

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

Hamnett, Chris

Postprint / Postprint

Zeitschriftenartikel / journal article

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:

www.peerproject.eu

Empfohlene Zitierung / Suggested Citation:

Hamnett, C. (2009). Spatial Divisions of Welfare: The Geography of Welfare Benefit Expenditure and Housing Benefit in Britain. *Regional Studies*, 43(8), 1015-1033. <https://doi.org/10.1080/00343400802093813>

Nutzungsbedingungen:

Dieser Text wird unter dem "PEER Licence Agreement zur Verfügung" gestellt. Nähere Auskünfte zum PEER-Projekt finden Sie hier: <http://www.peerproject.eu> Gewährt wird ein nicht exklusives, nicht übertragbares, persönliches und beschränktes Recht auf Nutzung dieses Dokuments. Dieses Dokument ist ausschließlich für den persönlichen, nicht-kommerziellen Gebrauch bestimmt. Auf sämtlichen Kopien dieses Dokuments müssen alle Urheberrechtshinweise und sonstigen Hinweise auf gesetzlichen Schutz beibehalten werden. Sie dürfen dieses Dokument nicht in irgendeiner Weise abändern, noch dürfen Sie dieses Dokument für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen.

Mit der Verwendung dieses Dokuments erkennen Sie die Nutzungsbedingungen an.

gesis
Leibniz-Institut
für Sozialwissenschaften

Terms of use:

This document is made available under the "PEER Licence Agreement". For more information regarding the PEER-project see: <http://www.peerproject.eu> This document is solely intended for your personal, non-commercial use. All of the copies of this documents must retain all copyright information and other information regarding legal protection. You are not allowed to alter this document in any way, to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public.

By using this particular document, you accept the above-stated conditions of use.

Mitglied der

Leibniz-Gemeinschaft



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

Journal:	<i>Regional Studies</i>
Manuscript ID:	CRES-2006-0020.R2
Manuscript Type:	Main Section
JEL codes:	D63 - Equity, Justice, Inequality, etc. and Measurement < D6 - Welfare Economics < D - Microeconomics, E62 - Fiscal Policy Public Expenditures, Investment, and Finance Taxation < E6 - Macro Policy Formation, Macro Public Finance, Macro Policy, etc < E - Macroeconomics and Monetary Economics, H53 - Government Expenditures and Welfare Programs < H5 - National Government Expenditures and Related Policies < H - Public Economics, H55 - Social Security and Public Pensions < H5 - National Government Expenditures and Related Policies < H - Public Economics
Keywords:	welfare policy, housing benefit, spatial divisions of welfare, united kingdom, welfare spending

SCHOLARONE™
Manuscripts

1
2
3 Spatial Divisions of Welfare: The Geography of Welfare Benefit Expenditure and of
4
5
6 Housing Benefit in Britain
7
8
9

10
11 Chris Hamnett, Department of Geography, King's College London, Strand, London, WC2R 2LS
12 chris.hamnett@kcl.ac.uk
13

14 First received: January 2006
15

16 Accepted: January 2008
17
18
19
20
21

22 Abstract
23
24
25

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'.
35
36
37
38
39
40
41
42
43
44
45
46

47 Keywords: Welfare policy, housing benefit, spatial divisions of welfare, united
48 kingdom, welfare spending
49
50

51 JEL codes: D63, E62, H53, H55
52
53
54
55
56

57 Les écarts géographiques de l'aide sociale: la géographie des prestations
58 sociales et des allocations logement en Grande-Bretagne.
59
60

Hamnett

1
2
3
4
5
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'.
17
18
19
20

21 Politique en faveur de l'aide sociale / Allocation logement / Ecart géographique de
22 l'aide sociale / Royaume-Uni / Prestations sociales
23
24
25

26 Classement JEL: D63; E62; H53; H55
27
28
29

30 *Räumliche Aufteilungen der Sozialleistungen: die Geografie der Sozialausgaben und*
31 *des Wohngeldes in Großbritannien*
32

33 *Chris Hamnett*
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.
51

52 Keywords:
53

54 Sozialpolitik
55

56 Wohnungsgeld
57

58 Räumliche Aufteilungen der Sozialleistungen
59

60 Großbritannien
61

Sozialausgaben

JEL codes: D63, E62, H53, H55

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

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

1
2
3 cementing the rights of social citizenship' (p2-3). He adds that: 'social expenditures
4
5 have almost everywhere been stagnant since the 1980s' (p3)
6
7

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
13
14 political issue in most western countries with the left seeking to retain or expand
15
16 welfare coverage and the right seeking to reduce it or introduce market forms of
17
18 provision, finance and organisation. The current neo-liberal view is that in an
19
20 increasingly competitive global economy high welfare spending and taxation is no
21
22 longer a viable national policy option but this is strongly challenged (Leitner, Peck,
23
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.
27
28 Within the geographical literature, the last 20 years have seen growing interest in
29
30 spatial divisions of production, spatial divisions of labour and, more recently, in
31
32 spatial divisions of consumption, (Dicken, 1998; Massey, 1984, Clarke and Bradford,
33
34 1998). But, despite a large international literature on the growth, differential structure
35
36 and explanation of welfare states and welfare spending, there has been relatively little
37
38 attention given to the geography of welfare spending, particularly at the regional, and
39
40 sub-national level. This is rather surprising, given the importance of welfare spending
41
42 both financially and in terms of its distributional impacts and it will be argued below
43
44 that it is important to pay more attention to the geography of welfare policies and
45
46 spending.
47
48
49
50
51
52
53

54
55 The structure, coverage and funding of welfare states varies considerably from one
56
57 country to another and one important distinction is between countries with unitary
58
59 structure and policies and those with a federal structure such as the United States,
60

1
2
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.
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

1
2
3 Esping-Andersen's model has been criticised by Kloosterman (1994) amongst others
4 who argued, using the example of the Netherlands, that the typology fails to identify
5 hybrid types or changes in the structure and provision of welfare spending. It has also
6 been criticised on a variety of other grounds, notably that there are more than 3 basic
7 regime types. Nonetheless, it remains an influential basis for thinking about the
8 varieties of welfare states and Esping-Andersen (1999) has addressed some of the
9 criticisms in an updated analysis which examines the shift from post-war welfare
10 capitalism built on class struggle to the welfare regimes of post-industrial economies
11 where the focus is more on deregulation, competitiveness and flexibility.
12
13

14
15 The size of the welfare state and the growth of welfare benefits has also been the
16 subject of considerable theoretical and empirical debate over the years (Mahler, 1990).
17
18 On the one hand Marxist and neo-Marxist analysts such as O'Connor (1973) Fine and
19 Harris (1976) and Gough (1979) argued that it has been necessary for capitalist states
20 to expand the size of their welfare programme to ensure the social reproduction of the
21 labour force and hence the continuation of capital accumulation, while on the other
22 hand, Conservative public choice analysts such as Buchanan and Tullock (1962)
23 argued that the welfare state grows as a result of the tendency of bureaucracies to
24 expand. Others such as Flora and Heidenheimer (1981) saw a growth of the welfare
25 state as a result of environmentally imposed demands such as social and technological
26 change. Thirty years on, some of these interpretations seem very dated, and debates
27 today are much more about the continued existence of welfare states and the financial
28 pressures they face, and associated questions of eligibility, benefit levels and welfare
29 dependency. There is little doubt, however, that the origins of welfare state provision
30 in most countries owes a great deal to growth of an expanded urban working class,
31 the changing balance of class forces and growing political pressure for the state to
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

