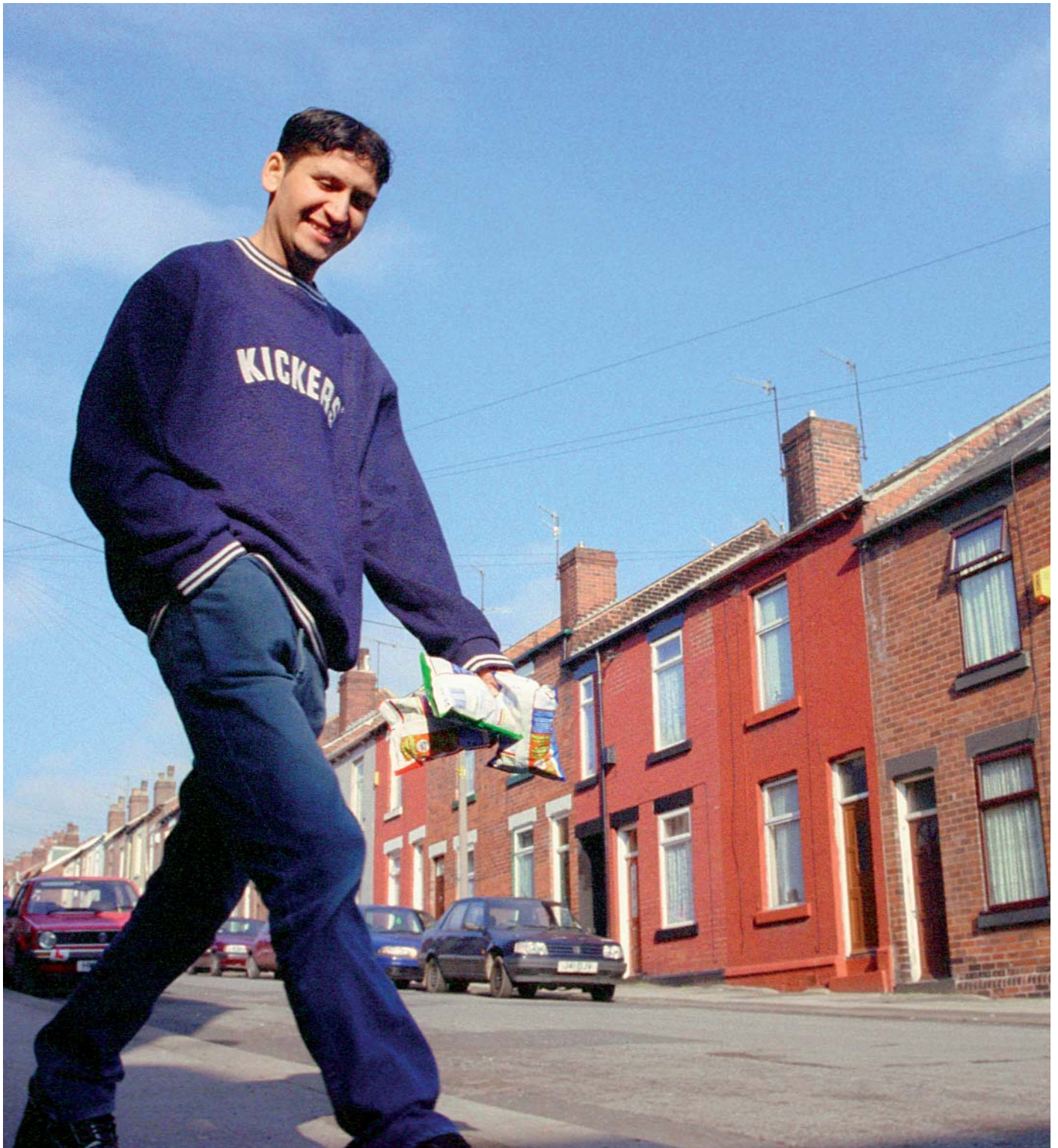


# Rebalancing Local Economies: Widening economic opportunities for people in deprived communities

October 2010



**Moving Forward:  
The Northern Way**

This is the final report of a major programme of work undertaken by ippr north, the Joseph Rowntree Foundation and The Northern Way.

The programme set out to understand why some deprived areas within city regions in the North of England have prospered whilst others have remained deprived even when the surrounding economy was performing strongly; to explore how deprived areas can be better linked to areas of economic opportunity; to consider the roles of local, sub-national and national bodies; and to inform a new generation of policies targeted at deprived neighbourhoods.

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## Acknowledgements

The Research has been directed by Ed Cox, Director of ippr north and managed by Katie Schmuecker, Senior Research Fellow. It has been supported by a Steering Group consisting of Nancy Kelley of Joseph Rowntree Foundation and Richard Baker and Christianne Ormston of The Northern Way.

We would like to thank all those who have contributed time, ideas and knowledge to this research project. In particular we are grateful for the input of residents, community organisations, businesses and public sector workers in our case study areas.

We would also like to acknowledge the important role played by the Project Advisory Group, who acted as our critical friends throughout the process:

Richard Baker (The Northern Way)  
 Robin Beveridge (One North East)  
 Ian Cole (Centre for Regional Economic and Social Research, Sheffield Hallam University)  
 Jo Curry (Voluntary Organisations Network North East)  
 Julian Dobson (New Start Magazine)  
 Nancy Kelley (Joseph Rowntree Foundation)  
 Neil McInroy (Centre for Local Economic Studies)  
 Verity Morgan (Department for Communities and Local Government)  
 Christianne Ormston (The Northern Way)  
 Kevin Peacock (The Mersey Partnership)  
 Ann Pittard (Wakefield Council)  
 Brian Robson (Centre for Urban Policy Studies, Manchester University)  
 Boyd Wood (Department for Work and Pensions)

Our key contacts in case study areas:

Richard Horniman  
 Lucy Setchell  
 Lisa Smith  
 Doreen Dunmore  
 Geoff Jackson  
 Abdul Khan  
 Nasreen Nazi

We would further thank those that have helped make this publication possible:

