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Activating spatial inequality: the case of the UK Work Programme

Abstract
International evidence finds consistent equity concerns in quasi-marketised activation policies in terms of systematically worse experiences and outcomes for service users with greater support needs. However, equivalent risks around spatial inequalities are neglected within policy debates and empirical analyses. This article responds to that on-going geographical gap through rich spatial analysis of the UK's Work Programme, a vanguard experiment in aggressively quasi-marketised employment activation policy. Findings show consistent evidence for spatial inequalities in outcomes patterned according to local economic deprivation, with more deprived local authorities losing out on millions of pounds compared to the per capita resourcing in wealthier areas.

Keywords: geography; spatial inequality; quasi-marketisation; spatial public policy; creaming and parking; Work Programme

Introduction
Recent decades have seen the embrace of market-like methods in the rhetoric, design and delivery of public services across advanced economies, even if critical scholarship highlights that these artificial quasi-markets rely on state intervention to continually sustain, regulate and reform them (Brown, 2003; Considine, 2005; Schram et al., 2010). In comparative perspective the policy field of employment activation – policies designed to help unemployed citizens move into, sustain and return to paid employment – has been an eager experimenter with quasi-marketised approaches. This shift is itself situated in a new welfare orthodoxy that similarly celebrates the market as "the key to citizenship" (Pateman, 1988) via paid employment (Dwyer, 2004; Eleveld, 2017). The logic of this new activation state seeks to propel working-age welfare recipients back into the labour market as quickly as possible through a combination of welfare storying, heightened benefit conditionality, improved financial returns to work and enhanced childcare supports (Bonoli, 2010; Wiggan, 2012).

For mainstream labour market economists employment activation interventions are simply an ethically neutral means of supporting individuals towards employment. From a macroeconomic perspective they are nothing more than an attempt to shift the non-accelerating inflation rate of unemployment (NAIRU) downwards such that the level of potential unemployment without inflationary pressures can be reduced (Carlin and Soskice, 1990).

In contrast, Marxist scholars see activation policies as neither distributionally, ethically or politically neutral. Instead, the Marxist perspective sees activation policies as operating at the service of capitalist interests and representing merely the latest phase in a deliberate "strategy of underdevelopment" (Cleaver, 1977). For Marxists the aim of this strategy of underdevelopment is to further undermine the autonomy of labour by reconfiguring the unemployed into an insecure, segmented and disciplined reserve army of labour with which to more effectively and more cheaply service an increasingly insecure and disciplined neoliberal labour market (Wiggan, 2015). In pursuing these goals a more employable latent reserve army of the unemployed would in this view be activated into the labour market for capitalist use as both a new disciplined worker and a new disciplining force to other workers. In contrast, a less employable 'stagnant segment' (Wiggan, 2015: 374) within the unemployed would be deemed too challenging and/or costly to support into work to offer this functional value to the labour market and would instead be left without meaningful activation support.

Moreover, a Marxist perspective would argue that activation policies – or at least the ways in which such policies have tended to be designed and implemented across advanced economies in recent decades – deflect from structural demand-side problems in the capitalist model via the promotion of

individualised supply-side logics. Put crudely, lowering the NAIRU through supply-side activation measures is of little practical value in times and places where the actual economy fails to offer sufficient jobs for people to move into employment and hence to apply the types of employment-inflationary pressures that the theoretical framework of the NAIRU envisages.

As in other policy domains, a now large body of international evidence highlights that this experimentation with quasi-marketised activation policies has been far from the panacea that policy makers hoped for and frequently promised (Bruttell, 2004; Struyven and Steurs, 2005; Davies, 2008; Bredgaard and Larsen, 2008; van Berkel, 2010; Considine et al., 2011; de Graaf and Sirovatka, 2012). Taken together the evidence suggests that quasi-marketised activation policies are no more effective than public sector approaches in achieving job outcomes but can be less expensive for commissioners, though this is not always the case. Where costs are reduced, however, this is typically associated with cost-cutting by providers and a retreat to a relatively basic and generic low-cost offer without the promised innovation of the market. It is in relation to equity considerations however that quasi-marketised activation programmes have arguably faced their sternest critique. Of particular concern have been endemic problems of unequal provision and outcomes across service users with differing levels of need and differing likelihoods of triggering employment outcomes (and hence outcomes-based payments for providers). Where these inequalities are driven by deliberate behaviours from providers they are described in the literature as problems of 'creaming' and 'parking'. 'Parking' refers in this context to the deliberate and systematic neglect by providers of service users with greater support needs whom providers perceive as being higher costs to support and/or less likely to trigger outcome payments. 'Creaming' describes the inverse prioritisation of service users closer to the labour market and with fewer support needs/costs and higher likelihoods of triggering employment outcomes (and hence outcome payments).

