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Patterns of poverty in Greater Manchester's neighbourhoods

Analysis of small area poverty estimates for 2014

Inclusive Growth Analysis Unit, May 2017

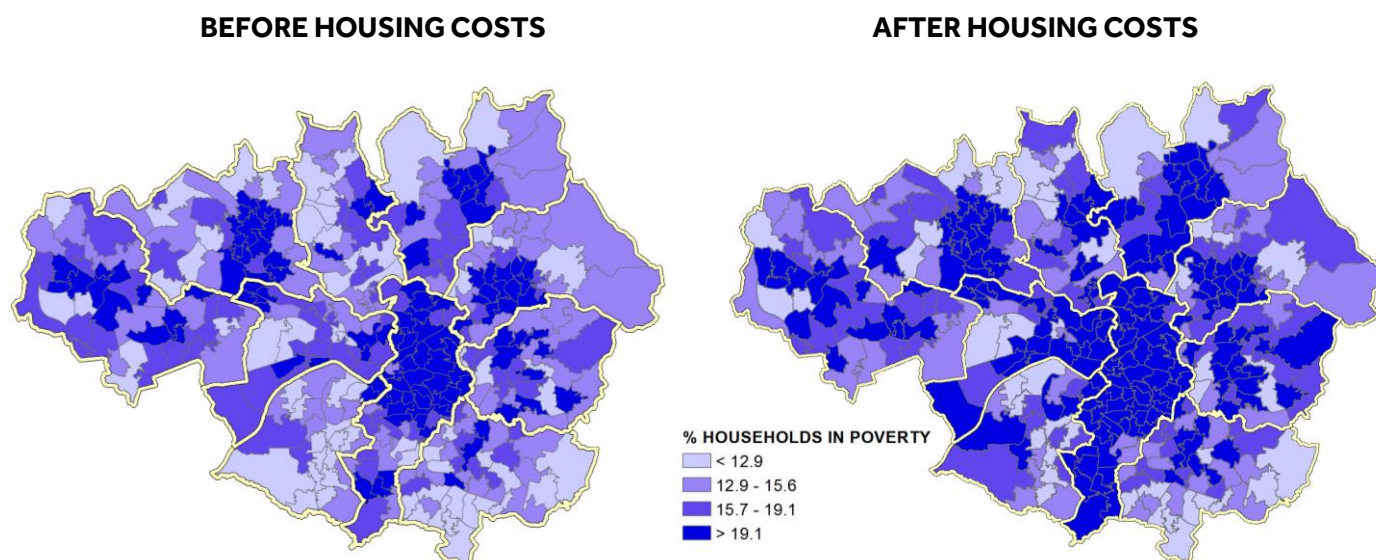
Patterns of poverty in Greater Manchester's neighbourhoods

In April 2017 the Office for National Statistics [published a set of model-based estimates of poverty](#) for Middle Layer Super Output Areas in England and Wales in 2013/14.¹ These estimates can be used to assess differences in the proportion of households in poverty across small areas. This note outlines our initial analysis of the data for Greater Manchester. A short glossary note is included at the end, describing key terms.

It should be noted that these are modelled estimates which are subject to wide confidence intervals. In Moss Side, for example, 25.8% of households were estimated to be in poverty, with a lower confidence limit of 18.5% and an upper limit of 34.6%. While the estimates offer insight into geographical patterns of disadvantage, detailed analysis of differences between specific neighbourhoods would not be appropriate. As a guide, the ONS estimates that only the 22% of MSOAs with the highest poverty rates are significantly different from the 22% in the lowest ranks.²

What is the scale of poverty at neighbourhood level in Greater Manchester?

Figure 1: Poverty rates before and after housing costs across Greater Manchester 2014³



- Across the 346 MSOAs in Greater Manchester the average (median) household poverty rate Before Housing Costs (BHC) was 16.1% in 2014. This means that on average just under 1 in 6 of the households living in these areas were income poor (BHC). This is higher than the national average of 15.6%.⁴
- Once housing costs were taken into account, the average (median) poverty rate for MSOAs rose to 19.4% of households (AHC) in 2014, approaching 1 in 5 households. This is higher than the national average, where the poverty rate After Housing Costs (AHC) stood at 18.9%.
- Figure 1 compares household poverty rates before and after housing costs across Greater Manchester

How Greater Manchester compares to the national average

- Just 153 (44%) of the MSOAs in Greater Manchester had poverty rates below the national average (BHC). In 22 neighbourhoods household poverty rates were at least twice the national average of 15.6%.

