variety of benefits, ranging from retirement pension,  
21 unemployment benefit, sickness and invalidity benefit, maternity benefits and the like  
22 to which individuals in work and their employers contribute via National Insurance, to  
23 a range of non-contributory benefits such as family, child, and one parent benefit,  
24 various disability and mobility allowances, income support and housing benefit.  
25  
26

27 (source: annual abstract of statistics, 2003, table 10.22). Some of these benefits such  
28 as retirement and maternity benefit, are universal and are not means tested. Others,  
29 notably unemployment benefit (now jobseekers allowance) and invalidity benefit, are  
30 subject to meeting specific conditions, and housing benefit and council tax benefit are  
31 means tested.  
32  
33

34 The cost of these benefits (and their share of total government expenditure) has varied  
35 over time, with by far the largest share being that of retirement pensions, which has  
36 grown from £25.7 bn in 1991/2 (37% of total benefit expenditure) to £43 bn (41%) in  
37 2001/2. This is a result of the growth of the retired population and an increase in  
38 pension levels. The second largest component is income support, which fell from a  
39 peak of £17 bn (20%) in 1993/4 in the recession of the early 90s to £12 bn (12.6%) in  
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3 1998/9 at the peak of the late 1990s economic boom. The third largest component is  
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5 housing benefit which increased from £6bn (9%) in 1991/2 to £11.7 bn (11%) in  
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7  
8 2001/2. This increase led to considerable government concern regarding reform of the  
9  
10 system (Kemp, 2000; 2006; Wilson and Morgan, 1998; King, 2000) leading to  
11  
12 proposed changes in 2006 which are discussed later in the paper. The changing share  
13  
14 of different forms of expenditure is shown in figure3.  
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### 20 The Geography of Welfare Expenditure in Britain

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24 Given the large size of government expenditure on social benefits of various kinds it  
25  
26 is surprising that little work has been done on the geography of benefit spending and  
27  
28 their implications in the UK, not least because the distribution of benefit expenditure  
29  
30 is likely to be highly uneven, both regionally and locally, according to variations in  
31  
32 economic conditions, prosperity and poverty (Martin, 1988,1995) and the incidence of  
33  
34 different benefits. Although it is likely that the distribution of retirement pensions or  
35  
36 child benefit by region and local authority will simply reflect the regional distribution  
37  
38 of people of retirement age and the distribution of households with children, the  
39  
40 distribution of unemployment benefit or income support/supplementary benefit will  
41  
42 reflect both the distribution of unemployment and the distribution of low incomes.  
43  
44 Similarly, the geographical distribution of sickness or invalidity benefits is likely to  
45  
46 vary, at least in part, as a result of variations in industrial history and redundancies.  
47  
48 This is seen in many of the old coalfield or industrial areas which experienced large  
49  
50 scale closures and redundancies (Beatty and Fothergill, 1996, Beatty etal, 2000).  
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3 It is indicative of the extensive redistributive role of the welfare state that no fewer  
4 than 69% of households in Britain were in receipt of benefits of some kind in 2001/2.  
5  
6 Of these, 29% of households were in receipt of a retirement pension and 28% of child  
7  
8 benefit. On the reasonable assumption that these are not the same households, that  
9  
10 accounts for 57% of households. A further 17% were in receipt of family credit or  
11  
12 income support, 15% of housing benefit, 20% of council tax benefit and 15% of  
13  
14 incapacity or disability benefit. As many low income households receive more than  
15  
16 one benefit, the percentages receiving individual benefits sum to more than 69%.  
17  
18 There are, however, marked regional variations in the distribution of benefits. Overall,  
19  
20 the proportion of households receiving one or more benefits varied from a low of 61%  
21  
22 in London to highs of 72% in Yorkshire and Humberside, 74% in the North East and  
23  
24 75% in Wales. The proportion of households in receipt of retirement pensions is  
25  
26 broadly similar over the regions at around 28-33%. The main exceptions are London  
27  
28 (24%) indicative of an overrepresentation of younger households, and at the top end,  
29  
30 Wales (33%) and the South West (34%) both popular retirement regions. Similarly,  
31  
32 the distribution of child benefit varies from 27-30% with the exception of the South  
33  
34 West (24%), again an indication of its older age structure (Table 1 and figure 4). The  
35  
36 table excludes Northern Ireland which was not included in the FRS until 2003.  
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45 Table 1 about here

46 Figure 4 about here

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50 The incidence of a variety of employment related disabilities such as silicosis of the  
51  
52 lung has traditionally been higher in former coal mining areas than elsewhere, but the  
53  
54 geography of disability benefits does not simply reflect variations in industrial risks.  
55  
56  
57 The role of disability and incapacity benefits as an indicator of economic inactivity  
58  
59 and concealed unemployment in some northern industrial regions has been analyzed  
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3 by Beatty and Fothergill (1996) and the over representation of benefit recipients in the  
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6 older industrial regions is clearly illustrated by the proportion of households receiving  
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8 incapacity or disability benefits which varies from lows of 10-11% in London, the  
9  
10 South East and East, to highs of 20% in Scotland, 24% in the North East and 26% in  
11  
12 Wales. These figures of one household in four on incapacity or disability benefit are  
13  
14 remarkably high and are indicative of large scale withdrawal from the labour market.  
15  
16 This pattern is paralleled by the distribution of family credit or income support, which  
17  
18 are both forms of support for low income households. The incidence of these benefits  
19  
20 ranges from lows of 10% of households in the South East and 12% in the East and the  
21  
22 South West, to 17-19% in the Midlands and Yorkshire and highs of 22% in the North  
23  
24 East and the North West. Similarly, the proportion of households in receipt of Council  
25  
26 Tax benefit, another form of indirect support for low income households, ranges from  
27  
28 lows of 13-14% in the Eastern region and the South West to a peak of 29% in the  
29  
30 North East. It is clear from these figures that there are large scale income transfers to  
31  
32 the older industrial areas which have lower household incomes than London and the  
33  
34 South East (Martin, 1995) although it should also be noted that London has a large  
35  
36 number of low income households. As indicated previously, these transfers should not  
37  
38 necessarily be seen as problematic (though the underlying inequalities in economic  
39  
40 and social conditions may well be) and are necessary to ensure more territorial equity.  
41  
42 Not surprisingly, there are large variations in the proportion of total weekly household  
43  
44 income received from benefits. For the UK as a whole, just 8% of incomes come from  
45  
46 social security and disability benefits and a further 8% from state retirement pensions.  
47  
48 But the former figure varies from 15% in the North East to 5% in the East region and  
49  
50 just 4% in the South East (figure 5). The distribution of such benefits functions as a  
51  
52 form of indirect regional income policy focusing transfers to low income households  
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3 who are more concentrated in the more disadvantaged areas although this is not the  
4  
5 objective of benefit expenditure policy per se and there are marked concentrations of  
6  
7 low income households in some inner London boroughs (GLA, 2007)  
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9

