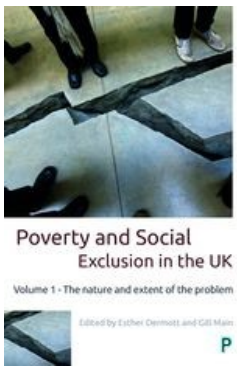

Poverty and Social Exclusion in the UK: Vol 1: The Nature and Extent of the Problem

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CHAPTER

Nine Devolution and North/South division: poverty and social exclusion in the countries and regions of the UK

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Abstract

The chapter presents a spatial analysis of poverty and social exclusion using data from the Poverty and Social Exclusion survey 2012 based on the countries of the UK and the North and South of England. The PSE-UK survey results are discussed in the context of the geography of income inequalities within EU countries and recent shifts in inequalities within the UK. The PSE-UK survey data reveal that the North of England is the most socially excluded part of the UK. The capacity of regional economic development policies, UK and EU, to address the UK's territorial inequalities is discussed. The chapter argues that current forms of devolution are very limited in what they can do to compensate for the lack of economic development and powers to address poverty and social exclusion through income redistribution and service provision remain marginal.

Keywords: North/South divide, Inequality, Devolution, Regional development, Brexit

Subject: Social Stratification, Inequality, and Mobility

Introduction

The focus of this chapter is on the spatial analysis of poverty and social exclusion in the UK, drawing on the Poverty and Social Exclusion Survey 2012 (PSE-UK 2012) and other data. The growing interest in the geography of poverty reflects the longstanding concern with regional economic and labour market imbalances as well as the politics of devolution in its various guises. The chapter critically appraises the contemporary policy frameworks for tackling spatial variations in poverty. The traditional debate between area-based interventions and anti-poverty strategies targeted on selected individuals and groups is revisited in the context of both the new ‘war against the poor’ and the prospects of devolution, including the ‘revolution in the way we govern England’ (Osborne, 2015), whether through the ‘Northern Powerhouse’,

city regions or elected mayors. The implications of the UK leaving the European Union (EU) – 'Brexit' – are touched on where relevant.

Geographies of poverty

While there is a strong tradition of studying the spatial distribution of poverty in the UK, this has been hampered by a lack of consistent measures and policy goals, making assessments over time difficult (Dorling et al, 2007, p 2). There are two main traditions, the first based on measures of deprivation derived largely from administrative sources (Beatty and Fothergill, 2014) but also from the Census (see Tunstall and Lupton, 2003), and the second based on sample surveys of income. The PSE-UK 2012 survey falls into the
p. 194 latter tradition, ↳ but its strength lies in combining income data with deprivation and a wide range of measures of social exclusion.

Multiple deprivation indices are principally used for targeting resources towards areas of greatest need (Smith et al, 2015, pp 69– 73), whether this involves the distribution of financial support or the rationing of services as English local authorities struggle to manage a 23.4% per capita cut in overall funding between 2009/10 and 2014/15, with more to come (Innes and Tetlow, 2015). These cuts have been, and will be, applied very unevenly: 'on the whole, more deprived areas and those that saw faster population growth have seen larger cuts. Further cuts planned for 2015–16 will generally be focused on the same local authorities that have lost over the last five years' (Institute for Fiscal Studies, 2015). Further, people in the poorest local authorities have been hardest hit by the post-2010 welfare reforms which, by 2020–1, will have resulted in a cumulative loss to claimants of £27 billion per year (Beatty and Fothergill, 2016).

Sample surveys of income such as the Family Resources Survey (FRS), used to calculate income-based 'at-risk-of-poverty' measures, are only suitable for broad geographies such as GORs (Government Offices for the Regions, which formally closed in 2011 but are still retained for statistical reporting purposes), though there are efforts to derive estimates of income poverty for small areas by linking survey data to administrative and/or Census data (Dorling et al, 2007; Fry, 2011; Fenton, 2013). But the FRS does have the advantage of providing a continuous series of household income poverty statistics for the countries and regions of the UK since 1994/5, except in the case of Northern Ireland, which only has a suitable sample size from 2002/3.

The FRS – the basis of the income data in the PSE-UK 2012 survey – is also used for measuring regional gross disposable income per head (RGDI) at various Eurostat-defined geographies (NUTS 1, 2 and 3),[1] based on groupings of administrative areas – NUTS 1 corresponds to the old GORs (discussed further below). The NUTS geographies are not only used for comparable income poverty and deprivation data across all EU countries but also provide the basis of eligibility for European Regional Development Fund and European Social Fund support under the three categories of 'less developed', 'transition' and 'more developed' regions.[2] Cornwall and West Wales & the Valleys are the only areas of the UK in the 'less developed' category (less than 75% of the average EU GDP per head). West Wales & the Valleys is due to receive almost a fifth (18.6%) of the UK's total allocation of structural funds for the 2014–20 period (€10.8 billion) (Department
p. 195 for Business, Innovation and Skills, 2014). Brexit potentially threatens ↳ the collection and reporting of comparable UK statistics on income and living conditions, and social protection, required under EU law, and as yet there is no discussion of what (if any) policies will replace the EU regional programmes post-Brexit.[3]