Evelyn Tehrani  
 Michael Johnson  
 Dan Neilon  
 Jo Thomas  
 Alex Glennie  
 Leo Ringer  
 Rose Neville  
 Ann Harrop  
 Alice Young  
 Declan Burns  
 Tamsin Crimmens  
 Loraine Sweeney  
 Nicola Hughes

Others providing helpful comments:

John Adams  
 Nick Pearce

## Executive summary

**Deprivation is a problem of long standing in some parts of the North of England. The period of economic growth leading up to the recession in 2007 saw a reduction in rates of economic deprivation in many neighbourhoods, but against the backdrop of budget cuts and changes to policy direction, there is uncertainty over how to maintain momentum of improvement in deprived areas.**

This research has focused on the economic performance of deprived areas within the functional economic areas of the North. Alongside a detailed review of the overall performance of the eight Northern City regions in addressing deprivation, it offers a detailed comparative study of six deprived neighbourhoods from three city regions in the North of England.

City regions were chosen as a unit of analysis as a best administrative approximation of functional economic areas.<sup>1</sup> A matched pair of neighbourhoods was selected from each city region. In each case both areas share a number of characteristics, but had differing economic trajectories over the early part of this century, with one improving rapidly while the other lagged, from a similar starting point.

The research focuses on two core questions:

- 1. Within the context of the functional economic area, what are the key factors that contribute to improvement for some deprived areas and stasis or decline in others?**
- 2. How deprived neighbourhoods can be better linked to economic opportunities in their wider local and city regional areas**

### The changing context

The forthcoming period will be a difficult one for people living in deprived neighbourhoods. Not only have they been hit hardest by the recession, but the cuts to public spending are expected disproportionately to affect low income families, especially in the North of England where the public sector constitutes a larger proportion of the economy.

The policy context is also changing rapidly and several aspects of the coalition government's new policy agenda will have a direct impact on people living in deprived neighbourhoods:

- **Welfare reform** – a single Work Programme is being introduced, providing quicker employment support for those that need it most. This will be accompanied by steps to improve work incentives, and greater sanctions for those who do not take up 'reasonable' offers of work.
- **Economic growth** – The government aims to 'rebalance' the economy, with a focus on growing the private sector, particularly in those places where the public sector is a large employer. Regional Development Agencies are being abolished, and Local Enterprise Partnerships (LEPs) formed to drive economic growth across functional economic areas.
- **Housing** – regional house building targets have been abolished, replaced with plans to incentivise local government to increase house building by keeping some of the resulting council tax revenue. Communities are also being given the 'Right to Build' where overwhelming local support can be demonstrated. Mechanisms to increase the residential mobility of people in social housing and to end security of tenure for new tenants have also been mooted.

**1. Functional economic areas (FEAs) refer to the 'economic footprint' of an area based on different markets, most commonly the labour market (as assessed by travel to work areas, self contained labour markets where 75 per cent of residents work in the area) but housing markets and markets for goods and services can also define FEAs, and their boundaries will vary according to the market considered.**

- **Neighbourhood improvement** – large scale area based initiatives will not continue. Instead an agenda, *the Big Society*, is being defined, characterised by increased localism and an emphasis on the role of individuals, communities, voluntary organisations and social enterprises in shaping their neighbourhoods. A number of tools are being explored, including asset transfer, community organisers, and communities taking on service delivery roles themselves.

The findings of the research are used to offer a response to this emerging policy agenda.

### Key findings

By its very nature, multiple deprivation is complex, and there is a longstanding academic debate about whether policies to address it should target people or places. This research demonstrates that policies focused on both people and places matter. Policies geared towards people, such as measures to increase labour market mobility and improve individual skills, are very important in enabling individuals to get on. But, to address wider issues of deprivation, they must be complemented by policies addressed to the problems of places too, otherwise some people and places will be left behind, storing up problems for the future and further imbalancing our economy and society.

Policymakers should avoid a polarisation between policies targeted at people and those targeted at places as the interaction between people and places needs to be better understood and incorporated into policy thinking.

A number of key messages emerge from the research regarding the key factors that influence improvement in deprived neighbourhoods, and their links to the wider local and city regional areas:

1. Economic growth is necessary but not sufficient to improve deprived neighbourhoods;
2. The specific context of the functional economic area where a neighbourhood is located has a significant influence on improvement;
3. Two factors consistently emerged as having explanatory power for improvement, or decline, in deprived neighbourhoods:
  - Residential sorting;
  - The internal and external relationships of a neighbourhood, or ‘community outlook’.
4. Other factors – such as approaches to tackling worklessness – are also important, but do not provide a consistent explanation for differences between improving and lagging neighbourhoods.

### Economic growth and the wider economic context

Overall the life chances for individuals and the fortunes of neighbourhoods in which they live are significantly determined by the dynamics of their wider functional economic area, the strength of its economy and the availability of suitable jobs. Economic growth prior to the recession coincided with improving economic deprivation rates for the majority of poor neighbourhoods. However, a number of neighbourhoods saw little or no improvement and a small number declined, even in the most high performing city regions.

The specific economic context of the city region influences improvement. Strong economic growth from a low base generally resulted in the strongest

improvement to economic deprivation rates, especially employment deprivation. It also appears that the dispersed economic opportunities of polycentric city regions (those with more than one economic centre) may have some advantages to those living in deprived neighbourhoods, who often have shorter travel horizons.

While economic growth should be a priority, it is necessary but not sufficient to shift economic deprivation. A rising tide does not necessarily lift all boats. The relationship between deprived neighbourhoods and their wider labour and housing markets must also be understood.

### **Jobs, skills and welfare to work**

Worklessness is a key challenge in all deprived areas, but different deprived neighbourhoods face different contexts of worklessness and demand for labour. All six of the case study areas which have provided the detailed focus for this research have large proportions of their working age population claiming inactive benefits, but claims reduced more sharply in our improving areas. Three factors influenced changes to out of work benefit:

- Population change served to concentrate worklessness in the lagging neighbourhoods, while in improving areas it diluted it.
- All the case study areas contained large numbers of claimants aged 50 plus. In improving case study areas, there have not been new claimants to replace those reaching retirement age and younger generations and incomers are not claiming out of work benefits. This suggests a measure of improvement.
- The context of the local labour market, including the availability of accessible entry level jobs is crucial. Proximity of jobs matters more for people accessing entry level employment, meaning the location of entry level jobs is important.