### 10 11 12 Geographical variations in the incidence of social security benefits by local authority 13 14

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16  
17 Geographical variations in the incidence of social security benefits at local authority  
18  
19 level are, predictably, even more marked than at the regional level ranging from 4%  
20  
21 of households in the most affluent and least disadvantaged local authorities to 30% in  
22  
23 the least affluent with a national average of 14%. There is a very distinct north-south  
24  
25 divide between the top and bottom of the range, with most of the local authorities in  
26  
27 the top quartile being located in Scotland, Wales or northern England (with exception  
28  
29 of some deprived inner London boroughs). At the other end of the scale most local  
30  
31 authorities in the bottom quartile are in southern England (figure 6 and Table 2). This  
32  
33 data provides one of the clearest indicators of the north-south divide in Britain and  
34  
35 reflects the industrial, employment and income structure of the country (Martin, 1995.  
36  
37 Various government attempts to claim that there is no 'north-south' divide, but only a  
38  
39 complex pattern of local variations, appear misplaced. There is a distinct, regionally  
40  
41 structured, geography of social security benefit receipt which reflects low incomes.  
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48 Table 2 about here\*

49  
50 Figure 6 about here\*  
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### 55 Housing Benefit: a case study of its evolution and geography. 56 57 58 59 60

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3 Having outlined the considerable geographical variations which exist in distribution  
4  
5 and incidence of various types of social security benefits in Britain, the following  
6  
7 section of the paper focuses on one particular benefit which has received relatively  
8  
9 little attention despite its large size (£12 bn a year in 2002) and its rather unusual  
10  
11 distribution.  
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14  
15 The history of housing benefit.  
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19  
20 Housing benefit has existed for almost 25 years in Britain. It was introduced in 1982  
21  
22 and 1983 as a result of the Social Security and Housing Benefits Act, 1982. Prior to  
23  
24 its introduction, low income tenants received help with housing costs in two ways;  
25  
26 first, through rent rebates from local authorities and rent allowances for privately  
27  
28 rented tenants and second via supplementary benefit. Although the Supplementary  
29  
30 Benefits Commission campaigned during the late 1970s for a unified housing benefit  
31  
32 (Malpass, 1990) it can be argued that the underlying reason was government .desire to  
33  
34 move from mass social housing to a more limited and residualist system. Malpass  
35  
36 suggests that the introduction of HB by the Conservative government comprised:  
37  
38  
39 ‘a major turning point in the development of housing subsidy policy. Historically, up  
40  
41 to 1972 local authorities were given Exchequer housing subsidies which were related  
42  
43 to construction costs and loan charges, but not to the financial means of tenants (p146)  
44  
45 Malpass (1990) also argues that HB was primarily viewed as a form of means-tested  
46  
47 income support or social security and HB was taken out of the housing programme  
48  
49 and relocated within the social security budget in public expenditure White Papers. As  
50  
51 Norman Fowler, the then Secretary of State for Health and Social Security, stated  
52  
53 when introducing the Bill: ‘Housing Benefit will be a form of income support and it  
54  
55 seems much better that future policies should be considered in that context’ ( )Hills  
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3 (2001) notes that 'housing benefit...means that no matter how low someone's income  
4 is, a tenancy will always be affordable (unless a private rent exceeds various ceilings  
5 set for each area' (p1893)  
6  
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9  
10 Geographical variations in HB expenditure do not simply reflect the distribution of  
11 low income households: they also reflect the cost of housing in different regions. As  
12 McKnight (2002) notes:  
13  
14

15 'The impacts of Housing Benefit and Council Tax Benefit are hard to assess because  
16 the variability in living costs around the country is directly related to the amount that  
17 can be claimed. The amount of Housing Benefit payable depends on other income,  
18 value of savings, personal circumstances (household composition, disability) and the  
19 eligible rent' (p112).  
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29 The Department for Work and Pensions sets eligible weekly rent levels by region and  
30 by tenure which vary considerably according to housing costs. For example, in 2002  
31 the eligible weekly rent for local authority tenants varied from £73 in London to £43  
32 in the North East and Yorkshire and Humberside while the eligible rents for privately  
33 rented tenants varied from £61 pw in the North East to £119 in London. In practice, of  
34 course, tenants do not necessarily receive the maximum eligible rent and the average  
35 weekly amounts by region and tenure are analysed below. (DWP nov 02 1.9 and 1.10)  
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48 There have been considerable changes in the extent of housing benefit since it was  
49 first introduced. Costs have risen fourfold in real terms from 1981/2 to 2001/2 from  
50 £2.5 bn in 1981/2 to £4.6 bn in 1999/90 to £12 bn in 2002. The House of Commons  
51 Committee on Social Security (2000) in its report on Housing Benefit stated that:  
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56 'It is now by far the most important financial instrument of Government housing  
57 policy to assist low income households to secure and retain housing accommodation  
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3 of a decent standard. Expenditure on Housing Benefit substantially exceeds the costs  
4  
5 of all other forms of housing grants, subsidies and tax reliefs' (para 11)

6  
7  
8 King (2000) attributes the rapidly escalating cost of HB during the 1990s to changes  
9  
10 in government rent policy in the Housing Act 1988 and The Local Government and  
11  
12 Housing Act 1989: 'The Conservative government reduced subsidies to social  
13  
14 landlords and put a greater emphasis on rents as a source of income. But this merely  
15  
16 shifted social landlords from a reliance on direct subsidy to a dependency on their  
17  
18 tenants' entitlement to housing benefit' (p.4)

19  
20  
21  
22 There has been a major change in the tenure of HB recipients. In 1997 some 60% of  
23  
24 recipients were local authority tenants compared to 40% in the private or other social  
25  
26 rented tenure. By 2002, the figures were 52% and 48% respectively. This reflects the  
27  
28 decline in the size of the local authority sector, partly via transfers to other social  
29  
30 landlords, and the growth of private renting. The focus of this paper is on the  
31  
32 geography of housing benefit in 2001/2 using data at both a regional and at a local  
33  
34 authority level.

### 35 36 37 38 39 Regional Analysis

40  
41 The regional distribution of HB is markedly unequal both in terms of incidence of  
42  
43 households and in terms of expenditure. The percentage of households in receipt of  
44  
45 HB varied from a high of 21.4% in London and 21% in the North East, to a low of  
46  
47 12.2% in the South East. These differences are likely to reflect the distribution of low  
48  
49 incomes and poverty to a significant extent. What is intriguing, however, are the  
50  
51 major disparities in the level of expenditure by region particularly when compared to  
52  
53 the number of households in the region. Whereas a number of regions show a rough  
54  
55 balance between the percentage share of households in Great Britain and the  
56  
57 percentage share of HB expenditure, London stands out as having just under 13% of  
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3 Britain's households but almost 23% of HB expenditure: a ratio of 1.8:1. On the other  
4  
5 hand, the East Midlands, East, South East and South West all have a lower share of  
6  
7 national HB expenditure than their share of households with ratio's of between 0.7  
8  
9 and 0.8 (Table 3 and figure 7). This points to the existence of a significant  
10  
11 concentration of HB expenditure in London.  
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14  
15 Table 3 about here

