

Inequalities in Britain

Danny Dorling and Bethan Thomas

This paper draws on three of the key topics we discuss in our new atlas, *Bankrupt Britain: An atlas of social change* (Dorling and Thomas 2011).

1. Public sector cuts: local and national implications

In June 2010 the Department for Communities and Local Government published what is likely to become one of the most infamous documents of the economic recession, titled *Local government contribution to efficiencies in 2010/11* (DCLG 2010). This document set out what many have argued are some of the most unfairly distributed cuts ever to be imposed on local government in England. The poor and the poorest areas of the country appeared to have been targeted to receive the deepest and most sustained cuts. This mirrored the effects of the national budget of that month that was also found, on examination by the Institute for Fiscal Studies (2010), to be highly regressive (taking more from the poor as a proportion of their income than from the rich). It may well not have been a coincidence that almost all of the areas to suffer the greatest service cuts contained a large majority of people who had voted against the two parties that had come to form the new coalition government.

Map 1 shows where the main cuts will, from April 2011, hit most, least, and not at all. These are the first relatively modest local government cuts, of 'just' £6 billion. However, not a penny of that £6 billion is to be saved by the citizens of generally well-heeled districts such as Chiltern, South Bucks, most of Devon, Christchurch, most of Dorset, Cheltenham, the Cotswolds, Winchester, Broxbourne, most of Hertfordshire, Tunbridge Wells, Harrogate, most of Oxfordshire (but not Oxford), all of Surrey, the Malvern Hills and another hundred or so generally 'leafy' and mostly 'Tory' or 'Liberal Democrat' areas. Some of the counties these districts lie in will see cuts, but all of less than 0.9% and some as small as 0.6% of their budgets. The smallest reported cut of all, of just 0.1%, will be to the budget of the Corporation of the City of London.

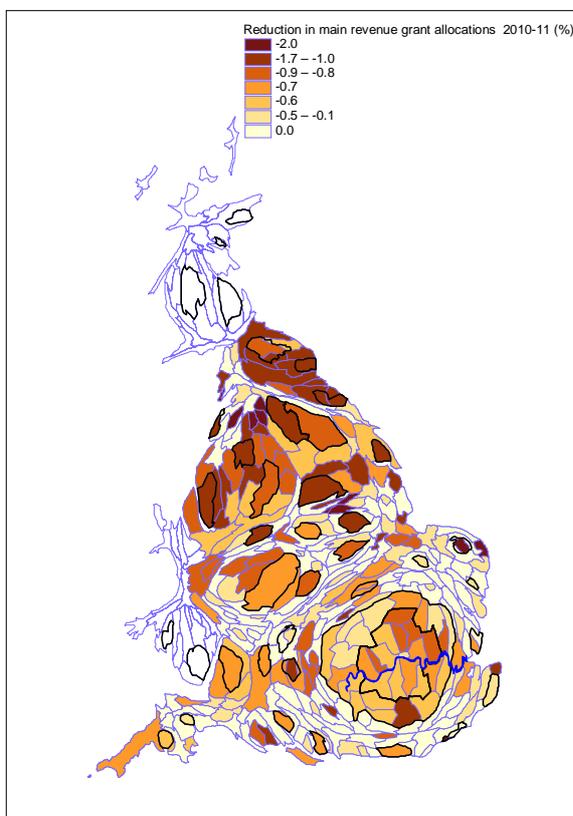
It is mostly in the North and in cities where the local cuts in government spending from April 2011 onwards will be greatest, initially reducing budgets by 1% and 2%, in places like: Sheffield, Barnsley, Bradford, Bolton, Corby, Kingston upon Hull, Gateshead, Stoke-on-Trent, Sunderland, Salford, Nottingham, Stockton-on-Tees, Hartlepool, Doncaster, Redcar & Cleveland, Liverpool, Knowsley, Middlesbrough, St Helens, Blackpool, Barrow-in-Furness, Bolsover, Hastings and Burnley, and in a couple of dozen similar areas. Anyone with a rudimentary knowledge of English electoral geography knows that the map resembles, more than anything else, a map of where people are poor, and where most abstain at general elections or vote Labour.