The debates surrounding geographies of poverty have changed very little in recent years. On the one hand is the view that poverty is insufficiently concentrated geographically to justify area-based interventions, as the majority of poor people do not live in 'poor areas'. Area-based policy interventions, which enjoyed a renaissance under the Blair governments (1997–2010) were often dismissed by social policy universalists as going back to 'gilding the ghetto' (Community Development Project, 1977), a form of residualism avoiding the delivery of resources to individuals and families on a categorical basis of need. As Burrows and Bradshaw (2001, p 1348) put it, 'there is little in the way of reliable evidence on the efficacy, or otherwise, of area-based approaches to the alleviation of poverty and associated detrimental outcomes'. On the other hand, the notion of a 'poor area' as meaning something over and above a collection of people on low incomes who live there, has strong support (Carley et al, 2000; Spicker, 2001). Pragmatically, area-based interventions, especially if they are targeted on small geographies highly ranked on deprivation indices, can effectively target those in poverty. But this may only be one consideration in the use of area programmes, 'which will continue to be supported by other rationales, such as belief in the existence of area effects, as a rationing mechanism, or to pilot programmes for wider use' (Tunstall and Lupton, 2003, p 28).

One of the issues is whether poverty becomes more spatially dispersed or concentrated as overall rates increase or decline. During the 1970s, the level of PSE-defined poverty declined and poverty appeared to become less spatially concentrated. But as poverty rates rose in the 1980s and 1990s, 'more and more people became concentrated in enclaves of high poverty' (Dorling et al, 2007, p 31). Using deprivation measures and smaller areas, Rae (2012) observed a similar trend: as poverty declined between 1999 to 2005, there was a decrease in the spatial concentration of economic deprivation. In contrast, a rise in overall unemployment rates appears to result in a reduction in unemployment differences between regions (Green, 1997).

Economic disparities

Work on the geographies of poverty is part of the broader discussion of uneven economic development
p. 196 across the UK, the short-hand for ↳ which is the North/South divide in terms of regional GDP, average incomes, employment and unemployment rates, and the structure of the labour market in terms of sectors and skills (Bachtler, 2004; Rowthorn, 2010; Gardiner et al, 2013). Some commentators (for example, Haugen, 2005) regard regional differences and inequalities as 'inevitable' and 'acceptable'. The economic dominance of the South East over other places, according to the supporters of neo-liberalism, is proof that the new market capitalism of Thatcher and Reagan worked: 'here was entrepreneurialism, here were sunrise industries, here there were few trade unions. … In "the north", by contrast, people were still mired in corporatism, weighed down by labourism, trade unions, sunset industries' (Allen et al, 1998, p 2). In the language of austerity economics, some regions are state-dependent 'Cuban-style' economies, hugely subsidised by London and the South East (Centre for Economics and Business Research, 2012; Tomlinson, 2016). Nor has the collapse of the banking sector and subsequent recession fulfilled the predictions that it would be 'grim down south' (Lee, 2012) as London continues to benefit from the 'metropolitanisation of gains and a nationalisation of losses' (Leaver, 2013) and benefits disproportionately, even exclusively, from large-scale infrastructure projects (Chakrabortty, 2014). In fact, far from fading away, there has been 'a growing "North–South Divide" in output and employment growth over the past four decades, even if London is included as part of the "South"' (Gardiner et al, 2013, p 897). A somewhat neglected aspect of this discussion is the extent to which recent social security benefit cuts have further exacerbated regional inequalities. Beatty and Fothergill (2013, p 16) estimate that by 2014/15, the average loss was £560 per working-age adult per year in the North West and North East regions compared to £370 in the South East.

Most accept the need for some level of state intervention to address continuing inequalities and the problems that the pull of London creates. The thinking behind the Barlow Report (1940) has 'shaped the official mindset of politicians, planners and policy makers for generations' (Morgan, 2002, p 798), though barely survives given the relative decline of UK regional policies. Similarly, the core rationale of EU structural funds is to 'correct' regional imbalances and reduce economic and social disparities between member states. Part of the UK 'regional' problem became politically devolved to Wales, Scotland and Northern Ireland from the 1970s onwards. One of the 'unintended consequences' of this (Travers, 1999) was a growing English nationalism in the poorer English regions (Tomlinson, 2002, p 71) as the limitations of English centralism became more apparent. ↳ Some commentators link the Brexit referendum result, particularly in England, directly to austerity policies (Dorling, 2016), as there were stronger leave majorities in areas with lower public spending (Harrop, 2016).