16  
17 Figure 7 about here

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19 There are three possible reasons for this. The first is that there are a higher number or  
20  
21 proportion of HB recipients in London than elsewhere, the second is that the tenure  
22  
23 structure of HB recipients in London is different from that of other regions, and the  
24  
25 third is that the costs of housing in London are much higher than elsewhere. There is  
26  
27 no doubt that the number of HB recipients in London is higher than in other regions in  
28  
29 absolute terms: 605,000 in 2002 compared to 513,000 in the North West and 446,000  
30  
31 in Scotland (Housing Benefit and Council Tax Benefit, Quarterly Summary Statistics,  
32  
33 November 2002, table 1.8). It is also the case that the proportion of households in  
34  
35 London in receipt of HB is higher at 21.4% than in other regions . But the tenure  
36  
37 structure of HB recipients in London is not very different from the tenure structure in  
38  
39 Great Britain and nor is the tenure structure of HB spending (figure 8) so this cannot  
40  
41 be the reason. But the other side of the coin the average weekly expenditure on HB  
42  
43 for each household in London in 2002 was, at £81.50 far higher than in any other  
44  
45 region. The conclusion is therefore that the high concentration of HB in London is  
46  
47 largely a reflection of the high rents in the capital. If this is correct it suggests a  
48  
49 substantial redistribution of this aspect of government expenditure towards meeting  
50  
51 London's high housing costs for tenants both in the private rented and social landlord  
52  
53 sector but also in the council sector. This is borne out by the level of average weekly  
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3 HB payments by tenure and region which shows that these are higher in London for  
4  
5 every tenure (figure 9). The average private sector HB payment for London was £111  
6  
7 pw compared to £82pw in the South East falling to a low of £57 pw in the North East.  
8  
9 Local authority (£67 pw) and social rented (£90 pw) weekly benefits were also higher  
10  
11 in London than in any other region and almost double levels in the North East. Perhaps  
12  
13 not surprisingly, the GLA (2007) noted that: 'Within Inner London more than a third  
14  
15 of all households in the boroughs of Tower Hamlets, Hackney, Newham and Islington  
16  
17 receive HB, the highest ranked local authorities in Great Britain for this benefit' (p1).  
18  
19 This is indicative of a large group of low wage or economically inactive/unemployed  
20  
21 residents in inner London which HB payment support.  
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#### 27 Local Authority Level Analysis

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32 The analysis of HB expenditure by metropolitan counties is remarkable. Outer and  
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34 Inner London are at the top, with total expenditure of £1.36 and £1.28 bn respectively.  
35  
36 Trailing behind at half the levels of inner and outer London are Greater Manchester  
37  
38 and the West Midlands Metropolitan Counties with £614m and £597m respectively  
39  
40 (figure 10). The distribution of HB expenditure for local authorities is also remarkable.  
41  
42 Of the 22 authorities with expenditure of over £90m in 2002, no less than two thirds  
43  
44 (15) were London boroughs (figure 11). It can be argued, of course, that this does no  
45  
46 more than show that the HB system is working well and distributing support to people  
47  
48 on low incomes in areas of high housing cost just as incapacity and disability benefit  
49  
50 is channelled to old industrial areas and income support channels benefit to those on  
51  
52 low incomes irrespective of their location. Nonetheless, it is clear that HB operates to  
53  
54 channel housing benefits to landlords in the high housing cost boroughs in London.  
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60 Figure 8 about here

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### 11 Housing Benefit: Government Policy Responses 12

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15 As noted above the growth of HB posed problems for government and they outlined  
16  
17 plans in the Department of Work and Pensions 2002 green paper 'Building Choice  
18  
19 and Responsibility' to reform HB. A key component of the reforms was introduction  
20  
21 of a Local Housing Allowance (LHA) which would be calculated locally and based  
22  
23 on local reference rents, with entitlement based on family size, not actual rent paid,  
24  
25 and could be lower than the actual rent paid which was a back to work incentive.  
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29 This was further developed in the 2006 Green Paper 'A New Deal for Welfare:  
30  
31 empowering people to work' (DWP, 2006). This stated, amongst other things, that:  
32  
33

34 'Housing benefit reform over the past 20 years has been largely reactive and has  
35  
36 lacked a long term strategic direction. This has led to Housing Benefit becoming an  
37  
38 extremely complex benefit that does little to promote personal responsibility and can  
39  
40 actually act as a barrier to work in some cases. As such Housing Benefit is often seen  
41  
42 to undermine rather than underpin the wider goals of welfare reform' (para 3 p.82).  
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45  
46 The Green Paper went on to note that:  
47

48 'Housing Benefit is also a passive benefit. Most claimants have their Housing Benefit  
49  
50 paid directly to their landlords, which means that they have no personal responsibility  
51  
52 for their rent, and many are actually unaware of how much rent is paid on their behalf.  
53  
54 (para 4 page 82).  
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3 The discourse of tenant responsibility and choice combined with the emphasis on  
4 getting people back to work is remarkable and it is clear that HB reform is seen as a  
5 part of a wider process of getting people off benefits and back into the labour market.  
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7  
8 In addition to setting out a number of administrative reforms to speed up payment, to  
9 link HB with other benefits, and reduce the complexity of the application process, the  
10 green paper outlined a number of key objectives for the proposed new Local Housing  
11 Allowance (LHA). These are: (1) Fairness, (2) Choice, (3) Transparency, (4) Personal  
12 Responsibility, (5) Financial Inclusion, and (6) Improved administration and reduced  
13 barriers to work. It is unnecessary to discuss all the objectives in detail. The key point  
14 is that it is proposed the LHA will base payments on a system of standard maximum  
15 allowances varying according to the size of household and location of the property. In  
16 addition, it is proposed that LHA will be paid directly to the tenants rather than to the  
17 landlords thereby allowing tenants 'to choose whether to rent a larger property or to  
18 spend less on housing and to increase their available income' (p85). In addition, the  
19 existing criteria for the appropriate size of property for a household of given size will  
20 be tightened up to include bedrooms but to exclude living rooms. The reasons for this  
21 are that since testing of the LHA began the DWP are 'concerned that the current size  
22 criteria reflect neither the reality of the property market nor the expectations that  
23 families not on benefits would have about their accommodation... This contributes in  
24 some areas to the large amounts that people are receiving above their rent' (para 24  
25 p88). In addition, the green paper notes that in the current pathfinder trial areas the  
26 LHA is set at the mid point of rents which does not take into account the distribution  
27 of properties. Thus, it is proposed that the LHA will henceforth be based on median  
28 rents to reflect the distribution of rents in an area (para 26. p88). Finally, the green  
29 paper noted that:

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4 'In pathfinders, claimants are able to keep the difference between their Local Housing  
5 Allowance payments and their rent costs...There is concern that this is fundamentally  
6 unfair and that it could have serious implications for work incentives.We are therefore  
7 considering whether the amount of LHA that tenants can receive above the level of  
8 their rent should be capped' (para 21. p87).  
9