As well as being damaging to already more disadvantaged service users these tendencies towards inequality within quasi-marketised activation programmes undercut their frequently stated policy objectives to narrow gaps between more and less deprived individuals and areas. In addition, they are problematic for Exchequer's in tending to also undermine taxpayer value-for-money. This is because whilst payment levels are modelled on average service user characteristics if providers partially exclude service users with more challenging support needs then they in effect reduce the actual average level of support need and hence also the average cost need for the commissioner. The resulting implication is that the commissioner is overpaying providers for the outcomes achieved across this relatively easier actual (compared to the programme's eligible and in principle) cohort. Taken together, two decades of international evidence highlight how the quasi-marketised hopes of policy commissioners have been repeatedly dashed and faced costly and on-going pressures to continually reform and re-regulate (Considine, 2005).

The Marxist critique outlined above has important implications for the meaning of 'success' when reflecting on these international activation experiences. Alongside an emphasis on *effectiveness* (i.e. employment outcomes), *efficiency* (i.e. cost and value-for-money) and *experiences* (for service users and frontline practitioners), *equity* is typically held up as an important fourth pillar in the holistic evaluation of programme success. Public policies are frequently narrated by policy makers and expected by the public to mitigate socio-economic inequalities and narrow gaps. As such, the types of inequalities in experiences and outcomes evidenced repeatedly within quasi-marketised activation policies internationally are perceived by many policy scholars as points of failure caused by flaws (sometimes unforeseen, sometimes predictable) in the design and/or operation of these interventions (Whitworth and Carter, 2018). For Marxist scholars, in contrast, these systematic inequalities across different types of service users are seen instead as a core function and positive characteristic of a quasi-marketised approach. For far from seeking to redress existing inequalities, the Marxist view argues instead that markets inherently go with rather than against the grain of pre-

existing inequalities in order to optimise capitalist gain from that grain, exacerbating rather than moderating pre-existing inequalities in the process (Connell, 2013).

To date, international scholarly research into the equity implications of quasi-marketised activation policies have focused empirically on inequalities across different types of *people* using those services based on their differing levels of need and likelihoods of employment outcomes. Although key, an equivalent possibility and resulting empirical need exists around the potential for systematic inequalities to be fuelled spatially across different types of *places*. However, the potential for these types of equivalent spatial inequalities and, possibly, underlying processes of spatial creaming and parking, remain unduly neglected in the literature despite their shared logics, risks and incentives.

Situated in this context the present article sheds rich new empirical light on these spatial blind spots, taking as its case study focus uniquely rich, robust, comprehensive and up-to-date quantitative analyses of the geographical performance of the UK's recent Work Programme, a large-scale and international vanguard example of aggressive quasi-marketisation. The remainder of the article is structured as follows. The next section provides an overview of the UK Work Programme with a focus on its core characteristics of relevance to the present spatial argument. This is followed by an overview of data and methods behind the empirical work and then by discussion of the empirical findings themselves. A final discussion section steps out to consider the wider geographical implications of the findings for future practice and research around quasi-marketised public policies.

Quasi-marketisation to the max: the UK Work Programme

Implemented in 2011 and ceasing new referrals in 2018, the UK's Work Programme was a large-scale contracted-out activation programme that worked with around 2 million unemployed individuals at a total cost of around £3 billion. In comparative perspective Work Programme provides a helpful case study given its description as an international vanguard experiment in aggressive quasi-marketisation (Finn, 2011). Outcomes rather than process was the mantra, in keeping with the then Minister's belief in using 'welfare markets' to "unleash the creativity that a 'black box' approach to the Work Programme can offer, rather than put providers in straightjackets" (Grayling 2010). In terms of its key market-like features Work Programme relied heavily on financial incentives to drive provider performance and displayed what is in comparative perspective an unusually heavily weighted outcomes-based payment model. The programme involved small and then zero up-front secure service fees to providers alongside heavy and then complete reliance on payment-by-results on employment outcomes achieved and sustained. Keen to enable market freedoms and innovations, Work Programme offered its providers near complete flexibility over the type and frequency of support for participants within its so-called 'black box' model. These flexibilities were enhanced further in practice by the existence of weak and frequently unenforceable service guarantees from providers (Whitworth and Carter, 2018).