1
2
3 intervene in issues of housing, public health, education and poverty relief from the
4
5 late C19th onwards (Marcuse, 1978; Swenarton, 1984; Esping-Anderson, 1999;
6
7
8 Cochrane and Clarke 2001; Harris, 2004).
9

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;
13
14 Lovering and Boddy, 1988) and questions of regional equity in government spending
15
16 and taxation (Bennett, 1990; Johnston, 1979, 1980; MacKay, 2000; Gripiaios, 2001,
17
18 Hamnett, 1997),the geography of welfare expenditure has been relatively little
19
20 discussed (though Pinch, 1997;Walker and Huby, 1989, Powell and Boyne 2001, and
21
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
25
26 of provision of various forms of collective consumption such as education and health,
27
28 and some forms of social benefits such as income support are an important component
29
30 of household income, particularly for low income households. As Hansen and Jensen-
31
32 Butler (1996) note: 'the welfare state involves income redistribution between different
33
34 social groups (and) this income redistribution has an important spatial dimension,
35
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
39
40 role in preventing regional and local economic inequality...from reaching serious
41
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
45
46 Huby (1989) who note in their analysis of regional social security transfers in Britain
47
48 that: 'The spatial concentration of present social security expenditure is purely
49
50 incidental and occurs simply as a result of the clustering of social security
51
52 beneficiaries in particular areas. Nevertheless, by affecting regional aggregate demand
53
54
55
56
57
58
59
60

1
2
3 these spatial transfers act to lessen the growth of regional disparities' (p321). To this
4
5 extent, while reduction of regional and local inequality is rarely an explicit objective,
6
7 some forms of government welfare spending could be seen as a form of indirect
8
9 regional income support policy which function in part to reduce regional inequalities
10
11 in incomes.
12
13

14 15 Spatial Divisions of Welfare

16
17 This paper attempts to shed light on some key aspects of the geography of state
18
19 welfare spending in Britain, drawing on the concept of 'spatial divisions of welfare'
20
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
24
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
28
29 role of the social relations of provision, and the extent to which provision takes place
30
31 through the market or outside.
32
33

34
35 Valuable though this distinction is, it can be argued that it is unduly restrictive, and
36
37 could be very usefully broadened to encompass the scale and structure of welfare
38
39 spending and benefits and their importance, both nationally and internationally, as
40
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
44
45 differences in the overall structure, funding and organisation of welfare provision, the
46
47 extent to which it is publicly or privately provided, and the history and politics of such
48
49 provision, as well as geographical variations in the type, extent, and cost of provision,
50
51 differences in eligibility criteria and rates of take-up of various types of benefit and
52
53 their incidence and the impact of changes in any of the forgoing. It should arguably
54
55 also include analysis of the geography of certain welfare needs and the extent to
56
57
58
59
60

1
2
3 which they are met by welfare provision although they may be difficult to isolate
4
5 independently of actual benefit claims. Thus, although the focus is on spatial variations
6
7 in welfare provision (or the lack of it) this must necessarily also include analysis of
8
9 the variations in the social relations of provision and the changing political discourses
10
11 surrounding these where relevant.
12
13

14
15 Thus, in addition to the differences in welfare regime types identified by Esping-
16
17 Andersen, and the significant shifts away from the more decommodified forms of
18
19 provision to more market based, contracted out or restricted forms of provision, there
20
21 may be major variations between federal and unitary systems in terms of the level and
22
23 organisation of spending and in eligibility criteria, and differences in terms of what is,
24
25 or is not, included within the ambit of state welfare spending. So too, within unitary
26
27 states, there may be substantial variations in terms of the autonomy, responsibility and
28
29 power of regional, city or local authorities over spending levels. Thus, it may be
30
31 important to distinguish between centralised and decentralised state welfare policies
32
33 and also between policies which have an intended-v- non intended spatial
34
35 redistributational effects (see Walker and Huby, 1989).
36
37
38
39

40
41 The concept of spatial divisions of welfare was analysed by Powell and Boyne (2001)
42
43 who pointed out that much discussion of the geography of welfare is often simplistic,
44
45 is not placed in the context of national or local welfare states and rests on a centralist
46
47 perspective which assumes that geographical inequalities in welfare expenditure are
48
49 undesirable, whereas such inequalities may be necessary and desirable to rectify
50
51 inequalities of condition. They quote Newton (1980. p105) as saying that: 'central
52
53 government grants are an essential part of the redistributive systems of the modern
54
55 welfare state. As such, one of their main functions is to achieve a degree of territorial
56
57 justice within the country'. Powell and Boyne (2001, p184) also make the point that:
58
59
60

1
2
3
4 'Geographical location should make no difference to contributions or benefit: two
5
6 individuals of identical income should pay the same amount towards the service and
7
8 two individuals in identical need should receive same amount of benefit regardless of
9
10 location. The aim of a truly national service would be to make geography irrelevant'.
11
12 This point was also made by MacKay (2001, 2003) who noted in the context of an
13
14 analysis of regional transfers in the UK that: 'they follow naturally from one of the
15
16 most widely accepted principles of fiscal equity. Citizens in equal positions should be
17
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
23
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
27
28 benefit spending should not necessarily be seen as problematic. On the contrary they
29
30 may be precisely what is required in order to even up existing inequalities of need or
31
32 condition. But the notion of territorial equity and spatial transfers may not be fully
33
34 applicable in the context of federal systems such as those in Australia, Germany,
35
36 Switzerland or the USA where there is a considerable degree of state autonomy and
37
38 where inequalities in provision or benefit may be a political consequence of such
39
40 autonomy.
41
42
43
44
45
46
47

48 Looking at government spending and taxation in the UK, MacKay (2001) showed that
49
50 government spending as a percentage of revenue varied by region from a low of 78%
51
52 in South East of England to a high of 152% in Northern Ireland. Thus the transfers in
53
54 terms of the percentage of revenue, ranged from -22% in the South East to +52% in
55
56 N.Ireland. Boyne and Powell (1993) also point out that the North appears to have
57
58 benefited more from welfare spending than the South from the 1980s onwards, though
59
60

1
2
3 this is almost certainly a result of higher levels of unemployment and lower incomes
4
5 in these regions. This has led to considerable political debate with some politicians
6
7 and business organisations in the South East arguing that the region subsidises the rest
8
9 of Britain financially, whilst regional politicians claim London gets the lion's share of
10
11 government capital spending.
12
13

14
15
16 Although it is to be expected that the incidence of some benefits will be more or less
17
18 equally geographically distributed, for example retirement and child benefit, this is
19
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).
29
30 Changes in benefit provision, level and eligibility are therefore likely to have distinct
31
32 spatial consequences. Thus, the current debate in Britain to tighten eligibility criteria
33
34 for incapacity benefits (Fothergill and Wilson, 2006) are likely to have distinct
35
36 geographical implications given the number of benefit recipients (c2.7 million pa
37
38 1995-2005) and the concentration of such benefits in the older ex-industrial and
39
40 coalfield regions where unemployment levels were very high.
41
42
43
44
45

46
47 The structure of the paper is as follows. First, it briefly examines the debates over the
48
49 size and growth of the welfare state and international differences in welfare spending
50
51 across the OECD. Second, it looks at the changing structure of benefit expenditure in
52
53 Britain, and the differential regional incidence of different types of benefits. Many of
54
55 these are concentrated in the older industrial regions and serve to redistribute income
56
57 to these regions. Third, it specifically examines the geography of housing benefit
58
59 which is paid to households or direct to landlords to reduce the cost of housing for
60