Locally designed and neighbourhood delivered employment support and training interventions do not offer an explanation for different trajectories, as they were largely the same within each pair, but they do offer a source of innovation. The most successful schemes were flexible, sustainably funded and had a local presence, but crucially they were also linked into opportunities in the surrounding area. Local authorities, social housing providers and social enterprises all ran successful schemes but all were funded by revenue streams threatened by the budget cuts.

Our case studies demonstrate that effective employment schemes, jobs on the door step and access to good public transport are not always sufficient for people to move into employment. Other factors such as travel horizons, motivation and attitude create barriers to employment and explain some of the difference between improving and lagging neighbourhoods.

### **Housing and residential sorting**

The characteristics of places are critical for the choices people make about where to live. Strategic place-focused interventions, designed in partnership with the community and with the wider housing market in mind, can pay significant dividends, tilting a neighbourhood into playing a slightly different function in its wider economic context and contributing to wider, and more sustainable, neighbourhood improvement.

Where policy focuses only on individuals, the risk is that individuals with more resources and more choices will move to other neighbourhoods unless there are

positive reasons for them to stay. This results in deeper concentrations of deprivation and 'residualised' neighbourhoods with only the most vulnerable and those with the fewest choices remaining. The process of 'residential sorting' that results in one area being deemed desirable and another undesirable, is a pivotal part of the story in explaining the different trajectories of our lagging and improving areas. Whilst population mass is an important issue for sustainability, it is the structure – who is moving in and out of the area – that matters most in determining its character.

In lagging neighbourhoods, poor management and upkeep of the area, poor facilities and housing, crime and antisocial behaviour and, in some cases, isolation, led to areas becoming neighbourhoods of last resort. This resulted in a residualised population, concentrated deprivation and reputational damage. In some cases it ultimately resulted in housing demolition, a policy of last resort which carries heavy social, economic and carbon emission costs.

Housing quality and choice, collaborative development, and the 'clean safe and green' agenda play a key role in improvement, increasing residents' quality of life but also making an area attractive to potential residents. By creating neighbourhoods of choice the risks of residualisation and spiralling decline can be minimised.

Some improving areas were considered to have been 'brought back from the brink' through relatively small scale interventions designed in partnership with local residents. This emphasises the importance of good quality and sustained neighbourhood working, and the value of involving residents in monitoring neighbourhoods for signs of improvement and decline.

New build also helped attract new people to improving neighbourhoods, diluting the concentration of deprivation. This should not simply be seen as a 'gentrification' process, as there is evidence of improvement among the 'original' population too.

### Community outlook

'Community outlook' also has explanatory power for why some neighbourhoods have improved while others lagged. 'Outlook' refers to the internal and external relationships of a neighbourhood that shape life for residents. For example the extent of social networks, the strength and nature of social capital, the vibrancy of voluntary sector organisations and the links between residents and the wider area (as measured by their travel horizons) and between community leaders and decision makers. Our research shows that together these factors all influence the general outlook of communities.

While the communities in all six case studies were similar in a number of ways, some aspects of community outlook seem to differentiate our lagging from improving neighbourhoods, although establishing cause and effect is difficult.

Improving neighbourhoods had active and well connected voluntary sector and community organisations, along with proactive community leaders working to secure improvements to the local neighbourhood. These achievements are often relatively small, but can become powerful stories of neighbourhood success. As stories of community action are rehearsed and repeated they can become part of the story of place, and part of the image that the area projects and which



individuals learn to embody. This was ably demonstrated by an effective neighbourhood social enterprise in one of our improving case study areas, whose work was known across the city.

Effective community leadership emerges from a range of sources, including elected politicians (local and parish), community activists and voluntary sector leaders. Those leaders that are able to make wider links to decision makers and opportunities would appear to be instrumental in enabling positive community outlook. In improving areas there are also indications that residents have wider travel horizons and wider work search areas, suggesting more interaction with the wider area. However, cause and effect are particularly difficult to disentangle here.

The relationship between voluntary and community organisations and the public sector appears essential in terms of enabling improvement. One (lagging) case study area offers a cautionary tale about the sustainability of voluntary and community organisations once public sector funding is withdrawn but in improving areas there would seem to be a positive relationship between informal community activity and improvement.

Negative community outlook is more likely where there are high levels of worklessness combined with a number of other factors, including: strong attachment to place, negative reputation, tight social networks, weak community leadership and relative isolation. These places are least prepared to embrace the government's Big Society agenda, and this community outlook can pose a barrier to the uptake of employment and other opportunities in the wider area.

### Does policy matter?

Whilst the operation of wider housing and labour markets has clearly influenced the trajectory of our neighbourhoods, public policy also plays a role. That said, the importance of its contribution is difficult to quantify given the surprising lack of recorded material pertaining to the local impact of projects and programmes, and an absence of outcomes monitoring. This has significant implications for future learning and innovation.

Speaking to residents and stakeholders about what policy approaches have worked in their neighbourhoods reveals a series of success factors, including:

- the importance of targeted interventions;
- continuity of funding;
- the co-location of services;
- local flexibility;
- the ability to link social and economic interventions;
- partnership working; and
- community engagement.

Neighbourhood level delivery is particularly important in areas where identities are strong and travel horizons short. But to be effective it must be sustained over time, with neighbourhood workers coming to see themselves as 'part of the community'.

Despite the importance of understanding neighbourhoods in relation to their wider labour and housing markets, links between strategies developed at city regional level and neighbourhood delivery are patchy. In particular the links between economic and physical development on the one hand and welfare to work on the other are weak. In a context of constrained public spending, it is essential that all public money levers maximum benefit, with social programmes designed to ensure economic and physical developments result in employment opportunities for those furthest from the labour market.

### Policy recommendations

Drawing on these findings, we make a number of policy recommendations to drive improvement in deprived neighbourhoods.