Of key relevance to the present argument however is the particular treatment of geography within Work Programme – its presence, its particular configuration, as well as its absences – and the implications of this treatment of geography for the programme's spatial effects explored in the later empirical analyses. From a spatial perspective large Contract Package Areas (CPAs) were the key geography in Work Programme. CPAs were the geography at which commissioning and contracting took place, at which providers were required to build delivery networks and offer provision, and at which performance data were aggregated, monitored and utilised by the Department for Work and Pensions (DWP) central government commissioning department for the performance management of providers. Work Programme was structured into 18 CPAs across England, Scotland and Wales. These were large geographies that covered vast regions of England – East of England, the North West and the North East for instance – and in the cases of Scotland and Wales entire countries. Each CPA contained two or three large well-capitalised 'Prime' providers who could deliver services

themselves and/or sub-contract delivery through supply chains of sub-prime organisations. Importantly for the nature of the spatial pressures and incentives at play, performance across smaller geographies such as local authorities (municipalities) within those CPAs were not a key focus financially or in performance terms either for providers or the DWP.

As noted above, a large body of international research evidence has consistently found that in lightly regulated outcomes-based policy interventions such as Work Programme providers tend to respond to financial pressures and incentives by systematically creaming and parking different types of service users according to their support costs and/or likelihood of outcome payments. This is particularly true in strong cost pressurised programmes such as the Work Programme where discounting had been such a prevalent and decisive part of the commissioning process and winning bidders (Inclusion, 2011). DWP's design team were well aware that the Work Programme was exposed to these risks and sought to mitigate them primarily through the design of a complex differential payment model. This payment model placed service users into one of nine payment groups intended to proxy extent of support needs and distance to labour market. Payment levels were then varied across the nine payment groups in order to seek to give providers equal incentive to support all service users effectively irrespective of their support costs and/or likelihoods of job outcomes. Unfortunately, Work Programme's differential payments model was quickly found to be an extremely crude basis on which to proxy distance to the labour market and, as a consequence, an ineffective basis on which to calibrate provider incentives (Lane et al. 2013; WPSC 2013; Carter and Whitworth 2015). For this and other reasons Work Programme's live running was marred by constant evidence of – and political and media scrutiny around – poor quality generic support as well as systematic creaming and parking, with service users with health conditions and disabilities faring particularly poorly (Newton et al. 2012; Lane et al. 2013; WPSC 2013; Rees et al. 2014).

It is unquestionably important to examine these types of inequalities across different types of service users within quasi-marketised activation programmes. However, the near monopoly of this social perspective on the experiences of different types of service users neglects the equivalent risks of spatial inequalities that exist within such public policies. In the case of Work Programme this neglect of the geographical dimension can be seen within the policy design itself as well as its analysis and evaluation. In policy terms DWP did include geographical ambitions within Work Programme's core objectives, promising that the programme would narrow gaps between more and less deprived areas (DWP, 2010). In practical terms, however, whilst the differential payment model became DWP's key policy lever to seek to mitigate inequalities in service provision and outcomes it attempted to do so (albeit ineffectively) based only on variation across individuals. No attempt was made within the key payment mechanism to vary pricing according to the widely differing levels of economic buoyancy across local areas where service users live and seek employment. In addition, the programme's elevation of the large CPA scale as the sole geographical scale with meaningful traction in performance management leaves smaller local geographies within those CPAs further exposed to spatial inequalities. This neglect of local geography within Work Programme is surprising given the consistent evidence that employment outcomes from activation programmes vary systematically by local labour market context (Turok and Webster, 1998; Peck and Theodore, 2000; Sunley et al., 2006) and given calls for a broader conception of employability that takes into account geographic context (McQuaid et al. 2005; McQuaid and Lindsay 2005). Equally, just as the international literature neglects the potential for spatial as well as social inequalities from quasi-marketised activation programmes so too have empirical analyses of the UK Work Programme, with the exception of one notable policy report early in Work Programme's lifetime (Davies and Raikes, 2014).

In response, the robust detailed, comprehensive and significantly updated spatial analyses of the UK's Work Programme performance presented below speak to this on-going geographical blind spot

within the international as well as UK activation policy debate and evidence base. Before turning the empirical findings the next section outlines the data and methods used.