1
2
3 households on low incomes. As will be shown, the geography of HB is unusual as it is
4
5 disproportionately concentrated in areas with high housing costs, particularly inner
6
7 London: in this respect it benefits poorer households and their landlords in some of
8
9 the more prosperous areas of Britain. Finally, it examines some of the proposed
10
11 changes to the organisation of housing benefit due to take effect in 2008.
12
13

14 15 The changing importance of government welfare policy and welfare expenditure 16

17
18 As noted previously, the post war period has seen a considerable shift in the nature of
19
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
23
24 toward welfare spending in particular and government spending in general. This first
25
26 manifested itself in Britain in the mid 1970s with the IMF crisis, but was subsequently
27
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:
49
50
51
52
53

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
58
59
60

1
2
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'.
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

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

1
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.
48
49
50
51
52
53
54
55
56

57
58 Government expenditure on social services in Britain
59
60

1
2
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 servicesⁱ (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
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

1
2
3 expenditure since the early 1980s when Thatcher took power (Hamnett, 1995). It also
4
5 reflects the fact that housing benefit is classified as part of social security spending.
6
7

8 Figure 1 about here*

9
10 Figure 2 about here*

11
12
13
14
15 The size of UK social security benefit expenditure.

16
17 Focusing specifically on social security benefit spending and excluding education,
18
19 health and other areas, total government benefit expenditure measured in current
20
21 prices rose from £69 bn (11.6% of GDP) in 1991/2 to £106 bn (10.6% of GDP) in
22
23 2001/2. This includes a wide variety of benefits, ranging from retirement pension,
24
25 unemployment benefit, sickness and invalidity benefit, maternity benefits and the like
26
27 to which individuals in work and their employers contribute via National Insurance, to
28
29 a range of non-contributory benefits such as family, child, and one parent benefit,
30
31 various disability and mobility allowances, income support and housing benefit.
32
33

34
35 (source: annual abstract of statistics, 2003, table 10.22). Some of these benefits such
36
37 as retirement and maternity benefit, are universal and are not means tested. Others,
38
39 notably unemployment benefit (now jobseekers allowance) and invalidity benefit, are
40
41 subject to meeting specific conditions, and housing benefit and council tax benefit are
42
43 means tested.
44
45
46

47
48 The cost of these benefits (and their share of total government expenditure) has varied
49
50 over time, with by far the largest share being that of retirement pensions, which has
51
52 grown from £25.7 bn in 1991/2 (37% of total benefit expenditure) to £43 bn (41%) in
53
54 2001/2. This is a result of the growth of the retired population and an increase in
55
56 pension levels. The second largest component is income support, which fell from a
57
58 peak of £17 bn (20%) in 1993/4 in the recession of the early 90s to £12 bn (12.6%) in
59
60

1
2
3 1998/9 at the peak of the late 1990s economic boom. The third largest component is
4 housing benefit which increased from £6bn (9%) in 1991/2 to £11.7 bn (11%) in
5
6 2001/2. This increase led to considerable government concern regarding reform of the
7
8 system (Kemp, 2000; 2006; Wilson and Morgan, 1998; King, 2000) leading to
9
10 proposed changes in 2006 which are discussed later in the paper. The changing share
11
12 of different forms of expenditure is shown in figure3.
13
14
15
16
17
18
19

20 The Geography of Welfare Expenditure in Britain

21
22
23

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).
51
52
53
54
55
56
57
58
59
60

1
2
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.
37
38
39
40
41
42
43
44

45 Table 1 about here

46 Figure 4 about here

47
48
49
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
60

1
2
3 by Beatty and Fothergill (1996) and the over representation of benefit recipients in the
4
5
6 older industrial regions is clearly illustrated by the proportion of households receiving
7
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
53
54
55
56
57
58
59
60

1
2
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
8 low income households in some inner London boroughs (GLA, 2007)
9

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

15
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.
42
43
44
45
46
47

48 Table 2 about here*

49
50 Figure 6 about here*
51
52
53
54

55 Housing Benefit: a case study of its evolution and geography. 56 57 58 59 60

1
2
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.
12
13

14
15 The history of housing benefit.
16
17

18
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
56
57
58
59
60

1
2
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
7
8
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

16
17 'The impacts of Housing Benefit and Council Tax Benefit are hard to assess because
18 the variability in living costs around the country is directly related to the amount that
19 can be claimed. The amount of Housing Benefit payable depends on other income,
20 value of savings, personal circumstances (household composition, disability) and the
21 eligible rent' (p112).
22
23
24
25
26
27
28

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)
36
37
38
39
40
41
42
43
44
45
46
47

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:
52
53
54
55

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
58
59
60

1
2
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
58
59
60

1
2
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.
12
13

14
15 Table 3 about here

16
17 Figure 7 about here

18
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
54
55
56
57
58
59
60

1
2
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
10 Local authority (£67 pw) and social rented (£90 pw) weekly benefits were also higher
11
12 in London than in any other region and almost double levels in the North East. Perhaps
13
14 not surprisingly, the GLA (2007) noted that: 'Within Inner London more than a third
15
16 of all households in the boroughs of Tower Hamlets, Hackney, Newham and Islington
17
18 receive HB, the highest ranked local authorities in Great Britain for this benefit' (p1).
19
20
21 This is indicative of a large group of low wage or economically inactive/unemployed
22
23 residents in inner London which HB payment support.
24
25
26

27 Local Authority Level Analysis

28
29
30
31

32 The analysis of HB expenditure by metropolitan counties is remarkable. Outer and
33
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.
55
56
57
58

59
60 Figure 8 about here

1
2
3 Figure 9 about here
4

5
6 Figure 10 about here
7

8
9 Figure 11 about here
10

11 Housing Benefit: Government Policy Responses 12

13
14
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.
26
27

28
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).
43
44

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).
55
56
57
58
59
60

1
2
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.
6
7
8
9
10 In addition to setting out a number of administrative reforms to speed up payment, to
11 link HB with other benefits, and reduce the complexity of the application process, the
12 green paper outlined a number of key objectives for the proposed new Local Housing
13 Allowance (LHA). These are: (1) Fairness, (2) Choice, (3) Transparency, (4) Personal
14 Responsibility, (5) Financial Inclusion, and (6) Improved administration and reduced
15 barriers to work. It is unnecessary to discuss all the objectives in detail. The key point
16 is that it is proposed the LHA will base payments on a system of standard maximum
17 allowances varying according to the size of household and location of the property. In
18 addition, it is proposed that LHA will be paid directly to the tenants rather than to the
19 landlords thereby allowing tenants 'to choose whether to rent a larger property or to
20 spend less on housing and to increase their available income' (p85). In addition, the
21 existing criteria for the appropriate size of property for a household of given size will
22 be tightened up to include bedrooms but to exclude living rooms. The reasons for this
23 are that since testing of the LHA began the DWP are 'concerned that the current size
24 criteria reflect neither the reality of the property market nor the expectations that
25 families not on benefits would have about their accommodation... This contributes in
26 some areas to the large amounts that people are receiving above their rent' (para 24
27 p88). In addition, the green paper notes that in the current pathfinder trial areas the
28 LHA is set at the mid point of rents which does not take into account the distribution
29 of properties. Thus, it is proposed that the LHA will henceforth be based on median
30 rents to reflect the distribution of rents in an area (para 26. p88). Finally, the green
31 paper noted that:

1
2
3
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.
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

45 Summary and Conclusions

46
47
48
49
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
55
56
57
58
59
60