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It is widely recognised that the UK is now 'one of the most spatially centralised nations, politically, financially and economically, in the OECD group' (Martin et al, 2015, p 9). Local tax revenues account for only 4.9% of total tax revenues in the UK compared to 36.9% in Sweden and 12.9% in France (OECD, 2013). Even in relation to spending, UK local authorities are responsible for remarkably little of total public spending and under the Coalition government's austerity programme (2010–15) the proportion fell from 17.1% to 13.9% (Innes and Tetlow, 2015, p 5). But the main point is that the UK (alongside Ireland and Greece) is highly centralised in terms of both public *and* private finance. Following deregulation in the 1980s, regional banking supporting regional industry has been replaced by a handful of centralised banks which are mainly engaged in mortgage lending (about 40% of loans), or lending to other financial institutions and property companies. The centralisation of financial and political power explains 'the scale of spatial imbalance in the UK [which] has increased faster than in other major European countries. The increase in the disparities in regional shares of GDP in the UK has far outstripped that in France, Spain, Italy and Germany, and also (at state level) that in the United States' (Martin et al, 2015, p 3).

The geography of income inequality

One way of looking at regional inequalities is to compare the average disposable household income per head of the richest NUTS 2 area with the poorest, using Eurostat data that controls for national purchasing power differences. On this basis, Croatia has the lowest regional inequality with a richest-to-poorest area ratio of 1.03. The ratio is 1.14 for Ireland and 1.45 for Germany. While the lowest UK region, West Midlands, has an average income per inhabitant (€13,200 in 2013) that is above the highest regions in Croatia and Poland (and the same as Attiki, the richest area in Greece), the UK has the widest inequality between regions of any country, with a richest-to-poorest area ratio of 2.87. The West Midlands was also the poorest NUTS 2 region of the UK in 2005 and at that point in time, the ratio of the richest area average – Inner London West – to the West Midlands was 2.44. So even in this relatively short period – albeit one that includes the recent recession – regional inequalities have widened.

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At the level of NUTS 1 areas of the UK, the widening inequalities from 2007, the year prior to the recession, up to 2014 are very clear.[4] In real terms the average disposable income per head grew by 4.3% in London (with the highest average) but declined by 6.7% in Northern Ireland (with the lowest). The ratio of the London average to the Northern Ireland average rose steadily from 1.44 in 2007 to 1.61 by 2014. Between 2007 and 2014, Wales, the area with the second worst average income, saw no real growth. The North East, which has the third worst average gross disposable income per head, saw a 2.9% increase in real terms but was still only 64% of the London average. By 2014, the average disposable income per head in Northern Ireland was just 62% of the London value.

Data for average disposable income per head are available down to NUTS 3 level – there are 173 such areas in the UK. The poorest area is Leicester in the East Midlands region where real average disposable income per head dropped by 5% between 2007 and 2014. Average income per head fell furthest – by 10.9% – in the West and South of Northern Ireland, the sixth poorest NUTS 3 area in the UK (author's calculations from ONS, 2016). In contrast, the richest NUTS 3 area saw an astonishing real growth in average income per head of 15.5%, such that the gap between Leicester and Kensington & Chelsea and Hammersmith & Fulham grew from a ratio of 3.13 to 3.81 in the space of eight years. The 20 richest areas were more likely to have experienced positive average income growth than the 20 poorest areas, 14 of which saw negative or zero growth.

The growing geographical inequalities described above are reflected to some extent in changes in income poverty rates. The published data at GOR/NUTS 1 level is averaged over three years and between 2004/5–2006/7 and 2011/12–2013/14, relative income poverty (before the deduction of housing costs – BHC) fell by two percentage points across the UK as a whole, from 17% to 15%. The rate for the North East and East Midlands fell the most, by four percentage points in each case, while Northern Ireland's rate shows no change over the period. But income poverty rates (BHC) for working-age adults rose in five of the areas, fell in four, and stayed the same in three areas. The gap between the lowest and highest poverty rates of working-age adults increased from seven percentage points (South East and West Midlands) to nine percentage points (South East and Northern Ireland). The gap between the South East and eight other NUTS 1 areas widened (author's calculations from FRS).

However, when housing costs are removed (after housing costs – AHC), the picture is rather different, with
p. 199 much less variation between ↳ the areas. Over the period, poverty rates for all individuals rise in Wales and Northern Ireland, fall in six areas, including Scotland, and remain the same in four areas. London has the highest poverty rate for all individuals (27%) while the South East, South West, East of England and Scotland all have the lowest rate (18%). For working-age adults, the AHC income poverty rate rises over the period in every NUTS 1 area, and by three percentage points in the case of Northern Ireland. The South East has the lowest poverty rate at the beginning and end of the period, a position shared with East of England by 2011/12–2013/14. While poverty has increased for working-age adults on the AHC measure, the gap between the areas with the highest and lowest income poverty rates remains the same at eight percentage points.