Data & Methods

The analyses below are based on DWP's latest available official validated Work Programme statistics published at the local authority level via DWP's StatXplore data portal. The Work Programme data used here cover the period from programme launch in June 2011 up until the end of December 2017. This covers the full programme referrals window and almost all of its delivery window. Some further minor outcomes payments not captued here would occur beyond January 2018 but would be relatively small in size and would not not affect the main findings. The data used for the analyses below contain 1.9 million attachments (programme starts) and in order to maintain a concise focus they focus on four of the nine Work Programme payment groups that together account for 89% of all programme starts:

- Payment group 1: Jobseeker's Allowance (JSA) recipients aged 18-24 years old who make up 17% of all programme starts. JSA is the UK's key out-of-work benefit for unemployed individuals deemed fit for work;
- Payment group 2: JSA recipients aged 25 years and above who make up 43% of all starts;
- Payment group 3: JSA Early Entrants who make up 17% of all programme starts. This is a mixed group of vulnerable JSA recipients, young people not in education, employment or training (NEETs), and unemployed individuals with significant churn between work and benefits;
- Payment group 6: Employment and Support Allowance (ESA) recipients who make up 12% of all programme starts. ESA is the UK's main out-of-work benefit for unemployed individuals deemed not fit for work due to their health condition or disability.

Given that 'success' in the Work Programme relates both to initial job outcomes as well as then to the sustainment of those employment transitions an important question is how best to measure programme success. Rather than choose one or other of these key programme metrics the analyses below instead calculate the total financial payments to providers across all three key payment elements within Work Programme – attachments, job outcomes and job sustainments. This composite and financially-based outcomes measure offers a parsimonious and holistic measure of performance that mirrors the quasi-marketised logic of the programme itself for DWP and providers. For each local authority the published volumes of attachments, job outcomes and job sustainments are multiplied by DWP's published payment values for each Work Programme payment group (DWP, 2013:5) in order to provide that holistic metric of 'success' in each local area. To enable comparability across areas these total cash amounts are divided by the number of programme participants in each local authority in order to give what we term the 'earned average unit costs' of the programme in different areas – the average cash amount that a provider actually earns, and in turn has to spend on delivery, per service user given their performance in each local authority. Given that the Work Programme is driven by an aggressive payment-by-results model these average unit costs will inevitably vary spatially according to the employment outcomes achieved in each local authority, in contrast to public policies without such outcomes-based payment mechanisms.

Although a single published official payment profile exists (DWP, 2013) in reality Work Programme bidding and contract success was heavily influenced by discounting from providers during the commissioning process (Inclusion, 2011). The precise extent of this discounting is not known publicly for reasons of commercial confidentiality. The analyses below are by necessity based on the published payment profile rather than the actual payment profile agreed with each provider during those commercial negotiations. This is not deemed unduly problematic for the analyses for two main reasons.

Firstly, the published prices used in these analyses reflect DWP's planned policy intention on the basis of their design modelling rather than due to unplanned commercial negotiations during commisisioning. This planned position is one of a policy strongly reliant on its payment-by-results model to drive provider behaviour and programme performance (Carter and Whitworth, 2015; Whitworth and Carter, 2018) and with that payment-by-results design showing a felt need for variation in prices *socially* across diferent types of service users but no felt need for variation in prices *spatially* across different types of areas. By using the planned pricing profile acceptable to the DWP design team the empirical analyses reveal what, if any, neglected spatial implications result from its planned policy approach.

Secondly, in practical terms where discounting occurred to comparable extents across CPAs then the pricing levels will be uniformly lower across those CPAs compared to the published levels used here. Any such spatially even discounting at the CPA level would not dramatically affect these analyses' main findings around patterns of spatial inequality in Work Programme outcomes even if it did affect the absolute levels of payments and, in turn, any such spatial inequalities. There is reason to think that relatively similar levels of discounting occurred across CPA contracts. Not only are economic variations notably more modest across those geographically large CPA geographies than is the case across the smaller local authority geographies within them but, and more importantly in practical terms, all CPA commisisoning processes were highly competitive between bidding providers. All providers were keenly aware that these large Work Programme contracts were to be by far the largest contracts over coming years in the UK and that losing out would have serious financial and delivery implications for their organisations. Strong discounting pressures were therefore shared to comparable extents across all CPA contract negotiations.