#### 1. Tackling neighbourhood deprivation:

Recent and current government policy-making tends to focus on people rather than places. This is necessary but not sufficient in preventing some neighbourhoods and their residents from being 'left behind', widening social and spatial imbalance.

In the absence of large scale area based initiatives, there must be a greater focus on utilising mainstream public funding to drive improvement in deprived neighbourhoods.

**Recommendation 1: The importance of place must be recognised in all facets of government policy to reduce the risks of neighbourhoods being left behind. In the absence of area based interventions, mainstream programmes must be used to drive improvement in deprived neighbourhoods, especially those with concentrations of workless individuals.**

#### 2. The importance of localism

All deprived neighbourhoods are different, with local conditions and the social and economic processes at work varying from place to place. Understanding these dynamics is an essential starting point for designing interventions to bring about improvements in deprived neighbourhoods.

This cannot be done from the centre. The Coalition Government's commitment to the radical decentralisation of power is welcome in this respect, but to be successful, all central government departments must be signed up to the localism agenda.

This research demonstrates the importance of understanding the function deprived neighbourhoods play in their wider housing and labour markets. But these generally stretch beyond the boundaries of individual local authorities, requiring them to work together for economic development. Looking across the policy agenda, Local Enterprise Partnerships (LEPs), working across an economic geography, offer a potential vehicle for local authority collaboration. It is therefore essential that LEPs are able to access and influence the powers and resources to drive forward sub-national economic development and that there is a strong integration between strategy and delivery between functional and neighbourhood scales.

**Recommendation 2: Local authorities should use Local Enterprise Partnerships as a vehicle for integrating work to tackle neighbourhood deprivation alongside initiatives to promote economic growth across their functional economic areas. Central government must deliver on LEP requests for the powers, functions and the time to ensure they have the capacity to deliver this agenda.**

Over time LEPs should be able to build their powers and functions, becoming powerful coordinating bodies driving forward economic development and tackling deprivation. As their powers increase so too must their accountability mechanisms. And where local authorities wish to go further they should be able to. This requires central Government to remove restrictions and support a wide range of alternative vehicles for local revenue raising.

### 3. Avoiding residualisation

Residualisation is a key risk that policymakers must avoid, as concentrating deprivation risks creating a spiral of decline in a neighbourhood, damaging an area's reputation (and that of neighbouring areas), resulting in a negative community outlook, making the area less desirable still and even more difficult to improve.

The Coalition Government has floated measures for increasing individual mobility. This is a worthy aspiration which can enable individuals and families to access new opportunities. However, there are questions about how successful it is likely to be in addressing the other factors that tie people to places, such as their social networks, family and identity and a risk of unintended consequences. If policy focuses solely on individual mobility, it risks further concentrating deprivation. The focus on individual mobility should be balanced with continuing effort to improve deprived neighbourhoods and the life chances of those that live within them.

**Recommendation 3: Avoiding increased concentrations of deprivation in already deprived neighbourhoods should be a priority. Central government should assess the likely impact of its policies on residualisation, and give local authorities the tools to address and prevent residualisation.**

Local authorities that seek to prioritise avoiding residualisation should carefully monitor population change and changes to out of work benefit claims by neighbourhood, using a basket of measures which include statistical analysis alongside qualitative intelligence. Those neighbourhoods at risk of, and those experiencing, residualisation should be priorities for action.

Actions to tackle residualisation could include greater local flexibility over social housing allocations and continued efforts to develop mixed income neighbourhoods. Such developments must be grounded in an understanding of the function that different neighbourhoods currently play within the wider housing market, and gaps in the housing offer of the wider area.

### 4. Actions at the neighbourhood level

Our research shows the capacity of neighbourhoods to rise to the government's Big Society agenda will be shaped by the dominant community outlook. Good neighbourhood working can not only help build and sustain positive community outlook, it can also provide a more coherent interface at the neighbourhood level. Sustained commitment to neighbourhood working over time is key to success, as

it allows relationships and trust to be built. This is true whether neighbourhood working is commissioned or directly delivered. It should not stop and start as funding streams come and go.

**Recommendation 4: Local authorities should make a long term commitment to neighbourhood management in priority neighbourhoods, with frontline staff properly tasked and resourced to achieve key outcomes, including increased employment, creating communities of choice and developing and sustaining positive community outlook.**

Good neighbourhood working provides valuable intelligence, enabling early intervention and responses tailored to local context. It can also play a key role in supporting and sustaining positive community outlook, by providing support to and building relationships with the voluntary sector, supporting and nurturing community leaders, transferring assets, ensuring public procurement is accessible and supporting mentoring schemes.

Neighbourhood workers should see themselves as part of the community. Along with others they have a vital leadership role to play. Good community leaders should forge links beyond the immediate area and with decision-makers. They should also share and promote stories of successful community action to build confidence and a sense of achievement within their neighbourhood.

## 5. Supporting employment

The Coalition Government's primary approaches to tackling worklessness are to make work pay more than remaining on benefits, and to increase sanctions for those that do not take up 'reasonable' job offers.

Incentivising work for those that are able is an important goal. The positive results of a shift from worklessness to employment are evident. However, the Government should recognise that this is a complex problem which requires an appropriate response. This research shows that a number of other factors also influence people's ability to take up employment, including the vibrancy of the local economy, the availability and accessibility of jobs, people's travel horizons and, in some cases, community outlook.

This research also demonstrates the neighbourhood is a key site for the *delivery* of employment support programmes, especially those targeted at some of the hardest to reach. As a number of discretionary funding streams come to an end, it is essential that the new Work Programme is able to pick up this mantle.

**Recommendation 5: The coalition government's plans for a Single Work Programme must incorporate resources to fund flexible and innovative wraparound schemes for targeted neighbourhoods with concentrations of worklessness. As part of government commitments to greater localism, schemes should be commissioned in partnership with local authorities and Local Enterprise Partnerships (LEPs), with input from neighbourhood managers.**

An Innovation Fund should be developed as part of the programme, offering grants for innovative schemes.