10  
11 The overall thrust of these proposals is fairly clear-cut. In addition to ensuring a more  
12 efficient national system, and making tenants responsible for their own rent payments  
13 (and thus allowing them to trade off housing costs against other costs) it seems that  
14 an implicit objective is to align the benefits of claimants to lower space standards and  
15 rents at or below median local rents, and to thereby try to control overall housing  
16 benefit expenditure. At present, the proposals relate to the deregulated private rented  
17 sector, but there the government are keen to see how it may be possible to extend  
18 them to the social rented sector. It will be interesting to see to what extent the changes  
19 which are proposed do in fact extend household choice or to what extent they serve to  
20 cap or reduce housing benefit expenditure, particularly in high cost housing areas. The  
21 government has been keen to stress the choice and empowerment agenda in its policy  
22 proposals, but this may simply be window dressing for what proves to be a policy of  
23 reducing the number of benefit claimants and expenditure containment.  
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#### 45 Summary and Conclusions

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50 This paper has examined the geographical distribution of welfare benefits in Britain  
51 drawing on the concept of 'spatial divisions of welfare' to discuss the geography of  
52 welfare provision, access and expenditure. It was suggested that this area of research  
53 has been relatively neglected within geography notwithstanding its very considerable  
54 importance. This is particularly true given the variations in the form and structure of  
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3 welfare states and the major challenges they are now facing from the right regarding  
4 their cost and sustainability. Many western governments have already sought to reduce  
5 income taxes and restrict or cut social benefits and this process is unlikely to halt in  
6 the immediate future.  
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12 The concept of spatial divisions of welfare is particularly important in this respect,  
13 enabling, as it does, the development of an analytical framework looking at the form,  
14 extent, organisation and administration of welfare both between and within different  
15 countries, the divisions between public and private provision, and the incidence and  
16 extent of benefits, and the impact of changes in provision, funding and eligibility on  
17 different social groups and geographical areas.  
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27 The paper, which only explores a fragment of these variations, has shown that welfare  
28 spending on social services, broadly defined, accounts for approximately 22% of GDP  
29 in Britain and spending on social security accounts for about 11% of GDP: over £100  
30 bn pa. It argued that there is a distinct geography to this spending, both at an  
31 aggregate level, and in terms of individual benefits and that social security/disability  
32 benefits contribute a substantial proportion (15%) of household income in some of the  
33 less affluent regions and some 70% of households are in receipt of one or more  
34 welfare benefits.  
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45 Thus, different benefits play a role in different parts of the country to help support  
46 groups who are economically inactive, incapacitated, unemployed or on low incomes  
47 To this extent, spatial divisions of welfare spending in Britain are complex. In terms  
48 of retirement and child benefits, the distribution broadly mirrors the demographic  
49 structure of different regions. Income support and disability and incapacity benefits  
50 are channelled to regions with a particular employment history and concentrations of  
51 low income households but housing benefits are disproportionately directed to those  
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3 areas with high housing costs where a high proportion of households find it difficult  
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5 to meet such costs. The same is true of council tax benefit though to a lesser extent.  
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8 It is thus important to examine the geography of welfare expenditure as it is a key  
9  
10 element of government redistribution from (generally) richer areas to poorer ones and  
11  
12 plays an important role in influencing both incomes and quality of life.  
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14

15 Specific attention was given to housing benefit in particular which currently accounts  
16  
17 for expenditure of £12bn pa. Not only does this have a very distinctive geography,  
18  
19 with its concentration in areas with high housing costs, particularly in inner London,  
20  
21 but government are concerned about the cost of the benefit and are currently finalising  
22  
23 proposals for a significant change in the organisation and form of the benefit. While  
24  
25 the rationale for the changes is located in the discourse of increasing individual choice  
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27 and empowerment and making the level of housing cost subsidy more transparent, as  
28  
29 well as improving the administration and efficiency of policy, the outcome could be a  
30  
31 cap on benefit levels and households taking smaller and cheaper accommodation in  
32  
33 the private sector to save money and a reduction in overall HB spending. The analysis  
34  
35 of housing benefit presented above is specific to Britain, and we do not expect to see  
36  
37 this necessarily replicated elsewhere. The point, however, is that spatial divisions of  
38  
39 welfare are likely operate differently in different countries, and given its importance  
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41 both in terms of government spending, household incomes and regional equity, the  
42  
43 geography of welfare spending deserves more attention than it has hitherto received.  
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51  
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53  
54 have where possible incorporated their suggestions.  
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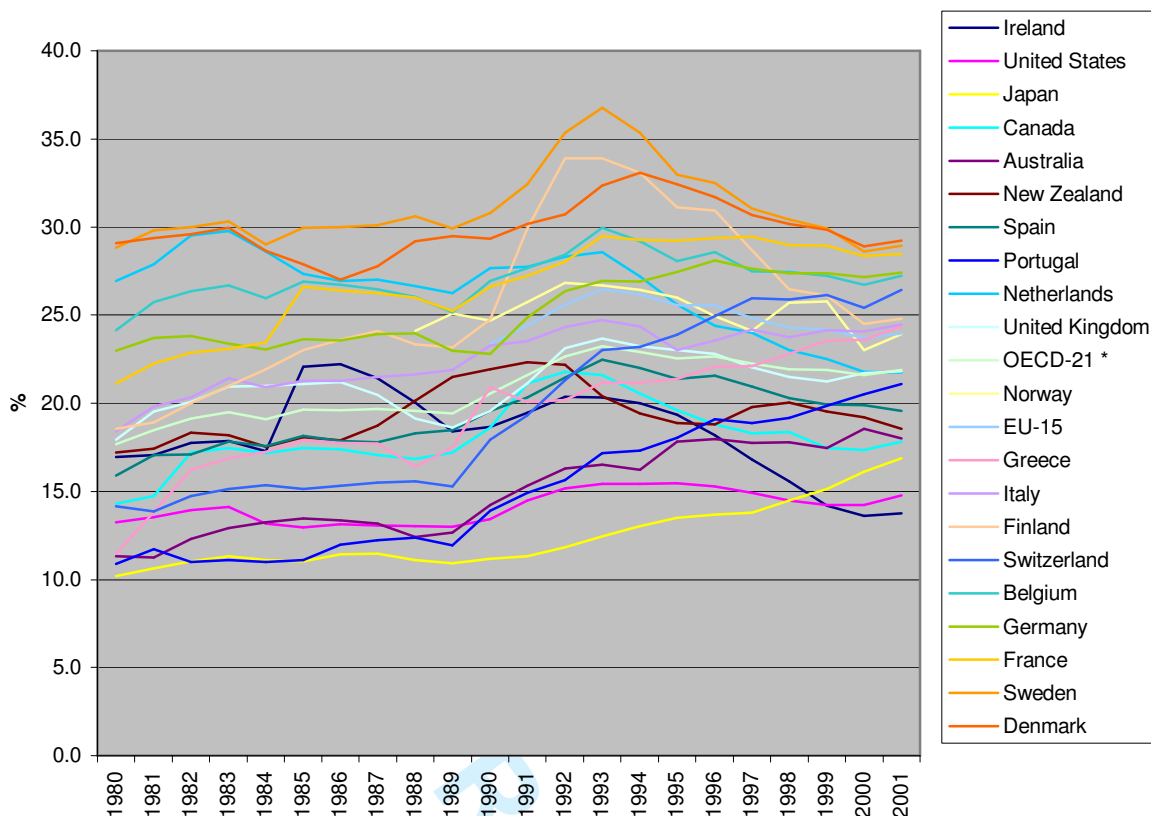
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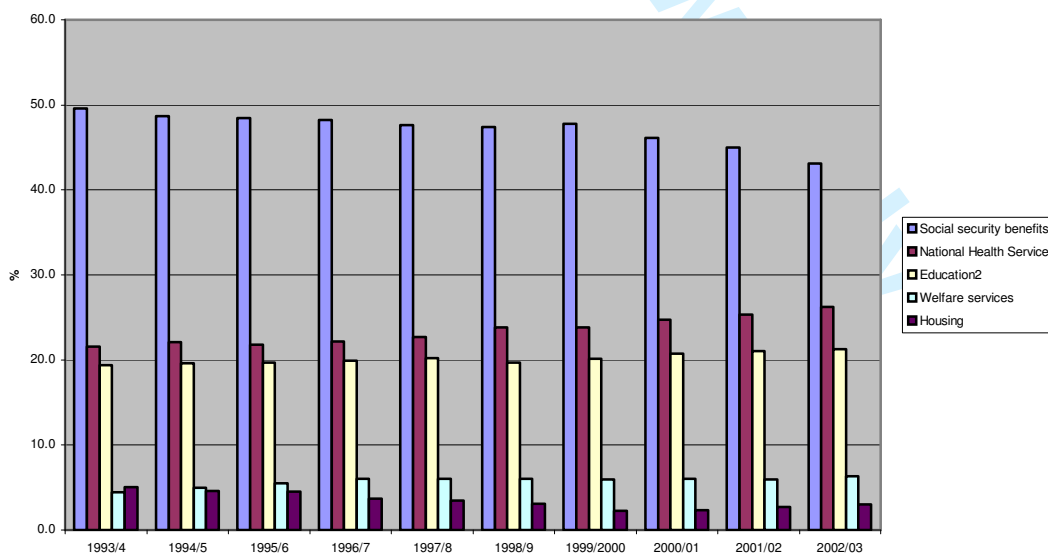
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Figure 1. Public Social Expenditure as % of GDP, 1980-2001