Spatial inequalities in Work Programme performance: a systematic local analysis

To begin, Figure 1 offers an initial visual depiction of spatial variation in the earned average unit costs across all of Work Programme's 380 local authorities (municipalities) across its 18 regional and national CPAs covering England, Wales and Scotland. As noted above the focus is on the four main payment groups that together contain 89% of all programme starts.

Considerable variation in earned average unit costs between local authorities is evident across all four payment groups. Financial ranges between highest and lowest values of roughly £1000 for payment groups 1, 2 and 6 and closer to £1700 for payment group 3. The extent of these ranges is striking – the local authority with the highest earned average unit cost can be seen to be around twice (payment groups 1 and 2), two and half times (payment group 3) and even three times (payment group 6) that of the local authority with the lowest earned average unit cost. Also notable is the markedly lower average earned average unit cost for the health and disability cohort in payment group 6 compared to the other groups shown. This lower level of resource for payment group 6 runs counter to DWP's policy intention to recognise these service users with health conditions and disabilities as in particular need of intensive and well-resourced support, as evidenced in the higher maximum payments *potentially* available to this payment group. However, performance for payment group 6 was disappointing low throughout much of the programme (DWP, 2017) and the focus of consistent scrutiny and disquiet from government select committees (WPSC, 2013), academic research (Rees et al., 2014; Whitworth and Carter, 2018) and wider policy research (Inclusion, 2014; IPPR, 2014; ResPublica, 2015; LGA, 2015). As such, the outcome-based payment model iteratively drove down the actual level of earned average unit costs for payment group 6 to around only 60% of DWP's original intention (Inclusion, 2014) in a self-reinforcing downward spiral of decreasing financial payments and resources as a result of worse-than-expected outcomes.

[Fig 1 about here]

Central to the inequalities in outcomes seen within these types of quasi-marketised activation programmes is not only that they exist but that that they vary systematically according to the financial risks and incentives facing profit-oriented providers and, linked directly to this, according to the patterns of pre-existing inequalities facing their delivery. As outlined above, at the individual level this variation maps back onto the pre-existing level of support need and/or likelihood of trigger job outcomes across different types of service users. To explore the existence or otherwise of equivalent spatial inequalities Figure 2 connects Work Programme's local authority outcomes to the nature of their local economic context. This local economic context is captured here by a harmonised multi-dimensional deprivation measure at the local authority level that contains indicators related to income, employment, crime, education, health, living environment, housing and access to services (Abel et al., 2016).

For all four of the main Work Programme payment groups Figure 2 analyses each local authority's earned average unit costs against this multi-dimensional deprivation measure. All four charts shows clear negative associations between local authority deprivation and Work Programme outcomes, with negatively sloping lines of best fit and moderately strong negative Spearman's rho correlations for all four payment groups. These analyses confirm not only that significant spatial inequalities in Work Programme performance exist but that they vary systematically according to pre-existing levels of deprivation and to the disadvantage of the already more deprived areas. Thus, these spatial patterns mirror those seen socially across different types of service users in analyses of Work Programme and similar activation programmes.

[Fig 2 about here]

Where then geographically are these financial patterns playing out across Great Britain? And how significant are the differences in financial terms? By way of background the left pane of Figure 3 shows the familiar local authority economic context of Great Britain based on quintiles of the same harmonised multi-dimensional deprivation measure (Abel et al., 2016). A concentration of more affluent local authorities can be seen across London and the South East whilst more deprived local authorities are concentrated in and around the former industrial areas of the Midlands, North of England, Welsh Valleys and Glasgow. That standard map of Great Britain fails however to adequately reflect the programmatic importance of these local authorities in terms of their widely differing volumes of Work Programme service users, another important consideration of any spatial policy analysis. The right pane of Figure 3 therefore presents a cartogram of total Work Programme attachments. This visualises the size of the local authorities in proportion to their total number of service users starting on the programme. Local authorities on this cartogram are shaded according to their total volume of Work Programme starts over the programme's lifetime. As would be expected, the cartogram highlights that Great Britain's dense urban cores provide the bulk of Work Programme's participants.

[Fig 3 about here]

Building on this contextual spatial understanding, Figure 4 is now able to present more detailed geographical analyses of the spatial patterning and concentration of Work Programme performance. For ease of presentation Figure 4 focuses on just three of the four main Work Programme payment groups: the top row of figures relate to payment group 1 (JSA claimants aged 18-24), the central row to payment group 2 (JSA claimants aged 25+) and the bottom row to payment group 6 (ESA claimants).