It is essential that the work programme commissions services that reflect the economic challenges and aspirations of the local area. To this end, where there is appetite, local authorities, through LEPs, should be responsible for co-commissioning the work programme. This will also help to strengthen links between neighbourhood services and the wider labour market, and across different policy areas, crucially economic development and welfare to work.

It is also essential that programmes are given time to work, given the importance of developing trust and collaboration. Funding should be allocated over a sustained period, with 'real-time' evaluation built into programmes so that they can be adapted to respond to evidence of success, problems in delivery or changing circumstances.

## 1.0 Introduction

2. Functional economic areas (FEAs) refer to the 'economic footprint' of an area based on different markets, most commonly the labour market (as assess by travel to work areas, self contained labour markets where 75 per cent of residents work in the area) but housing markets and markets for goods and services can also define FEAs, and their boundaries will vary according to the market considered.

Deprived neighbourhoods in the North of England are facing a 'triple whammy'. First, the recession pushed unemployment up in places where it was already high; second, the credit crunch has stalled many housing and regeneration projects that would have benefitted deprived areas; and third, cuts to public spending are expected disproportionately to affect low income families. There is particular cause for concern in the north of England where the public sector constitutes a larger proportion of the economy (Dolphin 2009).

But as the government begins to implement its Coalition Agreement (HMG 2010) and its chosen deficit reduction programme, the direction of policy is changing, along with the resources available to implement it. Several aspects of the new policy agenda will have a direct impact on people living in deprived neighbourhoods that have high concentrations of out of work individuals and households:

- **Welfare reform** – the coalition government plans to move quickly to introduce a Single Work Programme, which aspires to provide quicker employment support for those that need it most and deliver greater personalisation by moving to a single outcome contract with welfare to work providers, with payment by results. This will be accompanied by steps to improve work incentives, and greater sanctions for those who do not take up 'reasonable' offers of work. (DWP 2010)
- **Economic growth** – there is a commitment to rebalance the economy, focusing on growing the private sector, particularly in those places where the public sector is a large employer. The abolition of Regional Development Agencies has been announced, a Regional Growth Fund is being established, and local authorities and businesses have been asked to form Local Enterprise Partnerships (LEPs) to drive economic growth across functional economic areas<sup>2</sup> (Cable and Pickles 2010).
- **Housing** – regional house building targets have been abolished, with local government incentivised to increase house building by keeping some of the resulting increased council tax revenue. Communities are also being given the 'Right to Build' where overwhelming local support can be demonstrated. Mechanisms to increase the residential mobility of people in social housing and to end security of tenure for new tenants have also been mooted (CLG 2010a; Conservative Party 2009).
- **Neighbourhood improvement** – plans for *the Big Society* and greater localism emphasise the role of individuals, communities, voluntary organisations and social enterprises in shaping their neighbourhoods. A number of tools have been mooted, including asset transfer, community organisers and communities taking on service delivery roles themselves (Maude 2010; Cameron 2010). Four 'vanguard communities' have been established to take forward a Big Society approach. Some funding will be made available to the voluntary sector through the Big Society Bank and the Communities First grant programme.

Much flesh remains to be put on the bones of these policies, but they provide an indication of the direction the government is taking.

With a slow return to growth predicted by many, and a double dip recession by some, the forthcoming period will be a difficult one for people living in deprived communities. Those looking for work face increased competition for jobs from those made redundant during the recession and a new cohort of school leavers and graduates. Meanwhile the budget cuts mean there will be less public funding available compared to recent years for neighbourhood improvement. This poses a stiff challenge to policy makers. Not only do they need to understand what has

driven improvement in deprived neighbourhoods in recent decades, they need apply this learning to very different circumstances.

This research programme and report, carried out as a partnership between ippr north, the Joseph Rowntree Foundation and The Northern Way seeks to assist with this task by looking both backward and forward. It looks back over recent years and asks what has driven improvement in deprived neighbourhoods, considering dynamics within neighbourhoods, at their links to their wider labour and housing markets, and at the implementation of policies designed to regenerate disadvantaged communities (see Box 1.1). It also looks forward to the emerging government agenda and the fiscal context, and considers where we should go next in policymaking to tackle deprived neighbourhoods.

### Box 1.1: Why focus on deprived areas? Disentangling people and place

There is a longstanding and ongoing academic debate about whether policies should target people or places. Much of this centres around whether living in deprived communities has a 'neighbourhood effect' on people's life chances, that is an independent and additional negative effect, above and beyond an individual's personal characteristics (e.g. poor health, low educational attainment, unemployed). Research finds little firm evidence of a neighbourhood effect on employment (Orr et al 2003; Gibbons et al 2005; Ellen and Turner 1997). This evidence, combined with the fact that many poor people do not live in deprived communities, leads some researchers to argue that policies should target people not places.

But although an individual's characteristics are profoundly important for determining his or her life chances, places do matter. Studies in other areas of research have found there to be area effects for crime and education (Gibbons et al 2005). And evidence suggests individuals in deprived neighbourhoods have poorer access to goods and services (Bennett 2008).

#### Place effects come in two types:

- Those that are the result of physical location or characteristic, for example relative isolation, quality of infrastructure and the availability of green space;
- Those that result from the aggregate characteristics of people living in a place. For example, a concentration of people out of work in one area can result in a lack of information about job opportunities (Gregg and Wadsworth 1996), or an area's reputation can be damaged by crime and anti-social behaviour, leading people to avoid it, or impose higher costs for services on those living there.

Finally, even if area effects are not large, there may be other reasons for targeting policy at areas. For example, it can be a more efficient way of delivering policy if the target group is concentrated in an area, and it may be less stigmatising for the individuals targeted. It also could be an appropriate response to people's behaviour and preferences. People are not always rational economic actors: they develop attachments to places and to people, forming relationships and social networks, which can act to constrain as well as enhance their horizons (Green and White 2007). Furthermore, while social network analysis is still in its infancy, evidence suggests our social networks affect our behaviour and the transmission of social norms and information (Christakis and Fowler 2009). This means the shape of our social networks has implications for policy implementation. Policies targeting places where social networks are highly localised, and people have a strong attachment to place and short travel horizons may be an appropriate pragmatic response.