Spatial variation in poverty and social exclusion

The PSE-UK 2012 survey data includes a variable for the NUTS 1 areas but the number of cases (c.11k) is less than half of those in the FRS (c.29k). The annual income data for regions in the FRS is regarded as 'too volatile' (Carr et al, 2014, p 38) and so is presented as three-year averages. Given that the PSE-UK 2012 survey income data is based largely on data collected for the FRS, we may assume that at NUTS 1 area level the PSE income data is equally (or more) volatile. Table 9.1 compares the income poverty rates from the FRS (2010/11) and PSE-UK 2012 surveys. The PSE-UK 2012 survey values (BHC) for three areas – the North West, East Midlands and London – lie outside the confidence intervals of the FRS 2010/11 results. The PSE results (AHC) for London and the North West are also outside of the FRS confidence intervals, along with Eastern England and the South East. The PSE results appear to be overestimating income poverty for the South East, Eastern and especially the North West, and underestimating poverty in London (and the East Midlands for the BHC measure).

Table 9.1: Proportion of individuals living in households below 60% of median income, by region (%)

	FRS 2010/11	Confidence intervals		PSE-UK 2012 survey
		Lower	Upper	
Before housing costs				
North East	18	16	20	18.8
North West	18	16	19	23.4
Yorks and Humberside	20	19	22	19.9
East Midlands	16	15	18	14.4
West Midlands	19	18	21	19.9
Eastern	13	12	14	13.9
London	16	15	17	14.3
South East	11	10	12	11
South West	14	13	16	14.4
Wales	18	16	20	20.3
Scotland	15	13	16	15.5
Northern Ireland	20	17	23	18.8
After housing costs				

North East	20	18	22	19.5
North West	22	21	24	28.3
Yorks and Humberside	24	22	26	22.2
East Midlands	19	17	21	18.5
West Midlands	23	22	25	24.3
Eastern	17	16	19	20.4
London	28	27	30	26.4
South East	17	15	18	18.9
South West	20	18	21	21.4
Wales	23	21	25	23.6
Scotland	17	16	19	16.6
Northern Ireland	20	17	23	19.9

Source: FRS 2010/11 and PSE-UK 2012 survey

Note: Shaded regions have PSE values that lie outside the FRS confidence intervals.

For a North/South of England analysis, the limitations of the data mean it is necessary to amalgamate regions with little sensitivity to the sort of precision that Dorling has brought to the task. He draws a line which wriggles its way from the Bristol channel to Grimsby, on a south-west/north-east axis (see Dorling, 2010, pp 24–5). The best fit of NUTS 1 areas to this line places the South West, South East, London, East of England and East Midlands areas in the 'South' and West Midlands, North West, Yorkshire and Humberside and the North East regions in the 'North'. Analysts sometimes present the 'South' with and without
p. 200 London, recognising that it is a special case ↳

both as an economic driver and a place of huge wealth, and as a site of the highest levels of poverty at NUTS 1 level (Gardiner et al, 2013). Another issue is whether there are sufficient data to present Wales separately or whether to include it in 'the North'. Scotland and Northern Ireland were oversampled for the PSE-UK 2012 survey, accounting for 23% and 19% of individual cases respectively. The sample for Wales was only 2.9% of the total (just under 350 cases). However as a country of the UK with its own parliament and government, whatever the limits of Welsh devolution, it is desirable to present results for Wales wherever possible.[5]

p. 201 For the purpose of analysing the PSE-UK 2012 survey data, the GOR areas are amalgamated as described in Table 9.2. The English regions are merged into North and South, with two variants for the South – with and without London. Wales, Scotland and Northern Ireland are retained as separate entities.

Table 9.2: Distribution of GORs

GOR – 12	GOR – 6	GOR – 5
North West	North of England	North of England
North West		
Yorks and Humberside		
West Midlands		
East Midlands	South of England (without London)	South of England (with London)
Eastern		
South East		
South West		
London	London	
Wales	Wales	Wales
Scotland	Scotland	Scotland
Northern Ireland	Northern Ireland	Northern Ireland

Income poverty and deprivation

The first PSE-UK 2012 survey results presented in Table 9.3 are for income poverty (first column), using the conventional threshold of 60% of the median household income. Wales has the highest income poverty, followed by the North of England, London and Northern Ireland. The inclusion of London raises the poverty rate for the South of England by 1.5 percentage points, though it remains the lowest, second only to Scotland.

Table 9.3: Relative income poverty and deprivation by area

% of all individuals	PSE at-risk-of-poverty (AHC)	Deprived of 3 or more PSE items	Deprived of 5 or more PSE items	Child Poverty Act deprivation	EU material deprivation
North of England	28.7	37.0	24.5	20.0	19.6
South (with of London) England	23.8	32.8	20.1	18.1	17.3
South (less London) of England	22.3	31.2	18.1	16.1	16.0
London	28.0	37.3	25.9	23.8	21.1
Wales	31.1	35.4	23.5	37.5	24.3
Scotland	19.9	28.4	16.1	14.7	17.0
N Ireland	26.7	34.7	21.1	22.1	22.4

Source: PSE-UK 2012 survey

Table 9.3 also gives the results for a number of deprivation measures. For the PSE measure, 44 items relevant to adults and children are used and two thresholds – three and five or more items – are shown in the Table 9.3. The PSE items for adults and children were established by means of focus groups (Fahmy et al, 2011), which informed an attitudinal survey into the public's perceptions of necessities. Items were included as 'necessities' if supported as such by a simple majority, and are statistically valid, reliable and additive. Views on necessities are remarkably consistent across social categories such as gender, age, marital status and ethnicity, and by health status, employment status, occupation and so on (Kelly et al, 2012; Mack et al, 2013). More ↳

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important for the concerns of this chapter, there appear to be very few significant variations between Scotland, Northern Ireland and the rest of the UK (with the exception of attitudes towards attending a place of worship – 55% think this is a necessity in Northern Ireland compared to only 30% in Great Britain) (Gannon and Bailey, 2013; Mack et al, 2013).