The left column of Figure 4 firstly maps each local authority's earned average unit costs, providing crucial spatial understanding to the earlier aspatial analyses of their variation. A large geographical

clustering of higher earned average unit costs can be seen around London and its surrounding areas, as well as wealthier local authority areas around the Midlands, North West of England and along the south coast. In contrast, lower earned average unit costs are visible across Scotland, Wales, Yorkshire and the Humber, and parts of London.

The central column of Figure 4 moves on to examine more clearly the spatial clustering of those earned average unit costs, exploring both the location and nature of their spatial concentration and polarisation. At a headline level the Moran's *I* spatial autocorrelations for these three maps of earned average unit costs are moderately positive at around 0.2 each. This signifies that there is some clustering of areas with higher earned average unit costs near to other areas with higher earned average unit costs, and vice versa for areas with lower earned average unit costs. This is typical for many social phenomenon. The figures in this central column of Figure 4 dig deeper in examining *where* those geographical clusterings take place, not merely that they do exist as with the global Moran's *I*. To do so the analyses make use of local indicators of spatial autocorrelation/association (LISAs) of the earned average unit costs.

In the central column of Figure 4 only those areas showing local spatial autocorrelations that are significant at the 5% level or below are shaded and these areas are the focus of the analysis here for that reason. Of key interest in this central column of Figure 4 are two distinct types of spatial clusterings identified from the LISA analyses, clarifying the messages seen in the initial column of Figure 4. Firstly, dark blue areas show geographical clusters of local authorities with Work Programme earned average unit costs significantly below the average. These areas are located across Scotland, South Yorkshire and (North) East of England and south Wales. Secondly, dark red areas around London (though, notably, not within London itself) as well as parts of the North West conversely highlight geographical clusters of local authorities with earned average unit costs significantly above the average.

[Fig 4 about here on whole page]

Finally, whilst the central column of Figure 4 focuses only on the spatial clusterings of the earned average unit costs themselves the right column of Figure 4 progresses further to analyse the spatial clustering of the two-way relationship between deprivation and earned average unit costs across these local authorities. To do so bivariate LISA analyses are used in contrast to the univariate LISAs used previously. Again only those local areas with statistically significant spatial autocorrelations at the 5% level are shaded. Four distinct spatial clusters are identified and all four are of interest in different ways.

Firstly, dark blue areas around Wiltshire, Somerset and parts of London show clusters of local authorities with levels of deprivation and earned average unit costs that are both significantly below the average. These are areas where Work Programme performance might perhaps be considered to be weaker than would be expected given the more buoyant than average economic context, though noting that a range of other factors affect programme performance. Conversely, the relatively rare set of dark red clusters located mainly in the North West of England show areas with levels of deprivation and earned average unit costs that are both significantly above the average.

Conversely, light red and light blue show clusters of areas that are acting to widen rather than to narrow economic gaps between areas, contrary to Work Programme's stated geographical objective (DWP, 2010). A mass of light red clusters all around London show areas where local authority deprivation is significantly below the average yet where despite this Work Programme earned average unit costs are significantly above average. Light blue areas in contrast show the opposite situation where local authority deprivation is significant above the average yet Work Programme

earned average unit costs are significantly below the average, in spite of the greater economic need and activation challenge in these areas. These clusters are concentred in south Wales and Powys, around Liverpool and Greater Manchester, the North East cities and Glasgow.

Like all public policies, the design of Work Programme reflected a political and policy choice. Work Programme could have been financed in myriad ways aside from its aggressive outcome-based payment mechanism. This could include the option to provide all service users and areas with the same actual (i.e. not just potential) per capita resource or, indeed, to provide increased levels of actual resources per capita to service users and areas with greater levels of support need and deprivation in light of their increased activation challenge. Given the geographical patterns of outcomes detailed above, what then do the policy choices around Work Programme's payment model mean in financial terms for Great Britain's densely populated urban cores that, as illustrated in Figure 3, make up the lion's share of Work Programme's service user volumes?

To explore this question Table 1 shows the financial impact of Work Programme's chosen payment model for Great Britain's Core Cities – an established political and policy network of the major cities outside of London – given the outcomes patterns that occurred. In terms of their economic context each of these Core Cities is within the most deprived quintile of local authorities in Greater Britain, with the exception of Leeds and Cardiff who are in the second most deprived quintile. As evidenced above, the geographical effect of Work Programme's heavy outcomes-based payment design is the tendency for lower outcomes performance – and hence lower earned average unit costs – in more deprived areas. As such, the findings presented in Table 1 explore the question of how seemingly ethically neutral policy rhetoric and decisions around programme form and 'paying for performance' can be both fed by and in turn further feed pre-existing patterns of spatial inequality.