Throughout this report we seek to identify people and place effects that are having an impact on our case study areas. We argue that policies targeted at both people and places matter for tackling deprived neighbourhoods, and that policies that focus solely on individuals will result in some people and places being left behind.



### Research programme

Against the backdrop of changing policy direction and budget cuts there is uncertainty over how to maintain momentum of improvement in deprived neighbourhoods. This research combines empirical data and documentary analysis with a detailed comparative study, utilising, inter alia, qualitative research, of six deprived neighbourhoods from three city regions in the North of England.

We focus on city regions as a proxy for a functional economic area. Functional economic areas (FEAs) refer to the 'economic footprint' of an area based on different markets, most commonly labour markets, housing markets, supply chains and markets for goods and services. Travel to work areas (a relatively self contained labour market defined by 75 per cent of residents working in the area) are the most established means of identifying FEAs (LGA 2007; Harding et al 2006). In practice, functional economic areas operate with different boundaries for different markets, and for different groups of people. Such 'footprints' reach beyond administrative boundaries of individual local authorities, and the sub-region or city-region has come to be accepted as the closest administrative approximation, especially in the North of England.

The research focuses on two core questions:

- 1. Within the context of the functional economic area, what are the key factors that contribute to improvement for some deprived areas and stasis or decline in others?**
- 2. How deprived neighbourhoods can be better linked to economic opportunities in their wider local and city regional areas**

The research methodology is briefly described in Box 1.2 below. More detail can be found in the annex published alongside this report.

3. Typologies were drawn from City relationships: economic linkages in Northern city regions (The Northern Way, November 2009). For the three city regions not covered by this study, we drew on how the city regions describe themselves.

4. Our neighbourhoods were defined at Lower Super Output Area (LSOA) level. LSOAs on average have a population of 1,500 people. This is the lowest level for which significant data is held. LSOAs generally conform more closely with 'natural neighbourhoods' than wards. Both Liverpool case study areas comprise two LSOAs as neighbouring LSOAs shared similar rates of change.

### Box 1.2 Summary of methodology

The research programme combined secondary data analysis with detailed qualitative research in three pairs of neighbourhoods: a comparative pair in each of three different city regions. By looking at three city regions we were able to consider deprived neighbourhoods in different contexts, including different economic growth rates and different types of city region (for example, a polycentric city region where there are multiple economic centres, or a monocentric city region where there is one dominant economic centre.)<sup>3</sup>

In each city region we chose a pair of neighbourhoods<sup>4</sup> which had similar levels of economic deprivation in 1999, but different trajectories between 1999 and 2005, with economic deprivation reducing rapidly in our improving neighbourhoods and reducing very little or even increasing in our lagging neighbourhoods. We used the Economic Deprivation Index (EDI) to identify changes in economic deprivation, which uses benefits data to track rates of income and employment deprivation at the neighbourhood level (CLG 2009a).

When selecting each pair, we sought to hold variables other than change to economic deprivation rates constant, in order to control for significant differences in area characteristics. Variables such as educational attainment, tenure, ethnicity and local authority area are similar across each pair at the beginning of the period. By holding these other variables constant we sought to identify those factors – and any policy interventions – that explain the variation in trajectory between 'improving' and 'lagging' neighbourhoods.

The second stage of the research programme involved a series of workshops with local residents and other key stakeholders from each area. This was accompanied by careful analysis of significant policy documents relating both to the city region and to the localities in which each neighbourhood was located. These initial findings were explored in more detail through the third stage of the research programme using a variety of different techniques including:

- Additional workshops with key stakeholders to explore specific policy interventions and to deepen our understanding of each area;
- Interviews with key stakeholders including welfare-to-work providers, housing agencies, public sector officials and local employers;
- A household survey conducted face-to-face with more than 500 residents across the six case study neighbourhoods.

Throughout the research 253 residents and stakeholders participated in workshops and interviews.

A more detailed report on methodology is being published alongside this report, along with a more detailed overview of each case study pair.

### Structure of the report

This report sets out an overview of our findings.

**Section 2** considers the relationship between economic growth in the wider city region and reductions in economic deprivation rates and looks at whether the rising tide of recent economic growth has lifted all boats. This section also briefly introduces the six case study areas.

**Section 3** analyses the labour market context for our case study areas, and the effectiveness of different approaches to tackling worklessness in each of the case study areas.

**Section 4** explores the housing and quality of place issues that lie at the heart of the differences between the case study neighbourhoods.

**Section 5** considers differences in community characteristics and outlook, which appear to be a key factor influencing neighbourhood improvement and access to work.

**Section 6** considers the policy contexts in which many of the factors that have led to improvement or decline have operated.

**Section 7** sets out our overall policy conclusions and recommendations.

## 2.0 Patchwork progress

Fifteen years of uninterrupted economic growth permeated the UK economy up to 2007, transforming parts of the North of England. Post-industrial towns and cities were revitalised; new businesses formed; and places reshaped and regenerated. But not all have shared in the benefits of this growth, and while the impact of the recession looms large in the nations' collective consciousness, it is easy to forget that many areas in the North of England face much longer standing economic challenges than those that have emerged in the last three years.

Structural change to the economy, with the collapse of old industries, and the shift to services, has left some areas behind; associated changes in the location and skill requirements of jobs has seen some withdraw from the labour market. These changes have left in their wake concentrations of worklessness (North & Syrett 2008, Taylor 2008; Tunstall 2009). These often coincide with concentrations of social housing, as the rationing of social housing and low levels of social housebuilding mean only the most vulnerable are eligible for homes (CLG 2010c; Hills 2007).