¹ Refer to glossary at the end for a description of key terms, including what constitutes an MSOA

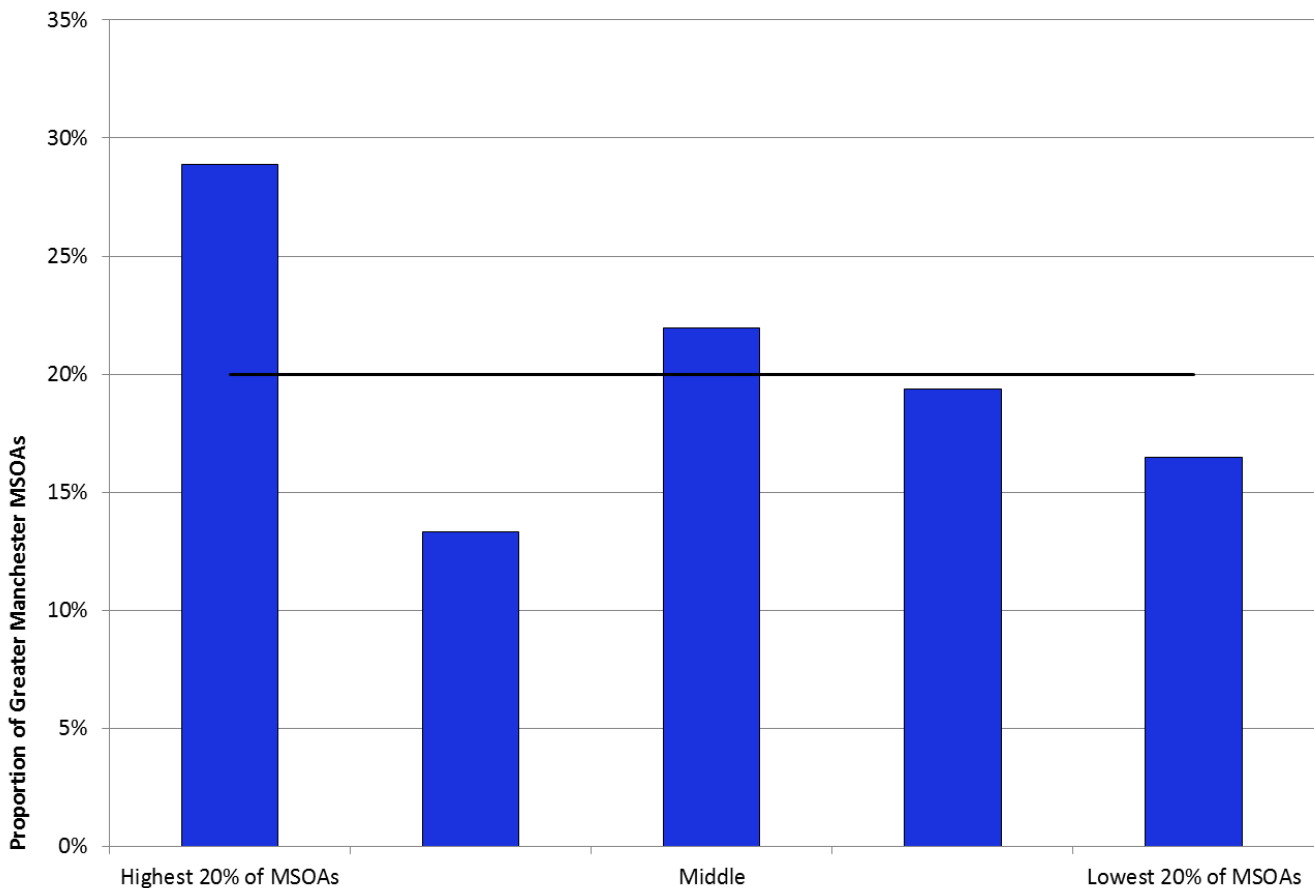
² See [ONS technical note](#)

³ Intervals set based on national quartiles for household poverty rates, Before Housing Costs

⁴ Median for neighbourhoods in England and Wales

- Just 157 (45%) of the MSOAs in Greater Manchester had poverty rates below the national average (AHC). In 38 neighbourhoods household poverty rates were at least twice the national average of 18.9%.
- If MSOA household poverty rates in Greater Manchester were distributed in the same way as England and Wales we would expect each of the groups in Figure 2 to split equally into five groups (i.e. at 20%). Instead we find that MSOAs in Greater Manchester are over-represented in the high poverty end of the distribution, and are underrepresented in the next highest group as well as in the lowest poverty rates. 29% of the MSOAs in Greater Manchester were among the 20% of MSOAs, nationally, with the highest poverty rates.