1
2
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.
7
8
9

10
11
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.
18
19
20
21
22
23
24
25
26

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.
35
36
37
38
39
40
41
42
43
44

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
52
53
54
55
56
57
58
59
60

1
2
3 areas with high housing costs where a high proportion of households find it difficult
4
5 to meet such costs. The same is true of council tax benefit though to a lesser extent.
6
7

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.
13

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
26
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
40
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.
44
45
46
47
48
49

50 Acknowledgements

51
52 I would like to acknowledge the very valuable comments made by several referees. I
53
54 have where possible incorporated their suggestions.
55
56
57
58
59
60

1
2
3 References
4
5
6

7 Beatty, C. and Fothergill, S (1996) Labour market adjustment in areas of chronic
8 industrial decline: the case of the UK coalfields, Regional Studies, 30, 627-40
9

10
11
12 Beatty, C., Fothergill, S and Macmillan, R. (2000) A Theory of Employment,
13 Unemployment and Sickness, Regional Studies, Vol.34, 7, 617-30
14

15
16
17 Bennett, (1980) The Geography of Public Finance: Welfare under fixed federation
18 and local government finance, London, Methuen
19

20
21
22
23
24
25 Boyne, G. and Powell, M (1993) Territorial justice and Thatcherism, Environment
26 and Planning C, 11, 35-53
27

28
29
30
31 Buchanan, J.M. and Tullock, G (1962) The Calculus of Consent, Ann Arbor,
32 University of Michigan Press
33

34
35
36
37 Cebulla, A (2001) Funding supported accommodation: financial and administrative
38 implications of reforming housing benefits, Public Administration, 79, 2, 475-468
39

40
41
42
43 Clarke, D.B. and Bradford, M (1998) Public and private consumption and the city,
44 Urban Studies, 35, 5-6, 865-888
45

46
47
48
49 Clarke, J (2004) Changing Welfare, Changing States: New directions in Social Policy,
50 Sage Publications
51

52
53
54
55 Clarke, J and Langan, M (1993) Restructuring Welfare: the British welfare regime in
56 the 1980s, in Cochrane, A and Clarke, J (eds) Comparing Welfare States, Londn, Sage
57

58
59
60 Cochrane, A and Clarke, J (2001 eds) Comparing Welfare States 2nd ed, London, Sage

Department of Work and Pensions (2006) A new deal for welfare: empowering
people to work, London, HMSO, Cmnd 6730

- 1
2
3 Dicken, P (1998) Global Shift: Transforming the World Economy, Prentice Hall
4
5 Dilnot, A. and Walker, I (1989 eds) The Economics of Social Security, OUP
6
7
8 Esping-Andersen, G (1990) The Three Worlds of Welfare Capitalism, Oxford, Polity
9
10
11 Esping-Andersen, G (1999) Social Foundations of PostIndustrial Economics, Oxford,
12
13 Oxford University Press
14
15 Feigenbaum, H, Henig, J. and Hamnett, C (1999) Shrinking the State: the Political
16
17 Underpinnings of Privatization, Cambridge, Cambridge University Press
18
19
20 Field, F (2001) Making Welfare Work,
21
22 Field, F (2002) Making Welfare Work: the politics of reform, Scottish Journal of
23
24 Political Economy, 13, 1, 91-103
25
26
27 Fine, B. and Harris, L (1976) State Expenditure in Advanced Capitalism, a Critique,
28
29 New Left Review, 98, 97-112
30
31
32 Flora, P. and Heidenheimer, A (1984) The Development of Welfare States in Europe
33
34 and America, New Brunswick, Transaction
35
36
37
38 Fothergill, S. (2001) 'The True Scale of the Regional Problem in the UK', Regional
39
40 Studies, Vol.35.3
41
42
43
44 Fothergill, S. and Wilson, I (2006) A million off Incapacity Benefit: how achievable
45
46 is the Government's target? Centre for Regional Economic and Social Research,
47
48 University of Sheffield.
49
50
51
52 Glennerster, H. and Hills, J (1998) The State of Welfare: The Economics of Social
53
54 Spending, Second Edition, Oxford University Press
55
56
57
58
59
60

1
2
3 Glennerster, Howard; Hills, J.; Travers, T.; Hendry, R. Paying for Health, Education
4 and Housing: How Does the Centre Pull the Purse Strings?. Oxford University Press,
5
6
7
8 2000.

9
10
11 Gough, I (1979) The Political Economy of the Welfare State, London, Macmillan

12
13
14 Greater London Authority (2007) Who Benefits? An analysis of benefit receipts in
15 London – summary of findings, Data Management and Analysis Group, GLA.

16
17
18
19 Gripiaios, P (2002) Regional spending: a comment on MacKay, Regional Studies, 36,
20
21 6, 685-689

22
23
24 Hamnett, C. (1997) A stroke of the Chancellor's pen: the social and regional impact
25
26 of the 1988 higher rate income tax cuts, Environment & Planning, A29, 129-147

27
28
29 Hansen, F. and Jensen-Butler, C (1996) Economic crisis and local economic effects of
30
31 the welfare state: the case of Denmark, Regional Studies, 30, 2, 167-188

32
33
34 Harmon, M.D (1997) The British Labour Government and the 1976 IMF Crisis,
35
36 Basingstoke, Macmillan.

37
38
39 Harris, B (2004) The Origins of the British Welfare State: Society, State and Social
40
41 Welfare in England and Wales, 1800-1945, Basingstoke, Palgrave-Macmillan

42
43
44 Hills, J (1998) Thatcherism, New Labour and the Welfare State, London School of
45
46 Economics, Centre for Analysis of Social Exclusion, CASE paper no 13

47
48 Hills, J (2005) Inequality and the State, Oxford, Oxford University Press

49
50
51 Hills, J (2001) Inclusion or exclusion: the role of housing subsidies and benefits,
52
53 Urban Studies, 38, 11, 1, 1887-1902

54
55
56 House of Commons Social Security Committee (2000) Housing Benefit, HC (99-00)
57
58 385-I, The Stationary Office,