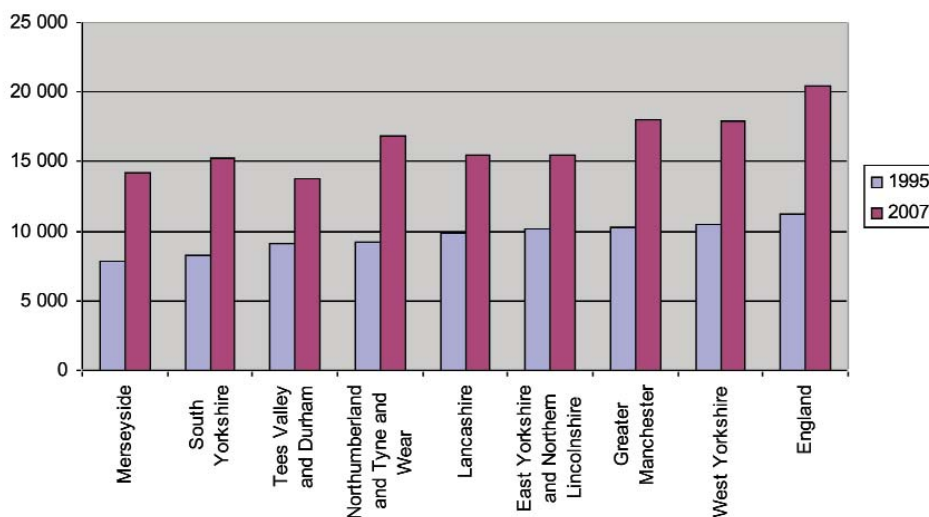
This dislocation of some areas from the wider labour market prevents the benefits of economic growth from trickling down to all areas. It seems the rising tide did not lift all boats, and for those neighbourhoods that did not benefit during the good times, there is real concern for what the near future might hold.

This section explores the impact of economic growth in the North of England on deprived communities, before looking in more detail at the case studies that were the focus of this research.

### 2.1 Economic growth in the North

The North's city regions were the engines of its economic growth until the onset of the recession. Taking gross value added (GVA) per head as a key economic indicator, all of the North's city regions experienced economic growth between 1995 and 2007, although some have performed more strongly than others as Figure 2.1 shows. But over this period of economic growth the overall gap with the England average did not close, and the impact of the recession is expected to have further widened it, given the experience of previous recessions (Tunstall 2009).

**Figure 2.1:**  
**Change to Gross Value Added per head 1995-2007.<sup>5</sup>**



Note: These data use NUTS geography, which is similar to, but not coterminous with the city regions.  
 Source: ONS

Greater Manchester and West Yorkshire had the highest GVA per head in the North in 1995, a position they maintained in 2007. The areas that saw the largest growth were Merseyside, South Yorkshire and Northumberland and Tyne and Wear, all from relatively low bases, while Tees Valley and Durham, Lancashire, and East Yorkshire and Northern Lincolnshire all experienced relatively weak growth.

### 2.2 Deprivation in the North

While all parts of England experience some concentrations of deprivation, the North has comparatively high rates of deprivation. However there is also considerable variation between places within the North. We analysed the Economic Deprivation Index (EDI) to assess variations in economic deprivation across the North of England (CLG 2009a).

The EDI, like the index of multiple deprivation (IMD), produces a ranking for every lower super output area (LSOA)<sup>6</sup> in England. Unlike the IMD it is directly comparable over time, enabling the relative and absolute deprivation of neighbourhoods to be tracked. The EDI is made up of two domains: income deprivation and employment deprivation. The table below outlines the key measures included in each. It is important to note that the income deprivation domain does not include measures of low income in work, which limits its analytic value. Also, the EDI should only be regarded as a proxy measure for deprivation. As it is based solely on out of work benefits it provides a partial (but important) perspective on deprivation. Ideally this analysis would use the broader based Index of Multiple Deprivation (IMD) but it is not comparable over time.

5. It should be noted that GVA data are subject to greater confidence intervals at the sub regional scale compared to the regional or national levels.

6. Lower super output areas are small geographic areas constructed for the analysis of the census. There are 32,482 in England. On average they have a population of 1,500.

### Measures that constitute the Economic Deprivation Index

Income deprivation	Employment deprivation
• Income support	• Job Seekers Allowance (all types)
• Income based Job Seekers Allowance	• Incapacity Benefit
	• Severe Disability Allowance

Source: CLG (2009a)

Table 2.1 shows the proportion of LSOAs among the most deprived 10 per cent for England in each city region and the extent of relative economic deprivation in each of the Northern city regions. There is considerable variation, ranging from Liverpool city region, with 39 per cent of its areas among the most deprived 10 per cent in England in 1999, to Leeds with 13.3 per cent.

Deprivation changes over time and so it is also instructive to consider changes to the relative rankings of different areas. Table 2.1 also provides data on areas moving into and out of the 10 per cent most deprived areas in England between 1999 and 2005. These data reveal some interesting differences. In one city region (Central Lancashire) more areas joined the bottom 10 per cent than left it. In another (Hull and Humber Ports) the same number of areas fell into the bottom decile as climbed out of it. In Manchester a large number of areas moved out of the bottom 10 per cent while nearly as many moved into it. Liverpool stands out as the city region that experienced the greatest reduction in economic deprivation, with over 10 times as many areas moving out of the bottom 10 per cent as joining it. The next strongest performers were Tyne and Wear and Leeds, where nearly five times as many areas left the bottom 10 per cent as joined it.

**Table 2.1: Relative deprivation in the Northern City Regions 1999 to 2005**

	Total Number of LSOAs	Proportion LSOAs in bottom 10% 1999	Proportion LSOAs in bottom 10% 2005	Percentage point change 1999–2005	LSOAs phased out bottom 10%	LSOAs phased into bottom 10%
Tyne & Wear	1,089	26.6	22.3	-4.3	60	13
Liverpool	984	38.8	34.9	-3.9	42	3
Sheffield	1,137	18.7	16.9	-1.8	37	16
Tees Valley	418	29.7	28.0	-1.7	18	8
Leeds	1,832	13.3	11.0	-1.3	56	13
Manchester	1,646	21.2	20.5	-0.7	47	36
Hull	579	16.6	16.6	=	10	10
Central Lancashire	940	13.4	13.5	+0.1	17	18

Note: Each lower super output area has an average population size of 1,500.