Specifically, for each Core City Table 1 estimates the financial gap between the financial resources actually paid to providers in their area in Work Programme with what that financial amount would have been if all areas had received the same financial resource per service user – set in this scenario as the average actual payment per service user (i.e. the mean earned average unit cost) across the wealthiest quintile of local authorities. Unlike earlier analyses, Table 1 includes all nine Work Programme payment groups alongside a summary total column to the far right. All values represent pounds sterling.

Table 1 highlights that the financial gap is vast between the Work Programme resources that flowed into these relatively deprived Core Cities and what would have been available to them to support their unemployed residents had they received the same amount per service user as enjoyed in the wealthiest quintile of local authorities. Across just these ten Core Cities the financial gap is a little over £75 million pounds in total. Birmingham alone loses out on almost £20 million compared to what it would have received, Glasgow a little over £10 million and Sheffield, Nottingham, Manchester, Liverpool and Leeds each losing out on between £6-8 million compared to what an equal resource settlement per service user would have delivered if funded at the average level enjoyed by the wealthiest quintile of local authorities.

To seek to place the size of these financial losses into context they are themselves sufficient to finance substantial employment support programmes in these areas. For example, several of these Core City areas are part of larger multi-authority Mayoral Combined Authorities that have negotiated and are now running meaningful multi-million pound employment support pilots within their devolutionary negotiations with central government. The financial gaps found here inside Work Programme outweigh those new devolutionary activation resources many times over however: around four times over for Sheffield, six times over for Liverpool and around ten times over for Birmingham. Thus, although new devolutionary resources and powers around employment support

policies may well be welcome the implicit yet critical pro-inequality biases within far larger national quasi-marketised polices such as Work Programme remain of key importance for UK localities to address.

Spatial equity in financial inputs for activation programmes and other public policies would be seen by many to be just and desirable in and of itself. Greater resources for providers in more challenging local labour markets would inevitably support improved delivery in those areas, though it would not necessarily guarantee improved outcomes. Firstly, where funding is not ring-fenced spatially resources may leak geographically to other areas where providers feel they can be used more usefully (more usefully for whom then being a key question in such circumstances). Secondly, however, a now vast body of literature attests to the importance of the demand-side and job availability in enabling activation outcomes (Peck, 2001; Sunley et al., 2006; McQuaid et al., 2006; Beatty et al., 2011; Etherington and Jones, 2016) such that activation programmes oriented around supply-side interventions only may well continue to struggle even with increased resources. Work Programme's deliberately 'black box' design offered providers the flexibility to pursue a range of demand-side as well as supply-side interventions. In practice, however, Work Programme providers engaged relatively lightly with employers and with minimal traction on their hiring (Ingold and Valizade, 2017:539), were severely constrained by local job availability (Ingold, 2018:715) and concentrated in the main on (relatively generic and low cost) supply-side interventions (Meager et al., 2014). Thus, leaving aside concerns of spatial equity and focusing exclusively on the pursuit of employment outcomes, the types of linked demand-side and supply-side interventions are also key as well as the total quantum of intervention resource available in local areas. If provider flexibility is to continue to be key to programme design as in Work Programme then there is a need for commissioners to reflect on how they will seek to ensure that these needs around intervention type flow into programme support for service users on the ground alongside also critical resourcing – and resourcing equity – discussions.

[Table 1 about here]

Discussion

Across advanced economies quasi-marketised approaches to public policy have moved increasingly to the mainstream, nowhere more so perhaps than in the field of employment activation where eager experimentation has been the norm. In comparative perspective the UK's recent Work Programme represents an unusually large and aggressive experiment in quasi-marketised approaches to public policy design and delivery. Within the international literature much is known empirically about the tendency for deleterious experiences and outcomes for service users with more complex and/or severe support needs within quasi-marketised activation programmes. Little is known however about the equivalent neglected potential for spatial inequalities emerging from these interventions, despite the shared logic of those geographical risks given the framework of risks and incentives at play. Based on rich, robust and comprehensive spatial analyses of DWP's official Work Programme data covering the programme's full referral window, the present article responds to this on-going geographical gap in the literature by shining a rare and detailed empirical light on the spatial patterning of outcomes and financial resources within this vanguard experiment of quasi-marketised activation policy.