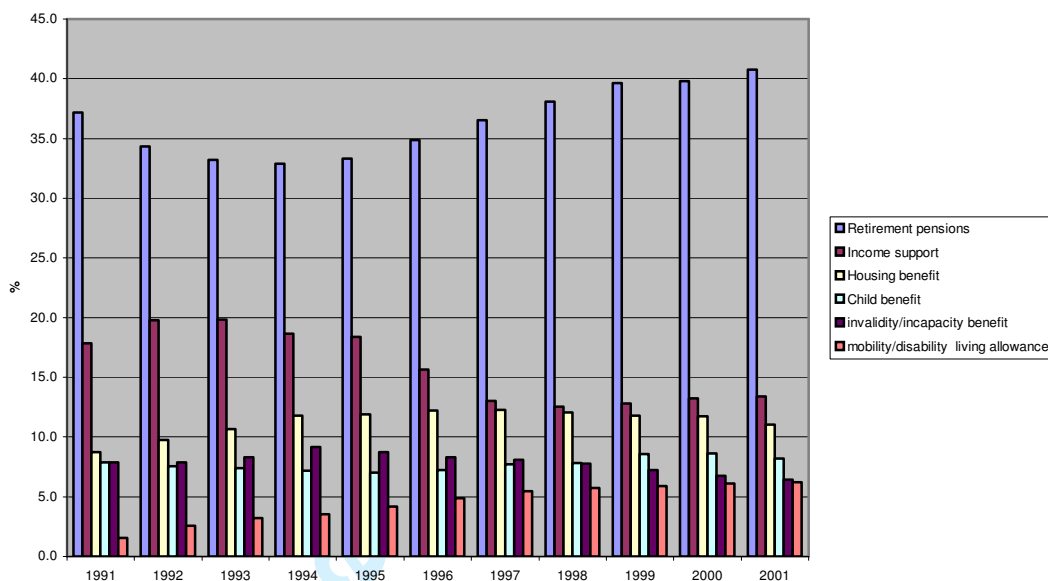
Source: OECD Social Expenditure Data Base (SOCX), 2004

Figure 2. UK Government expenditure on social services and housing, by % of total, 1993/4-2002/3



Source: Annual Abstract of Statistics, 2004 table 10.19

Fig 3. The Changing Shares of Major UK Benefit Expenditures, 1991/2 - 2001/2



source: Annual Abstract of Statistics, 2003 table 10.21. Government expenditure on social security benefits

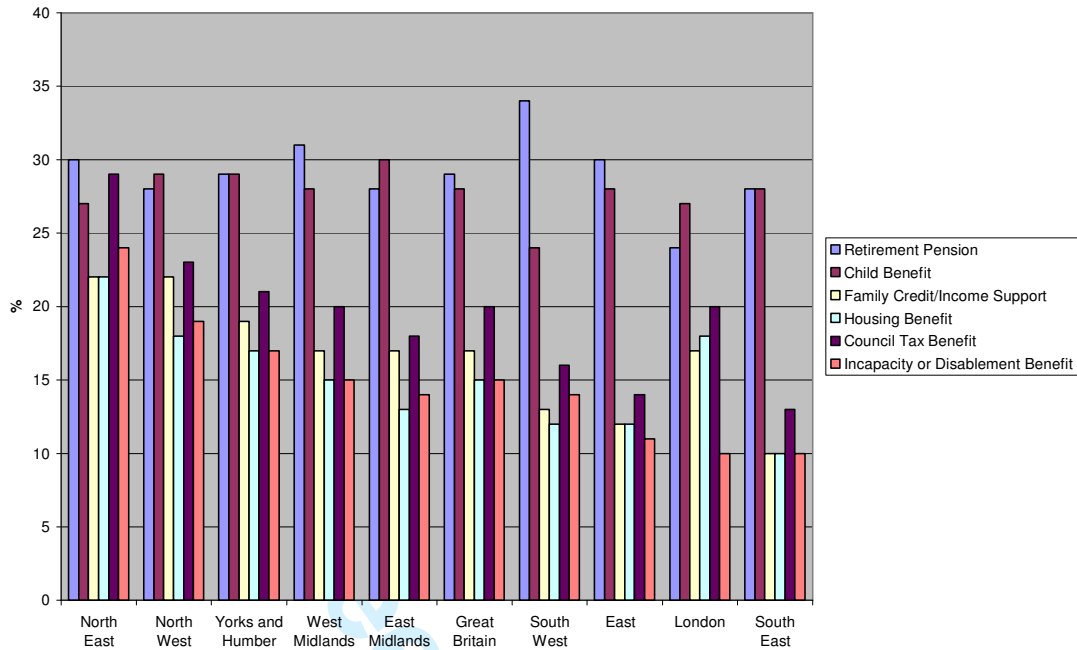
Table 1. Households in Receipt of Benefit: by type of benefit, 2001/02 (%)