Wales has the highest proportion of individuals (adults and children) below the deprivation threshold used for the Child Poverty Act measure, the current EU measure (deprived of three or more of nine items) and the proposed EU2020 measure (not shown). However, London and the North of England exceed the rate for Wales using the PSE deprivation measures. Scotland has the lowest deprivation under the Child Poverty Act measure and under the two PSE measures given in Table 9.3.

Deprivation rates by specific deprivation domains (groupings of items under food, clothing, household goods and so on) were calculated and the North of England is most deprived on household goods and information. Wales is highest for food deprivation, followed by the North. London is lowest on food deprivation but highest on social deprivation and poor housing conditions. Northern Ireland comes out the worst on financial deprivation. Scotland has the lowest deprivation for every domain except food.

Poverty – combined income and deprivation

In Table 9.4, three measures that are based on both low income and deprivation are presented. The first two columns use the PSE-UK ↳

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Table 9.4: Combined income and deprivation poverty measures by area

% of individuals	Child Poverty Act: combined low income and material deprivation	Child Poverty Act: combined severe low income and material deprivation	PSE consensual poverty
North of England	13.0	6.4	25.4
South of England (with London)	8.7	2.4	20.9
South of England (less London)	7.9	2.2	19.1
London	10.8	2.9	26.4
Wales	18.0	(n<20)	25.3
Scotland	10.6	5.8	17.8
N Ireland	12.3	3.7	24.3

Source: PSE-UK 2012 survey

2012 data to calculate the Child Poverty Act measure for poverty and severe poverty (below 50% median household income plus deprivation), and the final column shows the results for PSE consensual poverty. There are a number of points to note from Table 9.4. First, Scotland has around 2.5 times the rate of severe poverty (Child Poverty Act measure) than the South of England, but has the lowest rate of consensual poverty of any area. Second, London has the highest rate of PSE consensual poverty, even though the PSE income poverty rates reported in Table 9.1 were below the FRS rates (BHC and AHC) and outside of the confidence intervals. A third point is that the Child Poverty Act measure results in rates well below (in some cases less than half) the PSE consensual poverty measure.

So far, the results presented have been based on all individuals. Table 9.5 breaks down the PSE consensual poverty rates into those for children (aged under 18), working-age adults and older persons (aged 65 or more). The male/female rates are also shown. For every area, the rates of child poverty are higher than those for working-age adults, which in turn are very much higher than the rates for older people. On the PSE poverty measure over one in three children in Wales and London are living in poverty. Even in the South of England (less London), one in five children are living in poverty. In terms of gender, in every area except Wales, women have higher rates of PSE poverty than men, however neither the gender difference for Wales nor London is statistically significant (risk ratios not shown). The higher male poverty rates in Wales are likely to be associated with high male rates of long-term sickness – the PSE-UK 2012 survey found 16.0% of working-age men in Wales were long-term sick compared to 7.0% of all men. ↳

Table 9.5: PSE consensual poverty for social categories by area

% of individuals	All individuals	Children	Working-age adults	Older adults (65 and over)	Male	Female
North of England	25.4	30.3	27.8	10.7	24.6	26.2
South (with of London) England	20.9	24.7	22.3	10	20.1	21.8
South (less London) of England	19.1	21.4	21.0	9.0	18.7	19.5
London	26.4	34.1	25.8	14.6	24.3	28.4
Wales	25.3	34.4	26.9	(n<20)	28.8	22.1
Scotland	17.8	22.5	18.8	8.2	16.3	19.2
N Ireland	24.3	27.3	25.5	14.3	22.9	25.7

Source: PSE-UK 2012 survey

The North/South divide

In this section, the PSE-UK 2012 survey data are used to test the consistency of the North/South divide in England. For the purposes of the analysis, London is included in the South of England (but Wales and Scotland are not included in the North). Risk ratios with confidence intervals are calculated for a range of income poverty measures, deprivation and combined income and deprivation measures (see Table 9.6).