The public sector is proportionately larger in poorer areas than in rich areas as poorer areas have more need of social workers, housing officers and so on. Map 2 shows the proportion of people aged 16–64 in each district of Britain who are in employment, and who are working in public administration, education and health (a few of the education and health workers will be employed in the private sector). The proportions of people employed in the public sector are highest in Richmondshire with the army base in Catterick (46% of local workers are state employed), in the Scottish islands of Eilean Siar (where a small population requires 43% state employment) and in Oxford (dominated by universities and hospitals, just under 43%). The lowest proportions are in generally well-off, not-too-isolated rural areas, such as Tamworth (15%), Maldon (17%), North Warwickshire (18%) and Melton (19%), and also in Kensington & Chelsea (19%).

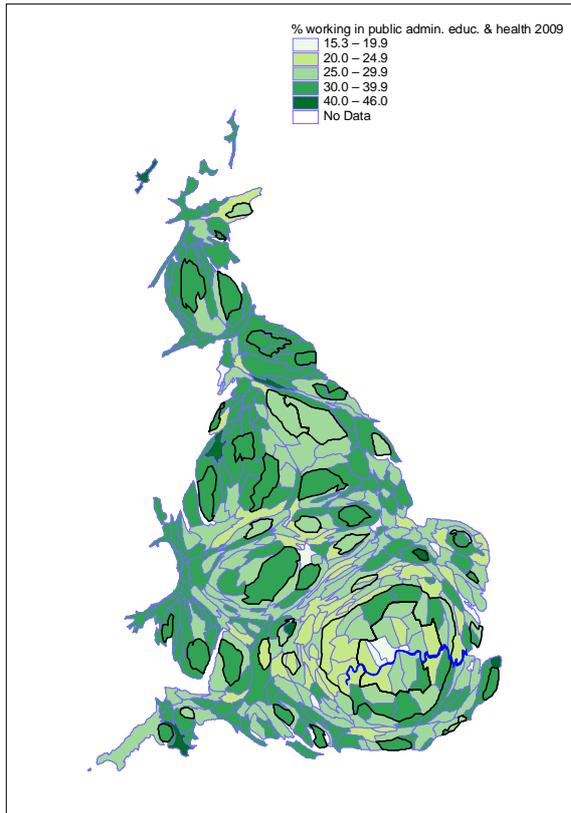
The final map in this section, Map 3 shows the unemployment that would result from massive cuts of a quarter of all public sector jobs. It is drawn by taking current unemployment rates and adding to those a quarter of the public sector workforce. This assumes that all those laid off do not get other work or retire or move, but also that their unemployment does not result in knock-on rises in joblessness in their local areas as local services, shops, cafes and amenities (that public sector workers could once afford) close down. Some 407,000 employees, almost 5% of the entire public sector workforce, work in just four cities and make up just under a third of all employees there: Birmingham (36% of employees), Sheffield (35%), Glasgow (34%) and Leeds (27%). However, these are dwarfed by the public sector workforce of London at 990,000 workers (a 27% share of the workforce).

We have already seen that the cuts are not to be evenly spread across the country, so Map 3 may well overestimate the effects of cuts in the South, and underestimate them in the North.

Map 1: 2010–11 reduction in main revenue grant allocations (%), local authorities, England



Map 2: 2009 proportion of employees in the public sector (%), local authorities, Britain



Map 3: Projection of unemployment rates given a 25% cut in public sector employment, local authorities, Britain



2. Legalising tax evasion on inheritance

Most people believe in obeying the law, in following social norms, and think that citizens have a moral duty to pay tax. Tax provides the funding that the state requires to run government, to prevent people starving, to give all an education and a health service. It is said to be the money that stops us descending into anarchy and helps to create the society in which we live. A few other people quite like the idea of anarchy (they are called anarchists) but they have rarely lived under such a system. When businesses do not pay their full taxes they secure an unfair advantage over other businesses.