	Jobseekers Allowance	Incapacity or Disabling Benefit	Family Credit or Income Support	Housing Benefit	Council Tax Benefit	Child Benefit	Retirement Pension	Any Benefit
Wales	3	26	21	18	24	27	33	75
North East	3	24	22	22	29	27	30	74
North West	3	24	22	18	23	27	30	74
Yorks and Humber	3	17	19	17	21	29	29	72
West Midlands	3	15	17	15	20	28	31	71
Scotland	2	20	19	19	24	26	29	70
East Midlands	2	14	17	13	20	30	28	69
South West	1	14	13	12	16	24	34	69
Great Britain	2	15	17	15	20	28	29	69
England	2	14	16	15	19	28	29	68
East	2	11	12	12	14	28	30	67
South East	2	10	10	10	13	28	28	66
London	3	10	17	18	20	27	24	61

Source: Family Resources Survey, Department for Work and Pensions

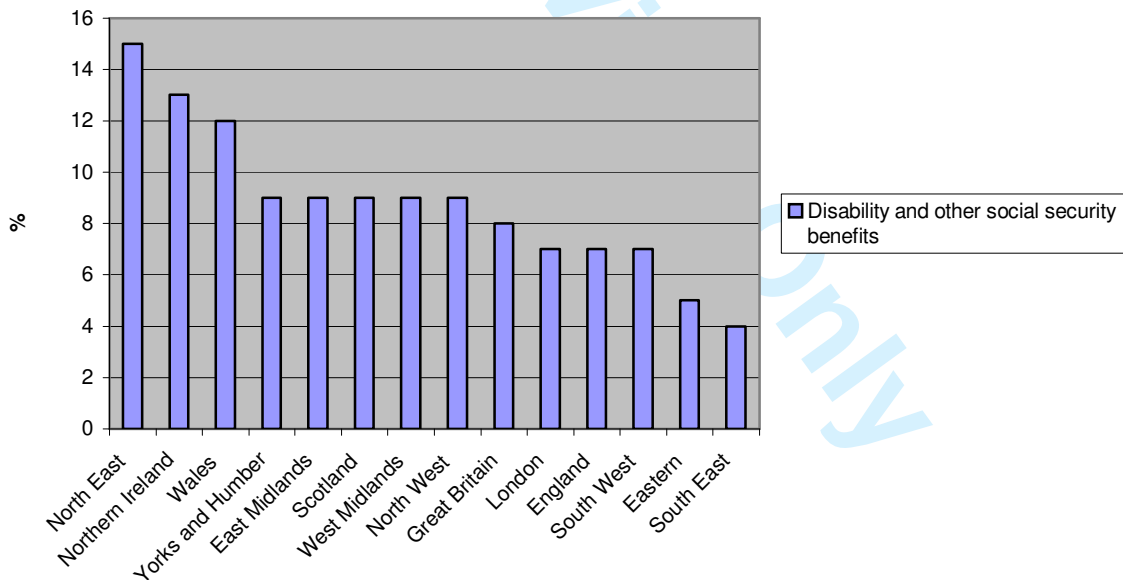


Figure 4. % of Households in Receipt of Different Benefits, by region, 2001/2



Source: Family Resources Survey, Department for Work and Pensions, 2002

Figure 5. Disability and other social security benefits as % of total weekly household income by region



Source: Family Resources Survey (2003), table 3.1 Components of total weekly income by region

Table 2. The % of Households in Receipt of Social Security Benefits by LA, year

Top 30 local Authorities	Bottom 30 Local Authorities	
Blaenau Gwent	29.6	Guildford 6.1
Merthyr Tydfil	29.6	Mole Valley 6.1
Knowsley	29.5	Cotswold 6.1
Liverpool	29.0	Chiltern 5.9
Easington	28.9	Fareham 5.9
Glasgow, City of	28.8	Harborough 5.8
Manchester	27.4	South Oxfordshire 5.7
<b>Middlesbrough</b>	25.9	West Oxfordshire 5.7
Neath Port Talbot	25.9	Richmondshire 5.6
Inverclyde	25.6	Mid Bedfordshire 5.6
Rhondda, Cynon, Taff	25.2	Waverley 5.6
Caerphilly	24.2	South Cambridgeshire 5.5
Hackney	23.6	Uttlesford 5.5
Wear Valley	23.5	<b>West Berkshire</b> 5.5
<b>Kingston upon Hull, City of</b>	23.1	Aylesbury Vale 5.5
South Tyneside	23.0	Runnymede 5.5
<b>Hartlepool</b>	22.9	South Bucks 5.4
<b>Halton</b>	22.7	Vale of White Horse 5.4
<b>Stoke-on-Trent</b>	22.7	Elmbridge 5.4
North Lanarkshire	22.6	Horsham 5.4
Barrow-in-Furness	22.4	Surrey Heath 5.3
West Dunbartonshire	22.1	East Hertfordshire 5.2
Torfaen	22.0	Mid Sussex 5.2
Wirral	21.9	Winchester 5.1
Sunderland	21.6	<b>Rutland</b> 4.9
East Ayrshire	21.6	South Northamptonshire 4.7
North Ayrshire	21.6	Isles of Scilly 4.5
St. Helens	21.5	<b>Wokingham</b> 4.0
Barnsley	21.5	Hart 3.9

Source: DWP, 2002

fig 6. The proportion of households in receipt of social security benefits by local authority, May 2003