Table 9.6: Relative risk of poverty in the North compared to the South of England (including London)

	Risk ratio	95% confidence interval	
		Lower	Upper
Income poverty			
At-risk-of-poverty (BHC – Modified OECD)	1.632	1.499	1.776
At-risk-of-poverty (AHC – Modified OECD)	1.179	1.1	1.264
Child Poverty Act absolute poverty	1.532	1.421	1.651
At-risk-of-poverty (PSE equivalisation)	1.206	1.127	1.291
Deprivation			
Child Poverty Act deprived	1.1	0.975	1.24
EU material deprivation	1.135	1.042	1.236
EU2020 deprived	1.452	1.232	1.712
PSE deprived 5 or more items	1.222	1.129	1.323
PSE food deprivation	1.506	1.295	1.751
PSE clothing deprivation	1.25	1.117	1.399
PSE housing conditions deprivation	1	0.932	1.072
PSE social deprivation	1.006	0.925	1.094
Poverty, income + deprivation			
Child Poverty Act: combined low income and material deprivation	1.504	1.272	1.778
Child Poverty Act: combined severe low income and material deprivation	2.652	1.985	3.544
PSE consensual poverty	1.213	1.126	1.306
PSE child poverty	1.23	1.071	1.412
PSE working-age poverty	1.246	1.139	1.363

Source: PSE-UK 2012 survey

Note: All risk ratio values are statistically significant *except* the three shaded values.

Except for three of the measures – Child Poverty Act deprivation, PSE housing conditions deprivation and social deprivation – people in the North of England are more at risk of poverty and deprivation than people in the South, significantly so at the 95% confidence level. For example, people in the North have 1.5 times the risk of absolute poverty (Child Poverty Act measure) than people in the South of England. They are 1.5 times at risk of food deprivation, albeit from a low base. On the severe low income and deprivation Child Poverty Act measure, people in the North have 2.65 times the risk of poverty. Northern children are 1.23 times as likely to be at risk of PSE poverty and working-age adults 1.25 times.

Social exclusion across the UK

For this last section, the Bristol Social Exclusion Matrix (B-SEM) (Levitas et al, 2007) is used as the basis for selecting variables from the PSE-UK 2012 survey to represent the three broad dimensions of social exclusion
p. 205 (Resources, Participation and Quality of Life) and their sub-divisions, ↳

as shown in Table 9.7. While it is not possible here to reflect the full complexity of the B-SEM approach, the spread of variables, 23 in all, chosen to represent the domains, provides a comprehensive basis for assessing the relative picture of poverty and social exclusion across areas of the UK.[6] The method for overall ranking broadly follows that of Bradshaw et al's (2007) league table of how well rich countries promote the well-being of children. Six areas – the North of England, the South of England (less London), London, Wales, Scotland and Northern Ireland – are ranked for each variable in order of the most (1) to least excluded (6) (see Table 9.8). In generating the rates and area ranking for each variable, the differences between areas
p. 206 were tested for statistical significance (using one-way Anova multiple comparisons). ↳

Table 9.7: Social exclusion variables

Dimension	Domain	Selected indicators from PSE-UK 2012 survey
Resources:	Material/economic resources	PSE consensual poverty; deprivation of 5 PSE necessities
	Access to public and private services	Access to doctor, dentist, post office, bus, CAB, library, supermarket, corner shop, bank
	Social resources	How much support if: • ill in bed • need advice about an important change in life • upset because of relationship problems/feeling a bit depressed and need someone to talk to
Participation	Economic participation	Non-employed ('inactive' or unemployed, age 16–65).
	Social participation	Talks to friends once a week or less; talks to relatives once a week or less
	Culture, education and skills	Can't afford to go out to the cinema, theatre or music once a month; age left school
	Political and civic	Contacted political representative; signed petition; member of organisation (political, social, cultural)
Quality of life	Health and well-being	Life satisfaction; long-term illness; feeling part of the community
	Living environment	Damp housing; satisfaction with area lived in; housing deprivation
	Crime, harm and criminalisation	Worried about home being broken into; physically harmed

Table 9.8: Ranking of social exclusion variables by area

Ranked from most excluded (1) to least excluded (6)	Resources						
	Material/economic			Access to services		Social resources	
	PSE consensual poverty	PSE consensual child poverty	Lacking 5 or more PSE deprivation items	Constrained use of 9 services	Support if ill in bed	Support if needing advice	Support if relationship problem
North of England	2	3	2	1	1	1	4
South of England*	5	6	5	3	3	5	5
London	1	2	1	6	2	3	2
Wales	3	1	3	2	6	2	1
Scotland	6	5	6	5	4	6	6
N Ireland	4	4	4	4	5	4	3

Ranked from most excluded (1) to least excluded (6)	Participation							
	Economic	Social		Culture, education and skills		Political and civic		
	Excluded from paid work	Talks to relatives	Talks to friends	No cinema, theatre, or music	Left school at 16 or earlier	Contacted political representative	Signed petition	Member
North of England	2	3	1	3	1	3	3	3
South of England*	6	2	3	2	4	4	6	6

London	4	1	2	1	6	4	5	2
Wales	1	5	6	6	2	2	2	4
Scotland	5	4	4	5	3	6	4	5
N Ireland	3	6	5	3	5	1	1	1

Ranked from most excluded (1) to least excluded (6)	**↳ Quality of Life**							
	Health and well-being			**Living environment**			**Crime, harm and criminalisation**	
	Long-standing illness or disability	**Overall life satisfaction**	**Low life satisfaction**	**Damp home**	**Area satisfaction**	**Housing deprivation**	**Fear of break-in**	**Physically harmed**
North of England	3	1	2	3	2	4	3	4
South of England*	4	4	3	4	3	5	5	1
London	6	3	3	1	1	1	2	1
Wales	1	2	1	2	5	6	4	6
Scotland	2	6	5	6	4	2	6	3
N Ireland	5	5	6	5	5	3	1	5

* *Note:* Less London.