Many very affluent citizens try to avoid paying inheritance and other taxes through exploiting loopholes. They follow different social norms. When this tax avoidance exceeds legal action it is called tax evasion. Evasion can be made legal, and become avoidance, by changes to the law. The law on inheritance tax is being changed to allow a tiny number of people rich enough for their estates to be liable for inheritance tax to avoid paying a large part of their share of that tax. Currently, only about 7% of people have sufficient wealth to have inheritance tax levied on their estates. Half of those people avoid the tax, at least in the short term. In the majority of cases the tax is delayed because a surviving spouse has inherited and the tax applies only upon that spouse's death, and then with a threshold of double the individual allowance. In 2007/08 only 22,210 estates in Britain were found to be eligible for inheritance tax; some 557,499 people died in the calendar year 2007 (which ended a few months before that tax year), thus inheritance tax was payable on the estates of only around 3.98% of people who died in Britain in the latest year for which there is data. Very rich people often spend a lot of money on legal advice and the setting up of trusts to enable them to avoid paying inheritance tax. Figure 1 shows on how many estates tax was paid by region in the latest year for which we have data.

More than 68,000 people died in the following 80 areas in one year, the highest number, over 2,500 a year, in Hull. Fewer than 20 of these people left estates large enough to be liable for inheritance tax in each of these places; in some probably no-one will have paid, because almost no-one is wealthy. We are almost all victims of tax evasion, but these are the places where the greatest victims of tax evasion, the poor, are most concentrated. The box below lists these 80 places where there are least material riches left to inherit upon death, sorted from the most people dying a year whose estates are not liable for tax to the least:

Kingston upon Hull, Caerphilly, Falkirk, Neath Port Talbot, North Ayrshire (mainland), Knowsley, East Ayrshire, Middlesbrough, Redcar & Cleveland, Blackburn with Darwen, West Lothian, Barking & Dagenham, Telford & Wrekin, Halton, Ashfield, West Dunbartonshire, Nuneaton & Bedworth, Ipswich, Great Yarmouth, Tower Hamlets, Chesterfield, Easington, South Holland, Inverclyde, Torfaen, South Bedfordshire, Hartlepool, Derwentside, Burnley, Sedgefield, Gravesham, West Lindsey, Cannock Chase, Blyth Valley, Blaenau Gwent, Bolsover, Lincoln, Pendle, Hyndburn, Slough, Midlothian, Kettering, Wear Valley, Barrow-in-Furness, Copeland, Selby, East Northamptonshire, Boston, Blaby, Durham, Crawley, Wansbeck, Stevenage, Wellingborough, Rossendale, Merthyr Tydfil, Harlow, North Warwickshire, Redditch, Rushmoor, Tamworth, Ross & Cromarty, Caithness & Sutherland, Chester-le-Street, Forest Heath, Corby, Clackmannanshire, Melton, Oswestry, Eilean Siar, Alnwick, Berwick-upon-Tweed, Helensburgh & Lomond, Orkney Islands, Teesdale, West Moray, Shetland Islands, Lochaber, Skye & Lochalsh and Badenoch & Strathspey.

In contrast to the 80 areas above, where, for all recorded purposes, practically no-one is rich enough to have inheritance tax levied upon death, Table 1 lists the 42 areas where the highest proportions of people had inheritance tax levied on their estates, some 5,390 estates in all. These areas account for just 8% of deaths in Britain, and yet some 24% of estates paying inheritance tax can be found in these areas, three times what would be expected were wealth equally spread around the country.

The share of inheritance taxation requisitioned from these places will be far higher still because quite a few people in the wealthiest areas on this list are among the wealthiest people in the country and the world. Map 5 shows these numbers on the map, but the numbers are deceptive as death rates vary. In Edinburgh tax was found to be due on some 290 estates, for example, but over 4,300 people die each year in Edinburgh, so with 6.7% paying in the Scottish capital, there are many areas of England where far more are richer and even the wealthiest part of Scotland does not feature in this list.