59
60 Hudson, R. and Williams, A (1995) Divided Britain, 2nd Edition: Wiley

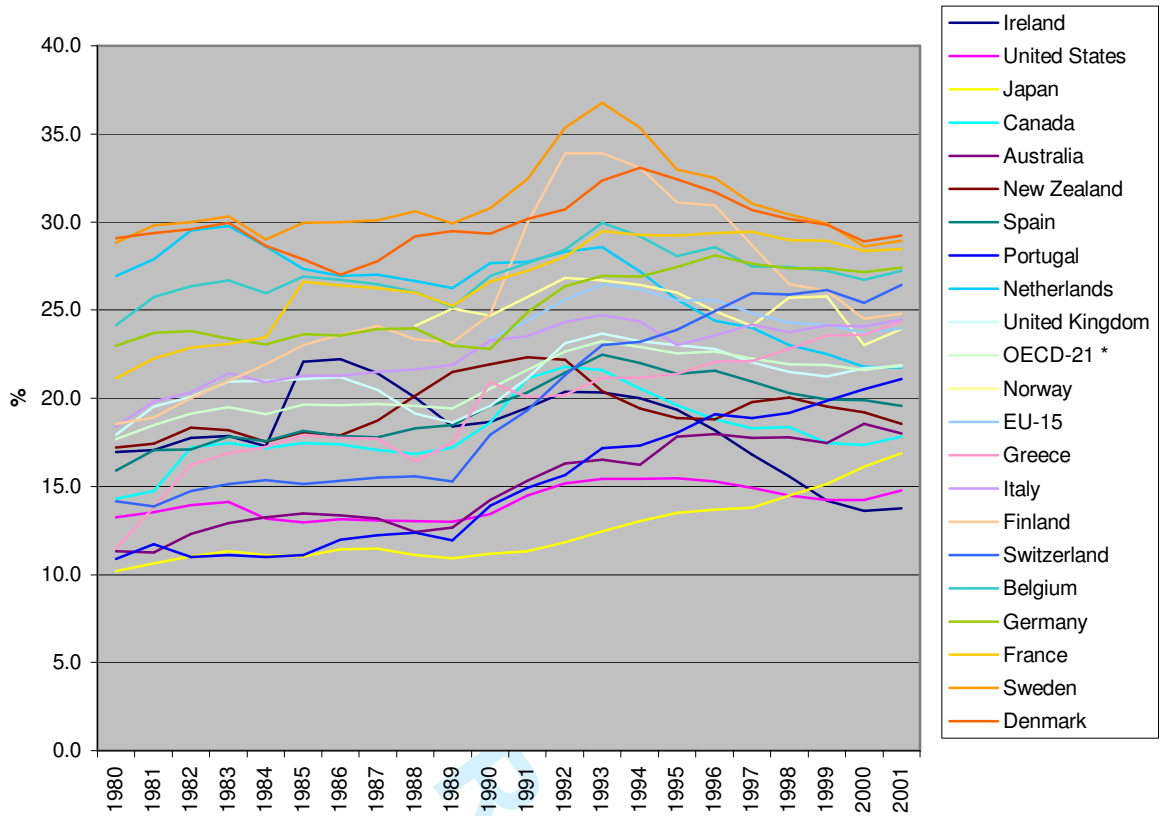
- 1
2
3 Johnston, R (1980) The geography of federal spending in the United States of
4 America, John Wiley and Sons, New York
5
6
7
8 Johnston, R.J. (1979) The spatial impact of fiscal changes in Britain: regional policy
9 in reverse? Environment and Planning A, 11, 1439-1444.
10
11
12 Johnston, R. (1993) The rise and decline of the corporate-welfare state: a comparative
13 analysis in global context, in P.JTaylor (ed) Political geography of the C20th,
14 Belhaven
15
16
17
18
19
20 Kemp, P (2000) Housing benefit and welfare retrenchment in Britain, Journal of
21 Social Policy, 29, 2, 263-279
22
23
24
25 Kemp, P (2006) Housing benefit: Great Britain in comparative perspective, Public
26 Finance and Management, 6, 1, 65-87
27
28
29
30 King, P (1999) The reform of housing benefit, Economic Affairs, 19, 3, 9-13
31
32 Kloosterman, R. (1994) The Three Worlds of Welfare Capitalism? The Welfare State
33 and the Post-Industrial Trajectory in the Netherlands after 1980, West European
34 Politics, 17, 4, 166-89
35
36
37
38
39 Leitner, H. Peck, J. and Sheppard, E (2006Eds) Contesting neo-liberalism, New York,
40 Guidford Press
41
42
43
44 Lovering, J (1991) The changing geography of the military industry in Britain,
45 Regional Studies, 25, 4, 279-93
46
47
48
49 Lovering, J. and Boddy, M. (1988) The geography of military industry in Britain,
50 Area, 220, pp. 41 - 51.
51
52
53
54 Malpass, P (1990) Reshaping Housing Policy: subsidies, rents and residualisation,
55 London, Routledge.
56
57
58 Malpass, P. and Murie, A (1994) Housing Policy and Practice, 4th edition, Longman
59
60

- 1
2
3 Marcuse, P (1978) The myth of the benevolent state: notes towards a theory of
4 housing conflict, in Harloe, M (ed) Urban Change and Conflict, proceedings of the
5
6 1977 CES Conference
7
8
9
10 MacKay, R (2001) Regional taxing and spending: the search for balance, Regional
11
12 Studies, 35, 6, 563-73
13
14
15 MacKay, R (2003) Twenty-five years of regional development, Regional Studies, 37,
16
17 3, 303-317
18
19
20 Martin, R (1988) The political geography of Britain's north-south divide, Transactions
21
22 Institute of British Geographers, 13, 389-418
23
24
25 Martin, R (1995) Income and poverty inequalities across Britain: the north-south
26
27 divide lingers on, in Philo, C. (ed) Off the Map: The Social Geography of Poverty,
28
29 Child Poverty Action Group
30
31
32 Massey, D (1984) Spatial Divisions of Labour: social structures and the geography of
33
34 production, London, Macmillan.
35
36
37 Mahler, V.A (1990) Explaining the growth of social benefits in advanced capitalist
38
39 countries, 1960-80, Environment and Planning C, Government and Policy, 8,1, 13-28
40
41
42 McKnight, A (2002) Low paid work: drip-feeding the poor, in Hills, J; LeGrand, J and
43
44 Piachaud, D (eds) Understanding Social Exclusion, Oxford, Oxford University Press.
45
46
47 Mohan, J (1999) A United Kingdom: Economic, Social and Political Geographies,
48
49 London, Arnold
50
51
52 Mohan, J (2000) Geographies of welfare and social exclusion, Progress in Human
53
54 Geography, 24, 291-300
55
56
57 Murray, Charles (1984) Losing Ground: American Social Policy, 1950-1980, New
58
59 York, Basic Books
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

- 1
2
3 Offe, C(1975) The Theory of the Capitalist State and the Problem of Policy Formation
4 in Lindberg, L (ed) Stress and Contradiction in Modern Capitalism, Lexington, Heath.
5
6
7
8 Peck, J. (2000) Workfare states, London, Guilford Press
9
10 Peck, J. and Theodore, N (2000) Beyond Employability, Cambridge Journal of
11
12 Economics, 24, 1, 119-138
13
14
15 Pinch, S (1997) Worlds of Welfare: understanding the changing geographies of social
16
17 welfare provision, London, Routledge
18
19
20 Powell, M (ed 1999) New Labour, New Welfare State?: the 'Third Way' in British
21
22 Social Policy, Bristol, The Policy Press
23
24
25 Powell, M. and Boyne, G (2001) The spatial strategy of equality and the spatial
26
27 division of welfare, Social Policy and Administration, 35, 2, 181-94
28
29
30 Smith, D.M (1977) Human geography: a welfare approach, London, Edward Arnold
31
32
33 Swenarton, M.(1981) Homes fit for Heroes, Ashgate
34
35
36 Thompson, G (1990) The Political Economy of the New Right, London, Pinter
37
38
39 Walker, R. and Huby, M (1989) Social security spending in the United Kingdom:
40
41 bridging the north-south economic divide, Environment and Planning C, 7,3, 321-340
42
43
44 Walker, R. and Howard, M (2000) The making of a welfare class? Benefit receipt in
45
46 Britain, The Policy Press
47
48
49 Wilson, W. and Morgan, B (1998) Rent levels, affordability and housing benefit,
50
51
52
53
54
55
56
57
58
59
60 House of Commons Library, Research Paper 98/69