Resources

For both PSE consensual poverty and households lacking five or more PSE deprivation items, Scotland has significantly lower rates than Wales, London and the North of England. Scotland is also least excluded for two of the social resources variables.

The proportions of households which are 'constrained' in their access to a range of public and private services were explored, following the work of Bramley and Besemer (2016). Of the statistically significant differences, the results for bus services stand out in that London households are much less constrained than everywhere else, with Northern Ireland households three times as likely to have constrained access to buses.
p. 207 In terms of North/South differences, households in the North are 1.3 times as likely to be constrained in ↳ their access to banks and 1.4 times in the case of Citizens' Advice services. A combined constrained access to services ranking is shown in Table 9.8.

The three indicators selected as markers of a lack of social resources were based on the survey question asking people how much support they would get in various circumstances (see Table 9.7). The rankings are based on those replying 'not much' or 'none at all'. Overall, one tenth of the adult population have very low or non-existent levels of social resources in relation to the three questions selected. People in the North are significantly more excluded when needing advice than those in the South.

While Table 9.8 shows London as the worst area for material/economic exclusion, it is the least constrained area for access to services. The North is worst off for access to services and two of the social support variables. Scotland is consistently low in the rankings across all the variables.

Participation

The lowest rate of exclusion from paid work ('inactive' or unemployed) was in the South of England (28%) and the highest, Wales (42%). The North was significantly different from the South and Wales was significantly different from Scotland and the South.

In Northern Ireland, 23% of adults talk to relatives once a week or less compared to 48% of Londoners who are significantly more isolated from relatives than people in all other areas. Those in the South are significantly less likely to talk to relatives than those in the North. In the North, 40% of adults talk to friends once a week or less compared to 29% in Wales. The North is significantly different from Wales, Scotland and the South.

No statistically significant differences between areas were found in the proportion of adults unable to afford to go out to the cinema, theatre or music once a month. The highest rate of adults who had left school at 16 or earlier was 60% in Wales and the North, and the lowest was for London at 36%. London was significantly different from all other areas. Northern Ireland had a significantly lower proportion of early school leavers (49.8%) than the North of England.

Only 11.7% of people in Northern Ireland said they had contacted a political representative in the last three years, compared to 15.3% in Scotland and there were no significant differences between areas. In the South of England, 33.4% had signed a petition in the last three years compared to 23.1% in Northern Ireland. The
p. 208 rate for the ↳

p. 210 South of England was significantly higher than for the North, Wales and Northern Ireland. Regarding membership of a social or cultural organisation, rates were significantly higher for the South relative to the North and London.

No clear patterns stand out in the rankings shown for participation – three areas, London, Northern Ireland and Wales, contain rankings of both 1 and 6. One surprising finding is that Northern Ireland is ranked as most excluded in terms of political and civic participation, contrary to its reputation for high levels of political and civic engagement. All of the scores for the North of England lie in the top half of the most excluded rankings.

Quality of life

The North of England has a significantly lower average life satisfaction score than Scotland and the South. There were no significant differences in the proportions with 'low life satisfaction' scores (0–4 on a scale of 0–10). The PSE-UK 2012 survey showed that 42% of individuals in Wales have a longstanding illness or disability compared to 28% in London. Rates were significantly lower in London than in the North of England, Wales and Scotland.

There were significant differences in the proportion of households reporting problems with damp, ranging from 17.1% in London to 10.0% in Scotland – the latter is significantly better off than London, the South and the North. Households in London are significantly less satisfied with the area they live in than those in Northern Ireland and Wales. Overall housing deprivation (a composite of PSE deprivation items that relate to housing) is significantly lower in Scotland than in the North and London.

The extent to which people are 'very' or 'fairly worried' about their home being broken into is significantly less in Scotland (30.4%) than in Northern Ireland (47.3%), London (44.7%) and the North (40.5%). Over a fifth (21.3%) of people in London and the South report being physically harmed in the past year, significantly different from the North (16.9%) and Wales (12.7%).

London is top-ranked for the poor living environment variables and, along with the South, for the proportion of people reporting that they were physically harmed in the last year. Scotland has the lowest ranking for three variables – overall life satisfaction, damp housing and fear of break-in.

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Overall social exclusion

Table 9.9 brings together the results for the three dimensions of social exclusion in the B-SEM by summing the ranks. The North of England is the most socially excluded area of the UK while Scotland is the least excluded. The overall ranking is the same as for resources but not quite the same as participation and quality of life. Wales is better ranked than Northern Ireland on participation while the quality-of-life rankings diverge the most from the overall pattern. Northern Ireland has the best quality-of-life score and London the worst.