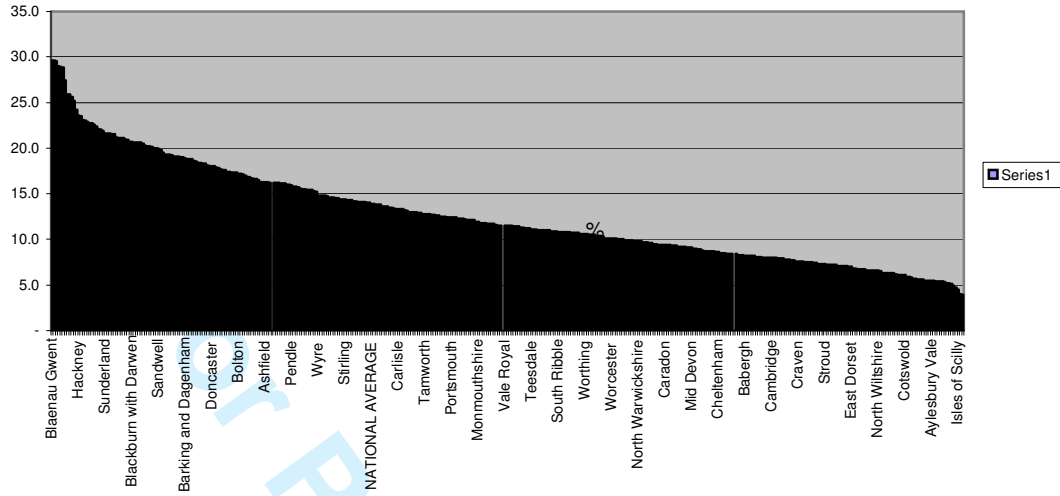
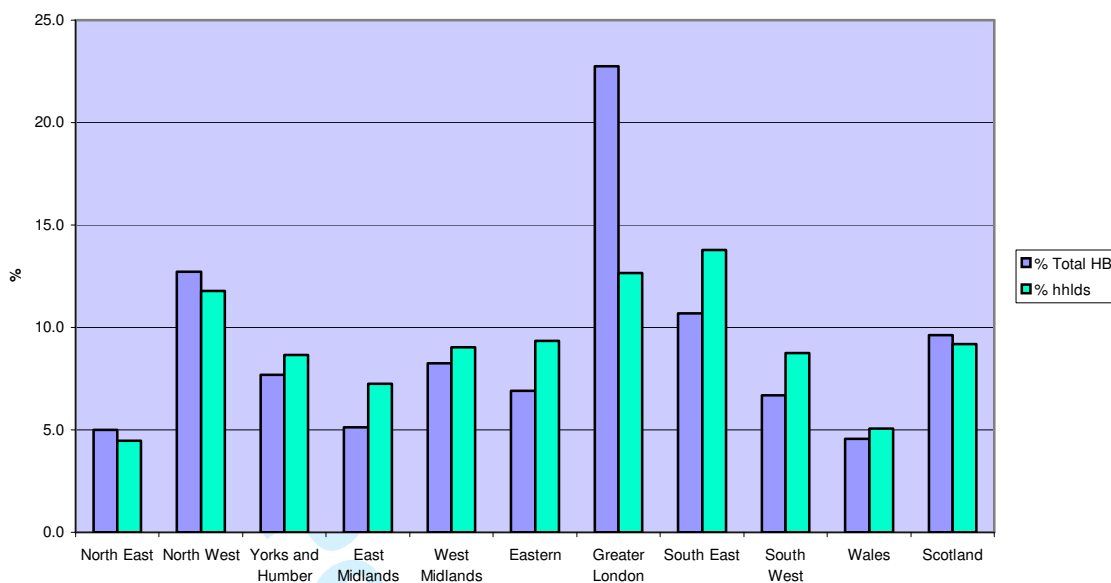


Table 3. The % distribution of housing benefit and households, by region, 2001-2

	% total HB	% households	HB recipients as % of households	%HB: % hhllds
North East	5	4.5	21	1.12
North West	12.7	11.8	18.1	1.08
Yorks and Humber	7.7	8.7	16.6	0.89
East Midlands	5.1	7.3	13.9	0.71
West Midlands	8.2	9	16.9	0.91
Eastern	6.9	9.4	13.1	0.74
Greater London	22.7	12.6	21.4	1.8
South East	10.7	13.8	12.2	0.77
South West	6.7	8.7	13.4	0.76
Wales	4.6	5.1	16.6	0.9
Scotland	9.6	9.2	19	1.05
Great Britain	100	100	16.4	1

Fig 7. Regional Distribution of Total HB and Households, 2001/2



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fig 8. % of total HB expenditure by tenure of recipients, 2002