Figure 2: Distribution of MSOAs in Greater Manchester compared to poverty rates across MSOAs in England and Wales, 2014



Note: Based on the national distribution of household poverty rates (BHC) for MSOAs

How do neighbourhood poverty levels vary across Greater Manchester?

- There was wide variation in poverty rates across the city region in 2014. Poverty rates (BHC) ranged from a low of 9.1% of households in part of Worsley Mesnes ward in Wigan through to 41.8% in Moss Side, in Manchester local authority.
- There was even greater variation in household poverty rates across the city region after housing costs. Several MSOAs were estimated to have household poverty rates below 10%, these were part of Stepping Hill ward, Stockport; Winstanley, Wigan; Saddleworth North, Oldham; Timperley, Trafford and two neighbourhoods in Salford (Boothstown and Ellenbrook, and Worsley).
- Meanwhile in two neighbourhoods in Manchester (one in part of Ancoats & Clayton Ward, the other just to the south of the city centre at the start of Princess Road) over 50% of households in the area were estimated to be income poor (AHC).

How are high and low poverty neighbourhoods distributed across Greater Manchester?

- At Greater Manchester level, 100 MSOAs had household poverty rates that put them among the 20% of MSOAs with the highest poverty rates nationally (BHC). Just over a third of these (35%) were in Manchester local authority area (accounting for 61% of MSOAs in the LA itself). Oldham and Bolton had the next largest groupings, though not on the same scale as in Manchester (13 and 14 respectively).
- There were 57 MSOAs in Greater Manchester that were among the 20% of MSOAs with the lowest household poverty rates nationally (BHC). The largest groupings of these could be found in Stockport (16, or 38% of the MSOAs in the local authority) and Trafford (13, equivalent to 46% of its MSOAs).
- In seven local authority areas (Bolton, Manchester, Oldham, Rochdale, Salford, Tameside, Wigan) the number of high poverty neighbourhoods outweighed the number of low poverty neighbourhoods.

Table 1: Greater Manchester MSOAs in the bottom and top 20% of the distribution by Local Authority 2014

	Highest 20%	Proportion of MSOAs in LA	Lowest 20%	Proportion of MSOAs in LA
Bolton	14	40%	4	11%
Bury	3	12%	5	19%
Manchester	35	61%	2	4%
Oldham	13	39%	4	12%
Rochdale	9	36%	2	8%
Salford	8	27%	3	10%
Stockport	2	5%	16	38%
Tameside	7	23%	4	13%
Trafford	1	4%	13	46%
Wigan	8	20%	4	10%
Greater Manchester	100	29%	57	16%

Note: Based on the national distribution of household poverty rates (BHC) for MSOAs

Glossary

- The data is for **Middle Layer Super Output Areas (MSOAs)**, or areas that contain around 3,000 households. MSOAs have been created to enable comparison of outcomes between areas of similar size, so they do not necessarily correlate with local conceptions of what constitutes a neighbourhood. There are 7,201 MSOAs in England and Wales, of which 346 are in Greater Manchester.
- In 2013/14 a household was defined as **income poor** if its weekly equivalised income (Before Housing Costs) was less than £272, or 60% of median income. Once housing costs are taken into account, the threshold below which households were defined as poor fell to £232. Estimates are presented before and after housing costs (which includes rent, mortgage interest payments, buildings insurance etc)
- **Household income is equivalised** to take account of the number and composition of people in a household. It represents the income level of every individual in the household.

Read more

Read the ONS report on the small-area model based estimates of households in poverty

[Small area model-based households in poverty estimates, England and Wales: financial year ending 2014](#)

For more information on the challenges facing Greater Manchester

[Inclusive Growth: opportunities and challenges for Greater Manchester \(2016\)](#)