Figure 1: 2007/08 inheritance tax-paying estates, numbers, regions & countries, Britain

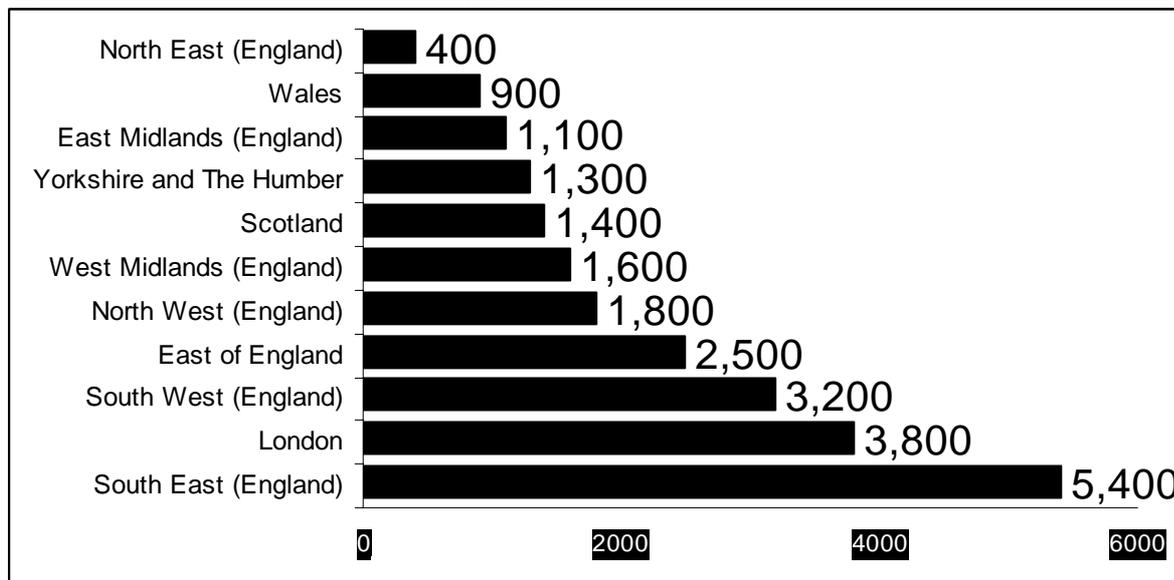
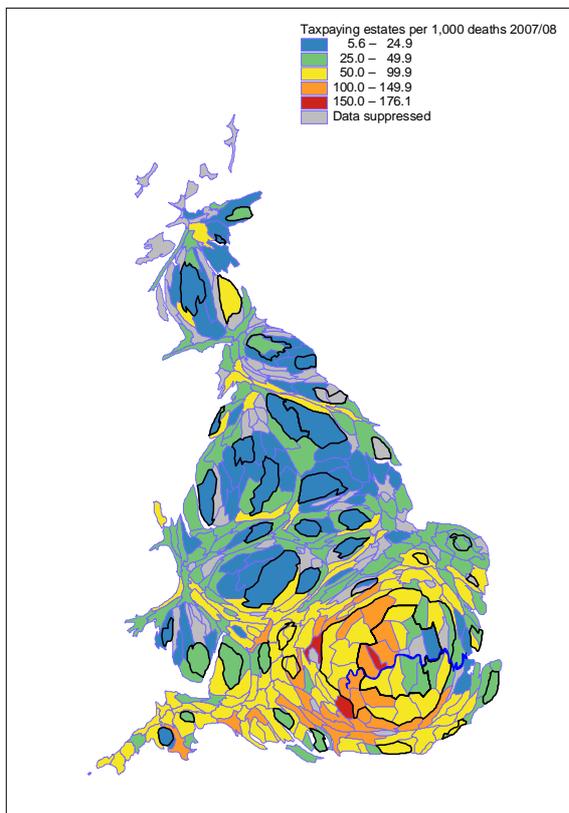