The geographical findings are clear, consistent and in line with the patterns of inequalities seen across different types of service users social groups within such activation policies. Digging beneath the vast CPA geographies that are key to Work Programme's delivery, payment and performance management, this paper's original analyses highlight that these high-level CPA aggregate geographies conceal and enable significant spatial inequality across lower-level local authority geographies. Specifically, both Work Programme performance and its heavily linked outcomes-based

financial resource allocation vary significantly and systematically across local authorities inversely to their level of deprivation, with already more deprived areas seeing markedly lower actual resource per service user within Work Programme compared to wealthier local authorities. The winners financially are the large cluster of already wealthier local authorities surrounding and particularly to the west of London. For less economically buoyant areas however, including the major Core Cities, Work Programme's heavy emphasis on outcomes-based payments results in tens of millions of pounds less in financial resource for activation support than would be the case if all areas enjoyed the same resource per capita as that seen amongst the wealthiest local authorities.

The present article's rare empirical demonstration of the spatial inequalities generated within this notable example of quasi-marketised policy making is an important empirical contribution to an international evidence base still strikingly neglectful of the potential for spatial as well as social dimensions to inequality creation within quasi-marketised public policies. The neglect of geography is evident too within key aspects of Work Programme design, with local economic context absent from the key payment model – despite the extensive attempts to mitigate inequalities in outcomes across different types of service users within that payment model – and with vast CPA geographies claiming undue policy attention and concealing significant spatial variation from analytical view. The findings presented above highlight the spatial risks and inequalities that these problematic treatments of geography in the policy enable unseen within programme delivery and performance management. If public policies such as Work Programme are to seek to treat all places equally or, indeed, to go farther as Work Programme promised and to seek to narrow the gaps between more and less deprived localities (DWP, 2010), then it is imperative that policy makers begin to take spatial contexts, processes and outcomes more seriously in their design, analysis and performance management of policy interventions. Bringing spatial considerations more fully and explicitly into policy thinking and policy processes would help to at least see these spatial roles, risks and inequalities as they emerge and to offer opportunities for their mitigation.

That would at least be the view of non-Marxist scholars who would see Work Programme's spatial inequalities as indicators of policy failure and who would identify geographical flaws in its design and delivery that it could seek to rectify in future programmes. Although this article evidences a clear and consistent negative association between area deprivation and programme outcomes (and, crucially, linked financial resources) what these data and findings are not able to do is to make the key step into statements about causality and underlying process that drive these systematic outcome patterns. Yet the processes and motivations behind these spatial patterns lie at the heart of their evaluation and, more critically, on the broader evaluation of aggressively quasi-maketised public policies such as Work Programme to be able to mitigate rather than further enhance social and spatial inequalities. From a Marxist perspective the spatial inequalities that emerge from Work Programme are entirely expected and normal within such quasi-marketised policies, if not even a signal of policy success rather than policy failure (Connell, 2013). This Marxist judgement rests on the causal view of quasi-marketised policies such as Work Programme to use a market-like framework to drive behavioural processes that differentiate areas according to their economic position in order to optimise provider profit and to harden the segmentation of areas according to their economic value to the capitalist system, further fuelling geographical inequalities in the process.

Although in line with the new findings outlined above such behavioural process claims remain to be demonstrated empirically. For whilst the equivalent inequalities in outcomes across different types of service users have been evidenced back to deliberate provider behaviours to 'cream' and 'park' differently positioned individuals (Newton et al., 2012; Meager et al., 2013; Rees et al., 2014) these same types of deliberately unequal provider behaviours towards differently positioned local geographies has not been evidenced here or elsewhere in the literature with respect to Work

Programme. At an operational level the spatial creaming and parking hypothesis would require that local areas of greater economic challenge be deliberately neglected by providers in terms of offices, staff or resources. Although the present article demonstrates powerfully a set of spatial inequalities in outcomes that are entirely *consistent with* the expectations of a spatial creaming and parking hypothesis little is known empirically about whether such deliberate geographical provider practices and policy processes lie beneath these spatial outcome patterns. With quasi-marketised approaches to activation and a range of other public policies continuing to appeal to policy makers across advanced economies these are key debates for critically-minded policy geographers to illuminate further.

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