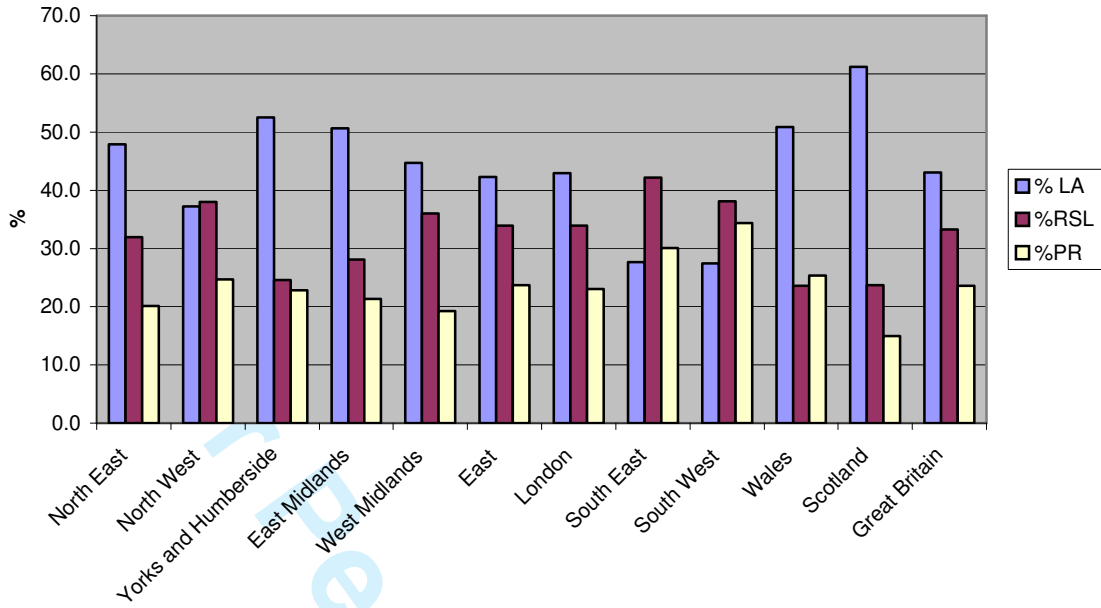


figure 9. Average Weekly HB receipt £pw by region and tenure, 2002

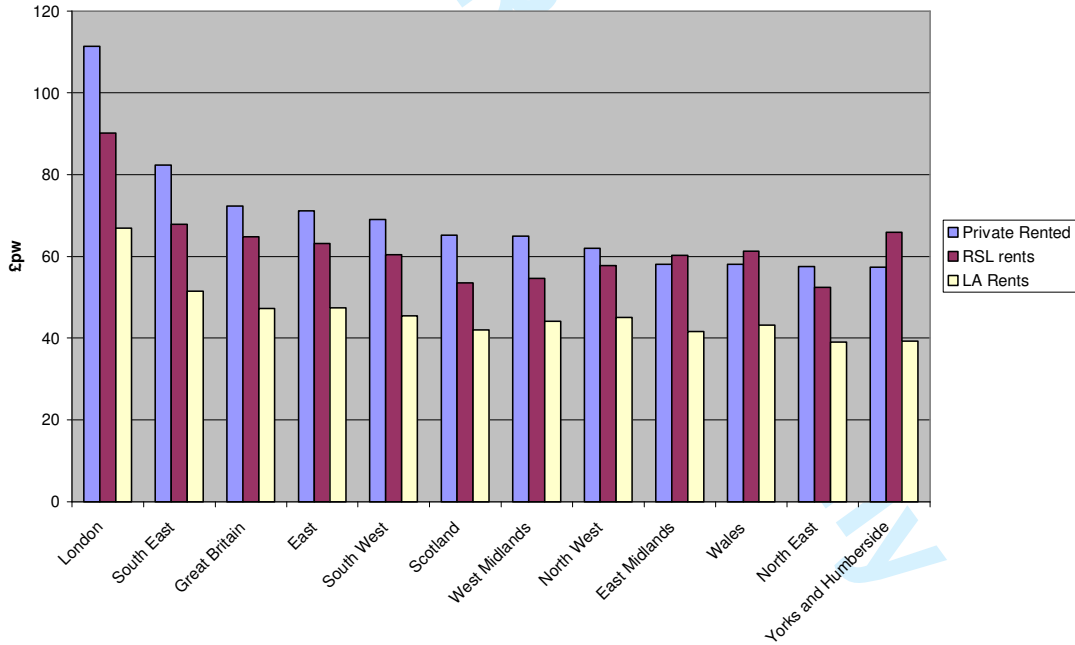


Fig 10. HB Expenditure by Metro Counties and Inner and Outer London, 2002

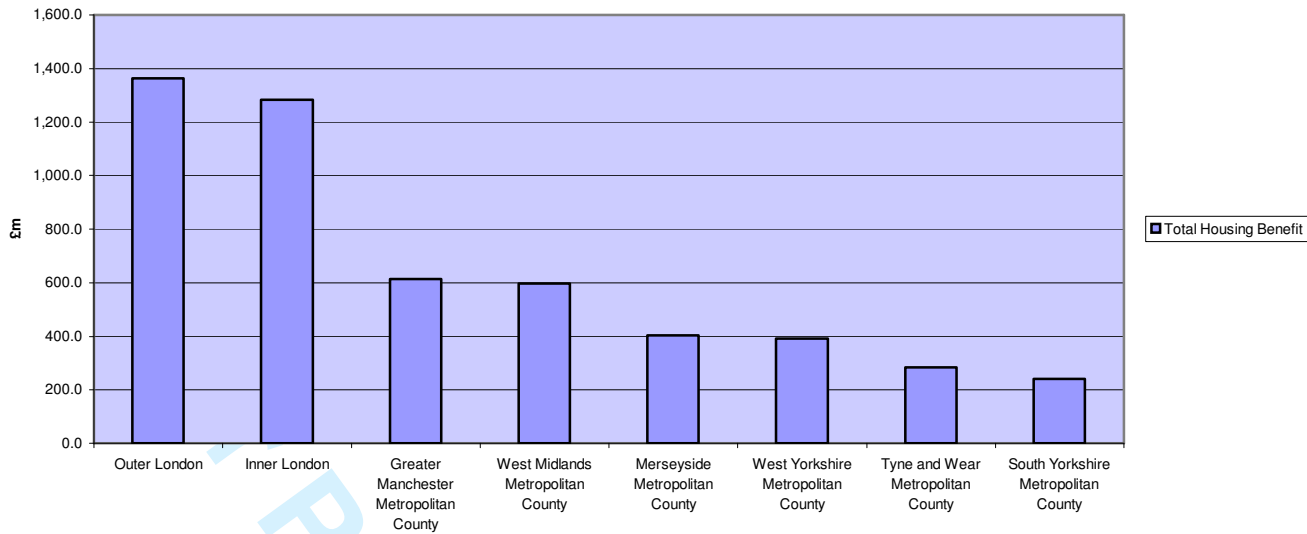
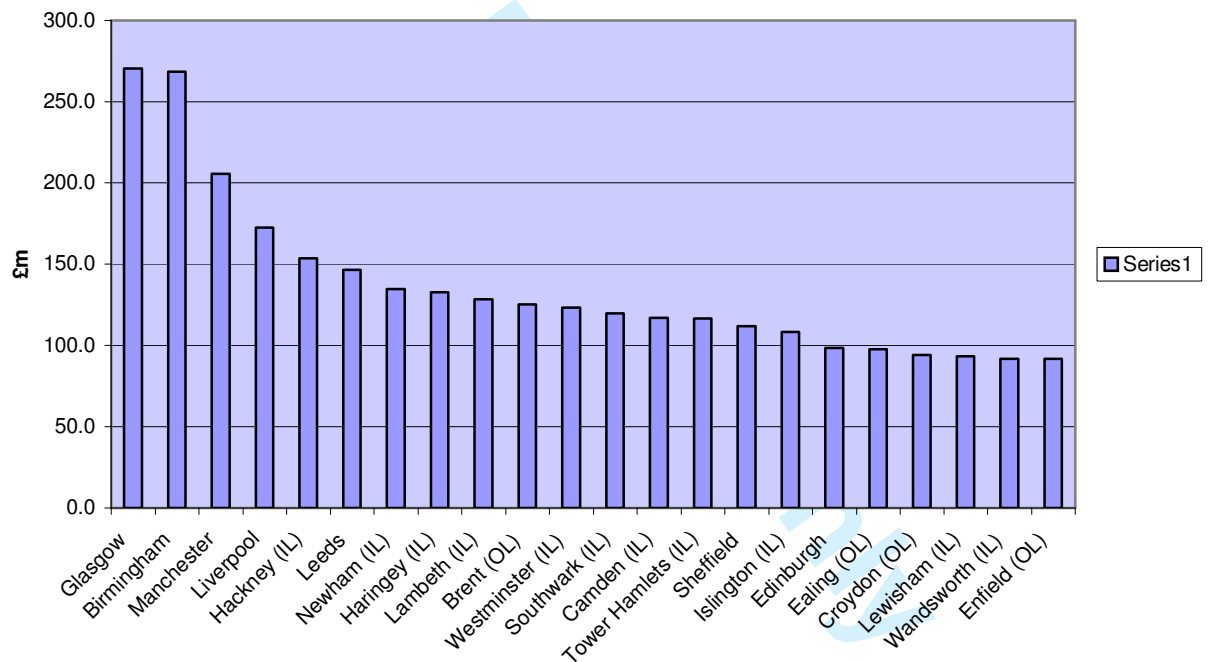


Fig 11. Local Authorities Ranked By Total HB Expenditure over £90m, 2002



<sup>i</sup> Education covers spending by education departments, local authorities and university funding bodies, on education in schools, training colleges and universities. The NHS covers central government expenditure on hospital, community health, general practitioners and other health services. Personal social services covers spending by local authorities on the aged, handicapped and homeless, child care, mental health and

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5 domestic help. Social security covers benefits under social security schemes and non-  
6 contributory benefits and allowances administered by the Department for Work and  
7 Pensions. It also includes housing benefit, generally administered by local authorities  
8 on behalf of central government. This is not classed as a housing expenditure which  
9 includes both subsidies to local authorities and housing associations and capital  
10 expenditure grants and housing allowances. (see The Annual Abstract of Statistics  
11 2003pages 140-142 for definitions).  
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