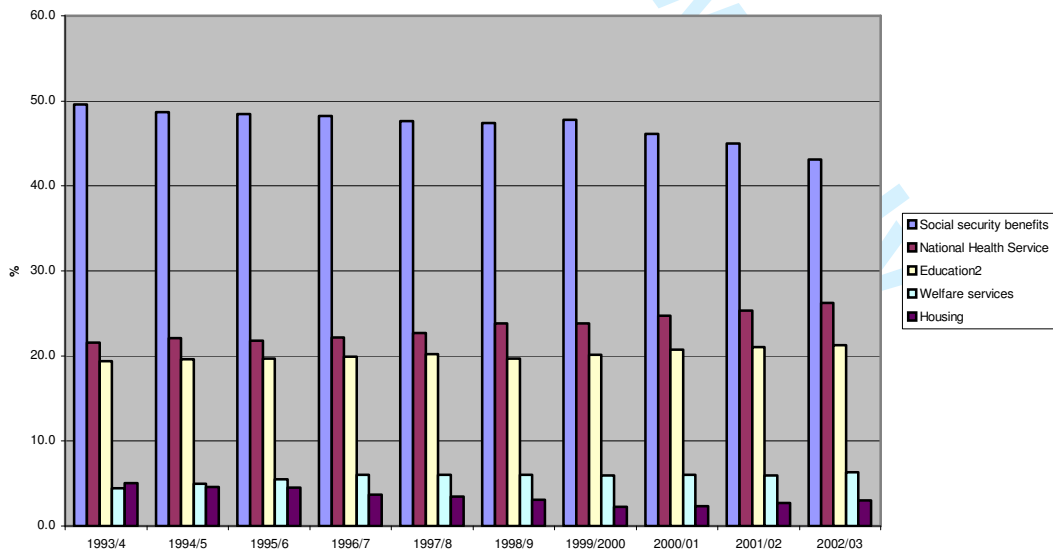
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

Figure 1. Public Social Expenditure as % of GDP, 1980-2001



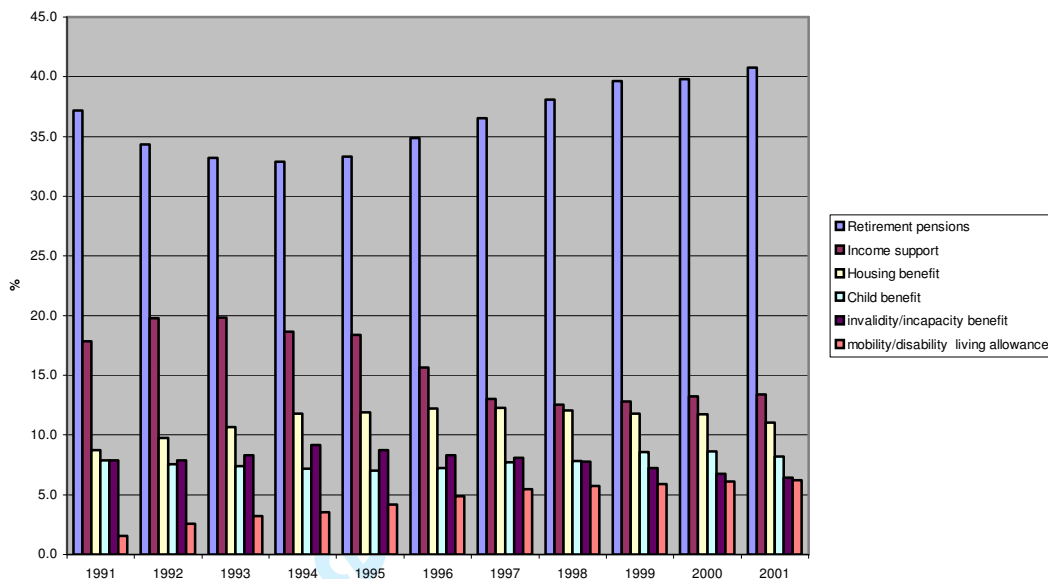
Source: OECD Social Expenditure Data Base (SOCX), 2004

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

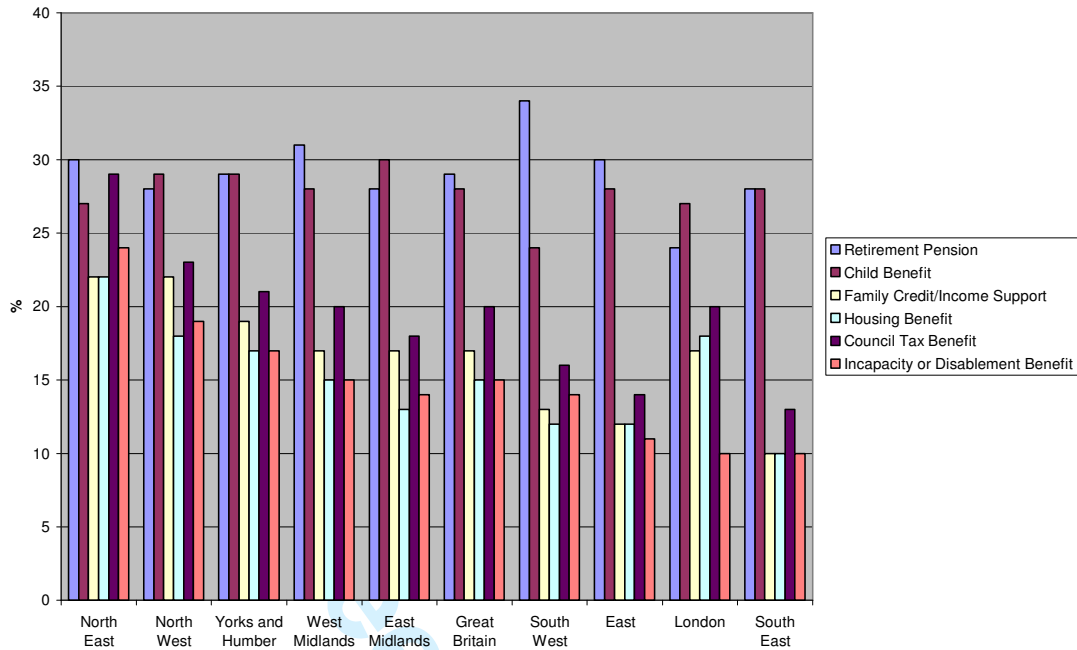
Table 1. Households in Receipt of Benefit: by type of benefit, 2001/02 (%)

	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

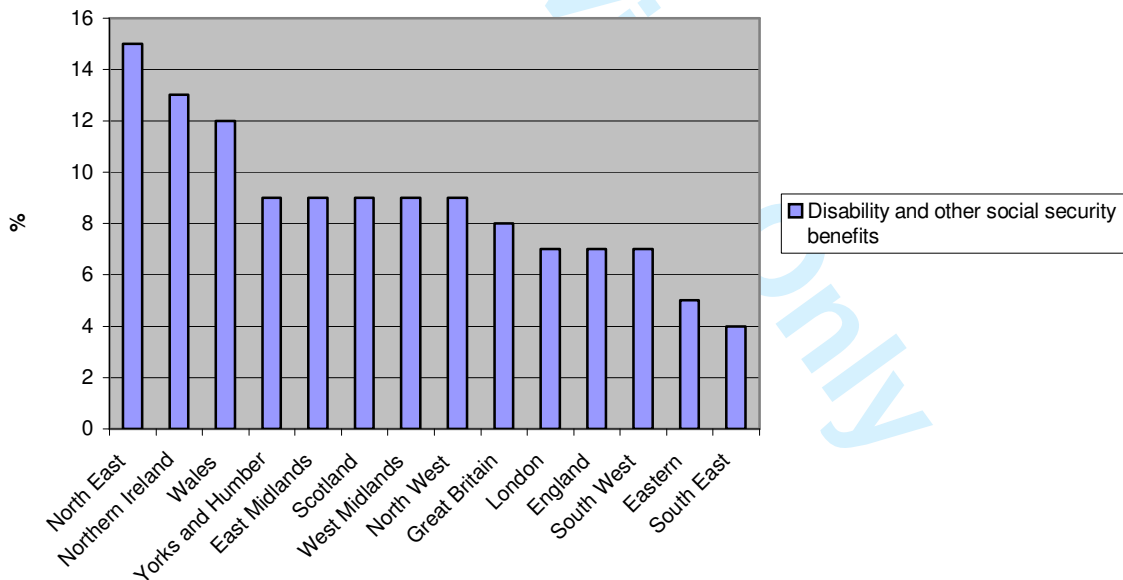
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