Table 1: 2007/08 inheritance tax, highest rates, local authorities, Britain

Local Authority (in ascending order)	Number of tax-paying estates 2007/08	Number of people dying in 2007	Rate per 1,000 deaths
Lewes	100	1,056	94.7
Eden	50	527	94.9
Mid Sussex	120	1,258	95.4
Oxford	90	936	96.2
Hertsmere	90	927	97.1
Bromley	270	2,758	97.9
South Oxfordshire	110	1,123	98.0
Rother	130	1,327	98.0
Windsor & Maidenhead	110	1,120	98.2
New Forest	200	2,015	99.3
Wandsworth	170	1,707	99.6
Merton	130	1,285	101.2
East Dorset	100	988	101.2
Hart	60	592	101.4
Hammersmith & Fulham	100	968	103.3
Camden	130	1,252	103.8
Reigate & Banstead	130	1,233	105.4
Tandridge	80	752	106.4
East Hampshire	110	1,030	106.8
Sevenoaks	110	1,030	106.8
Horsham	130	1,209	107.5
Three Rivers	80	739	108.3
West Dorset	130	1,198	108.5
Winchester	120	1,089	110.2
Chiltern	80	723	110.7

Wokingham	110	965	114.0
Cotswold	100	857	116.7
South Hams	110	928	118.5
Chichester	170	1,429	119.0
Guildford	120	990	121.2
Harrow	180	1,464	123.0
Westminster	140	1,127	124.2
Mole Valley	110	840	131.0
Barnet	320	2,374	134.8
Kingston upon Thames	150	1,111	135.0
St Albans	140	1,006	139.2
Waverley	150	1,073	139.8
Richmond upon Thames	170	1,187	143.2
Epsom & Ewell	80	551	145.2
South Bucks	80	529	151.2
Elmbridge	180	1,123	160.3
Kensington & Chelsea	150	852	176.1

Map 4: 2007/08 inheritance tax-paying estates per 1,000 persons dying, local authorities, Britain



Map 5: 2007/08 inheritance tax-paying estates, numbers, local authorities, Britain



3. Burning up the planet: CO₂

Recently estimates have been made of how much carbon dioxide (CO₂) pollution has been emitted from each region of Britain from domestic, industrial and transport activities, as well as how much is absorbed by local forestry and other carbon sinks. Industry and commerce produced slightly less CO₂ pollution than did all domestic and road use combined in Britain in recent years, but more than either of these two sources when each is measured alone. These official estimates of CO₂ emissions have been published for the years 2005, 2006 and 2007. Map 6 shows just one of the many maps that can be produced from this data – the distribution of CO₂ emitted due to road transportation by area in 2007. Geographically road transportation emissions vary more than those for any other activity, with a twentyfold difference between the most and least extreme local authority areas. Environmental and political campaigners such as George Monbiot (2006) have explained repeatedly – and increasingly convincingly – the argument that we simply should not continue to pollute at the levels we do, especially in terms of how much additional CO₂ we cause to be emitted. This and emissions of other greenhouse gases are harming the environment and contributing to artificial global warming and the exhaustion of limited natural resources.

Just under a third of the emissions that have been measured and attributed to specific areas of the country are due to transportation pollution, mostly from petrol engine exhausts. Up to a further third of emissions are due to domestic pollution, mostly from the heating of homes. Finally, over a third of emissions in almost all areas is due to the activities of industry – again mostly caused by their consumption of energy either from the coal, oil and gas-fired electricity-generating power plants supplying that energy, or directly through the use of such fuels at the industrial plants themselves. These are – or should all be – well know facts about Britain, but people rarely get to see the maps of who pollutes the most and least and of what impact that has. If you want to know more about British society you can't avoid having to know a little bit more of its human geography (Dorling 2011).

Map 6: 2007 CO₂ emissions due to road transport (tonnes per person), local authorities, Britain



References and further reading

- DCLG (2010) *Local government contribution to efficiencies in 2010-11*
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Danny Dorling is Professor of Human Geography and **Bethan Thomas** is a Research Fellow in the Department of Geography at the University of Sheffield