Table 9.9: Overall rankings for social exclusion

Ranked from most excluded (1) to least excluded (6)	Overall ranking	Σ of all rankings	Σ of rankings for Resources	Σ of rankings for Participation	Σ of rankings for Quality of Life
North of England	1	55	14	19	22
London	2	60	17	25	18
Wales	3	73	18	28	27
N Ireland	4	88	28	25	35
South of England	5	94	32	33	29
Scotland	6	108	38	36	34

Conclusion

The data from the PSE-UK 2012 survey and other sources presented above show that country and regional differences in poverty and social exclusion across the UK are substantial and growing, even over the relatively narrow period since 2007. These differences are clearly related to what are generally referred to as 'regional economic imbalances', which are evident in inequalities in GDP, the structure of regional economies, different histories of occupational harm and unemployment, and latterly the differential impact of cuts in social security and local authority funding. For the post-war period up to the mid-1970s, regional imbalances were mediated both by explicit attempts to redistribute employment and investment away from the South and towards the North, and by the mediating effects of social security policies. But compensation via regional economic development – whether national or EU-led – has proved no match for deindustrialisation and the emergence of an economy dominated by London-based financial interests,
p. 212 services and rent, rather than ↳ manufacturing and public service. As the evidence in this chapter shows, the North of England has fared the worst from the devolution of regional policy and its relative decline in England, a predictable outcome in the wake of neo-liberal economic policies and the absence of an explicit goal of regional territorial justice (Morgan, 2006). The powers of devolved entities to compensate for the failures of economic development through income and service distribution remain limited. In recent years, the deliberate undermining of social security and other public services, especially working-age benefits for the long-term sick and disabled, has further weakened the prospects of reducing geographical inequalities in poverty. Brexit raises the prospect of 'taking control' by further compounding social (including 'racial') divisions and lowering the priority to address regional imbalances. It may even result in Scotland and Northern Ireland leaving the UK.

This is not to suggest that recent governments have no sense of the need to address the inequalities across the countries and regions of the UK. In some respects, the initiatives which devolve powers to the countries of the UK, especially Scotland, or the devolution to city regions and elected mayors, may be seen as a recognition of the need for greater decentralisation of economic governance away from Westminster and the Treasury. On the other hand, unless country and regional imbalances are mainstreamed in macro-economic policy and the whole range of public investment decisions, then devolution will amount to little more than devolving responsibility for austerity and public sector decline.

Similarly, devolution of powers over transport or health and social care spending to city regions is unlikely to impact on geographical inequalities in poverty, or to reduce poverty at all. The UK countries and English regions with the highest rates of long-term sickness and disability, and the highest reliance on in-work and out-of-work benefits, will continue to see increases in child poverty and working-age poverty as the impact of the welfare reforms of recent years are fully realised. Since the amendment of the Child Poverty Act 2010 by the Welfare Reform and Work Act of 2016, the UK government policy is to promote 'social mobility' rather than to eradicate poverty. The Scottish government objected to the new policy and succeeded in removing the obligation to appoint ministers to the Social Mobility Commission and for reporting requirements. But in going their own way – a Child Poverty (Scotland) Bill was introduced in February 2017 – and retaining an explicit commitment to anti-poverty strategies, it is questionable whether the devolved
p. 213 governments have the necessary revenue-raising and distributive powers to deliver effective country-level ↳ poverty reduction strategies. Mitigations of the worst effects of social security and tax credit cuts, such as the non-implementation of the 'bedroom tax' and other special provisions for Northern Ireland (Evason Report, 2016), the Discretionary Assistance Fund in Wales and the new legal duty to help *prevent* homelessness (under the Housing (Wales) Act 2014), or Scotland's focus on maximising financial entitlements are all important, but devolved anti-poverty strategies are as yet marginal to the overall Westminster control of income redistribution and employment law.

Notes

1 NUTS 1, 2 and 3 – Nomenclature des unités territoriales statistiques, see http://ec.europa.eu/eurostat/web/nuts/overview

2 The structural funds account for roughly 30% of the UK's receipts from the EU. The remaining 70% are agriculture-related payments, the biggest of which are to sugar companies and large land owners. (see http://farmsubsidy.openspending.org).

3 The two relevant laws are (i) Regulation (EC) No. 1177/2003 of the European Parliament and of the Council of 16 June 2003 concerning Community statistics on income and living conditions (EU-SILC) and (ii) Regulation (EC) No. 458/2007 for the provision of European statistics on social protection.

4 The following figures are calculated from ONS (2016) using 2014 values and Treasury deflators.

5 According to NatCen's technical report: 'It was possible to boost the sample in Scotland and Northern Ireland to ensure that national comparisons within the United Kingdom could be made. As there were insufficient Primary Sampling Units (PSUs) in Wales in a single year's FRS it was not possible to boost the sample for Wales' (Maher and Drever, 2013).

6 Access to the nine public and private services listed in Table 9.7 are combined into a single 'access to services' ranking.

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