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
Middlesbrough	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	West Berkshire 5.5
Kingston upon Hull, City of	23.1	Aylesbury Vale 5.5
South Tyneside	23.0	Runnymede 5.5
Hartlepool	22.9	South Bucks 5.4
Halton	22.7	Vale of White Horse 5.4
Stoke-on-Trent	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	Rutland 4.9
East Ayrshire	21.6	South Northamptonshire 4.7
North Ayrshire	21.6	Isles of Scilly 4.5
St. Helens	21.5	Wokingham 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

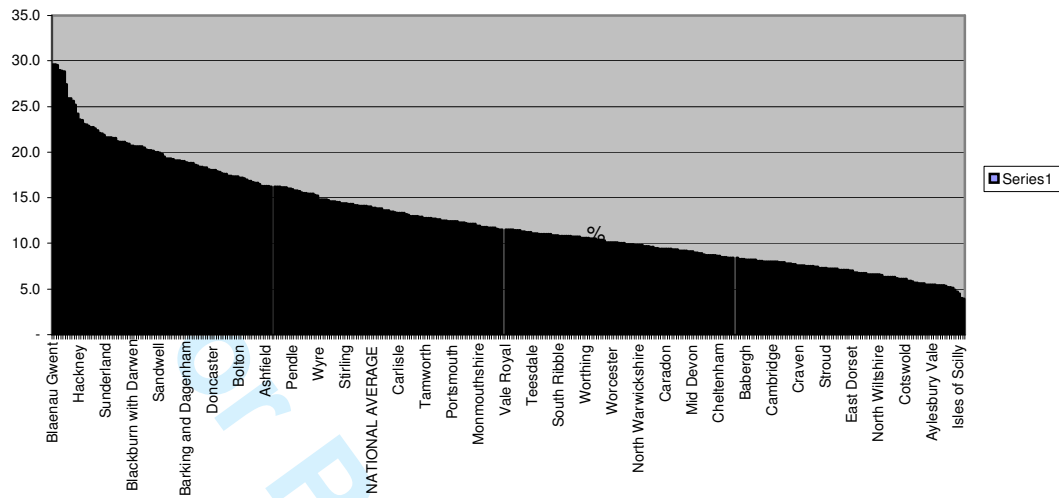
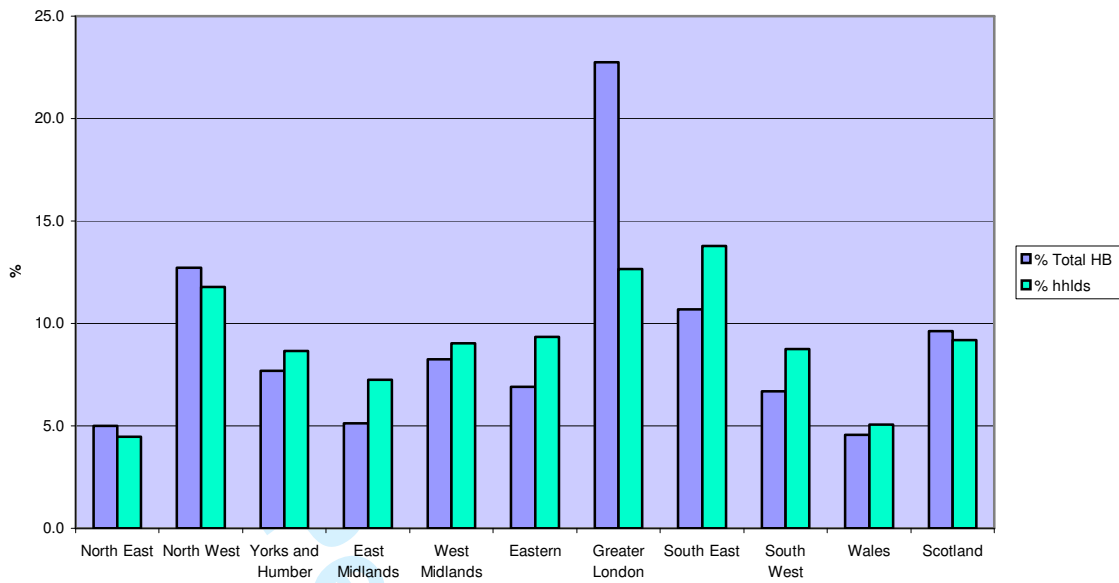


Table 3. The % distribution of housing benefit and households, by region, 2001-2

	% total HB	% households	HB recipients as % of households	%HB: % hhlds
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



Peer Review Only

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

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

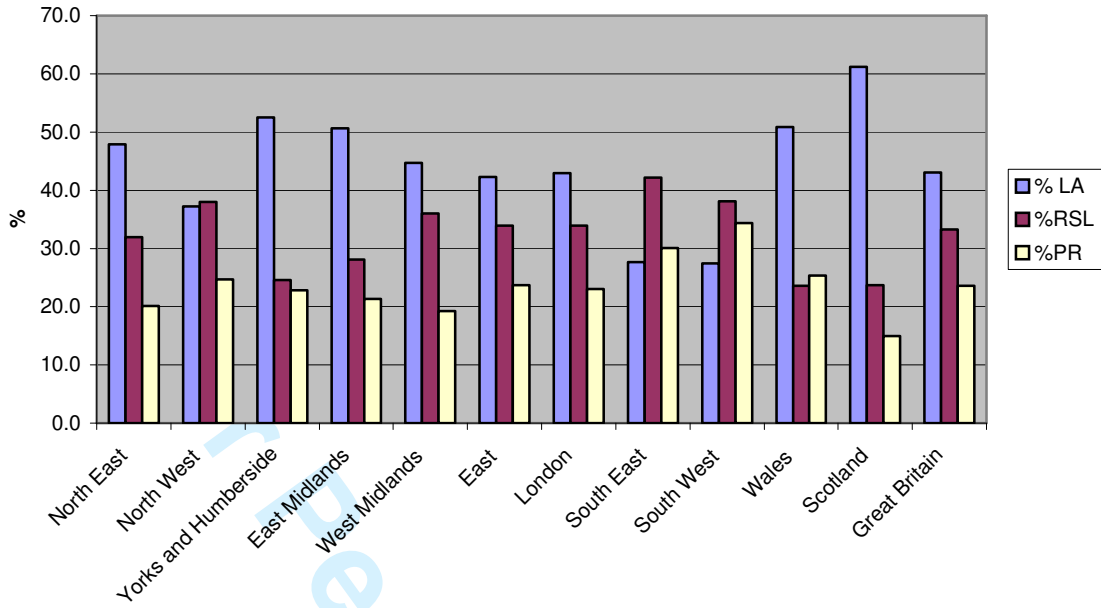


figure 9. Average Weekly HB receipt £pw by region and tenure, 2002

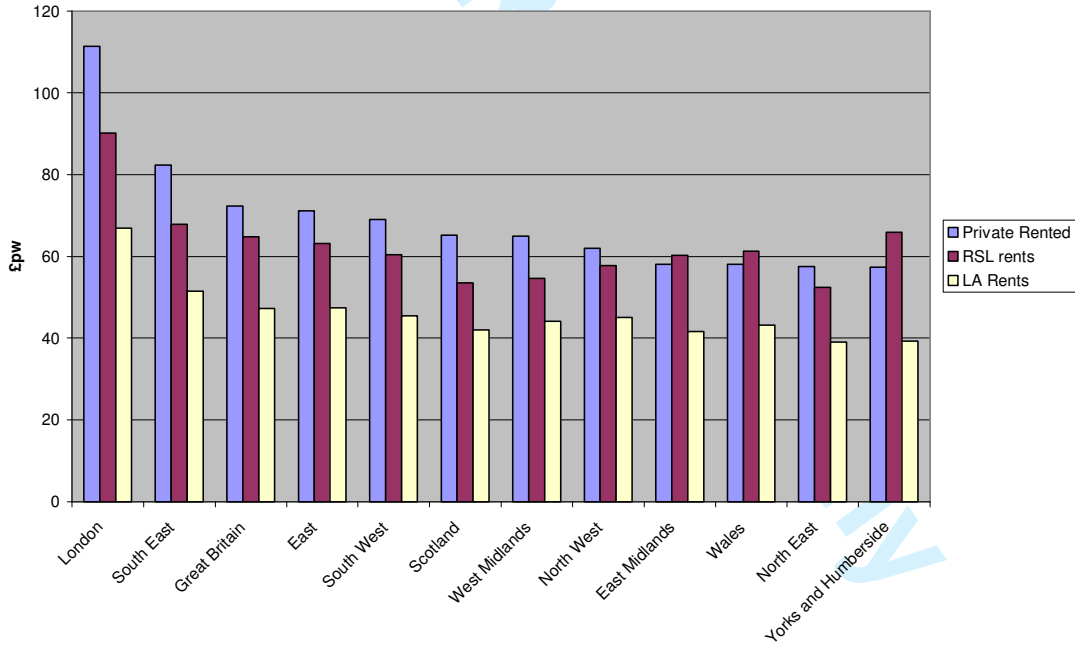


Fig 10. HB Expenditure by Metro Counties and Inner and Outer London, 2002

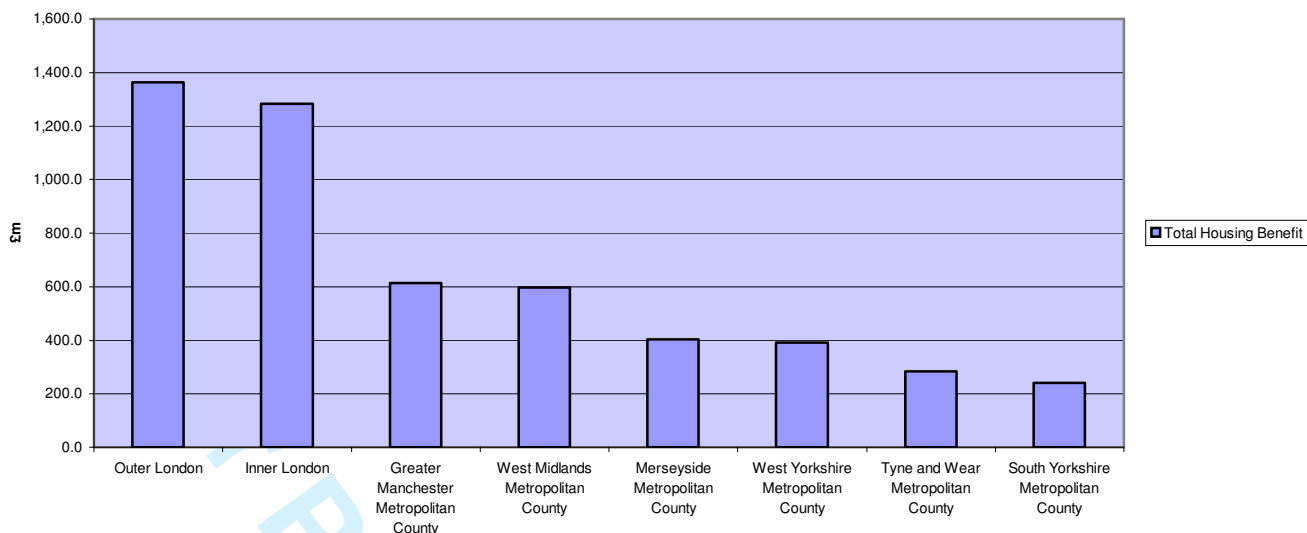
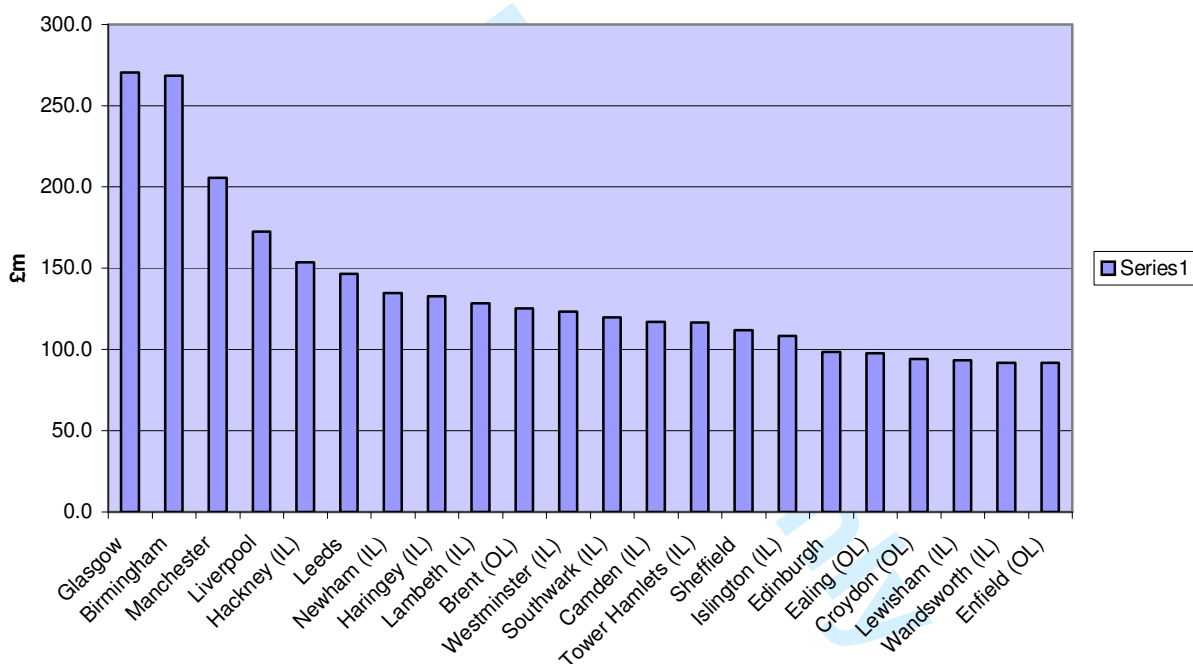


Fig 11. Local Authorities Ranked By Total HB Expenditure over £90m, 2002



ⁱ 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

1
2
3
4
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).
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60