The EDI also provides data on the rate of income and employment deprivation for each area, expressed as the proportion of the population suffering each kind of deprivation. Figures 2.2-2.4 show changes to rates of employment deprivation among the most deprived areas in three of the North's city regions (the three city

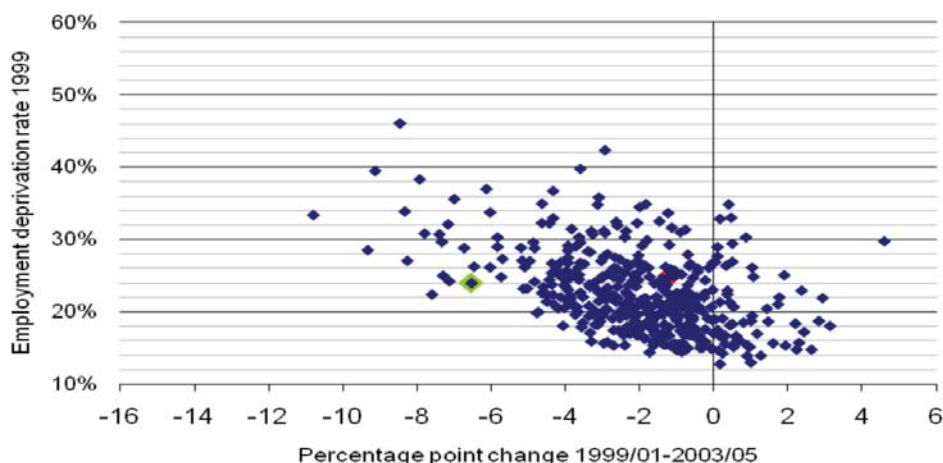
regions that are the focus of this research - see Section 2.3 below). We focus here on employment deprivation as employment is seen to be a key route out of deprivation, although it is important to note that this is not always the case. In these figures a negative percentage point change along the x axis denotes a reduction in deprivation, and is therefore desirable.

These graphs show how improvement has been distributed across deprived areas. Much of the improvement has been found among the areas with the highest rates of employment deprivation in 1999, although this pattern is stronger in Leeds city region compared to Tees Valley or Liverpool city regions. For these city regions, the distribution of improvement is more dispersed, although they also had a larger number of areas experiencing employment deprivation in 1999. In each of the city regions there are neighbourhoods where the rate of employment deprivation has increased, despite the overall picture of economic growth.

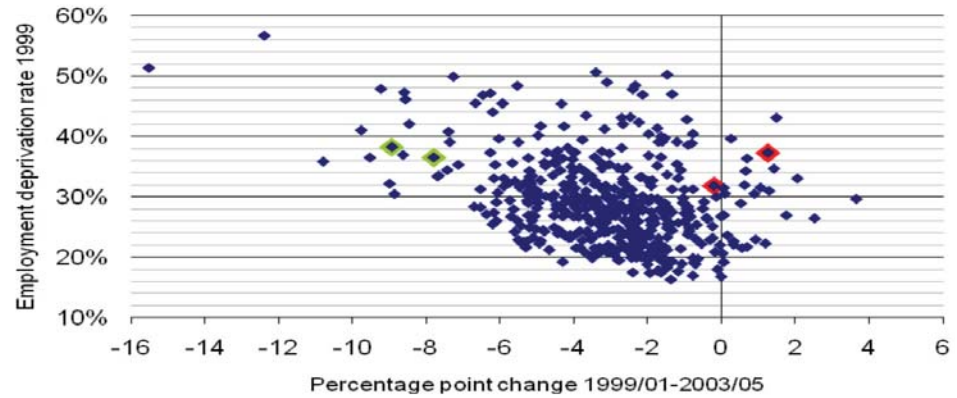
The red and green dots on the graphs indicate our case study areas in each city region, with red denoting the lagging area and green the improving area. More detail about the case studies is provided below.

**Figure 2.2**

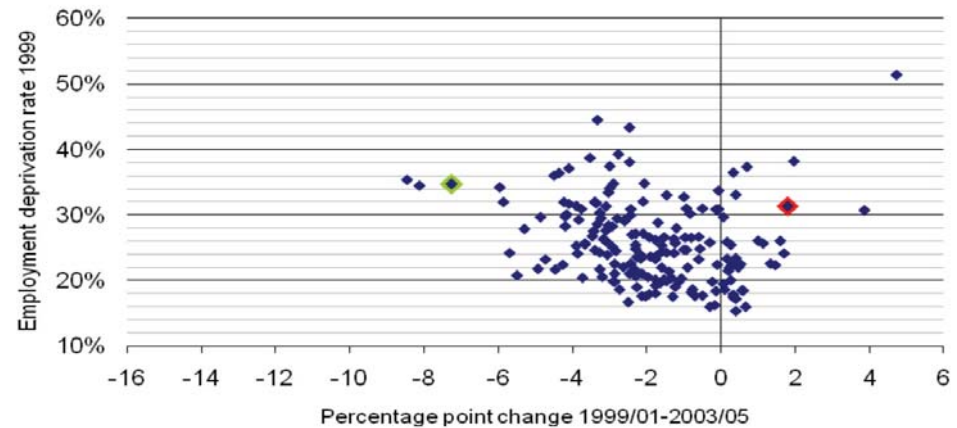
**Change to employment deprivation among the most deprived 20 per cent: Leeds City Region**



**Figure 2.3**  
Change to employment deprivation among the most deprived 20 per cent:  
Liverpool City Region



**Figure 2.4**  
Change to employment deprivation among the most deprived 20 per cent:  
Tees Valley City Region



**2.3 A brief introduction to the six case study areas**

We selected three of the North's city regions to be the focus of this research. They provide differing contexts within which to consider changes to economic deprivation. Each has experienced a different rate of economic growth since the late 1990s, but all have seen strong reductions to economic deprivation levels. The focus city regions are Tees Valley, Leeds and Liverpool. Within each city region we selected a pair of case studies as follows:



City region	Local authority area	Improving case study	Lagging case study
Leeds city region	Wakefield	Havercroft	Fitzwilliam
Liverpool city region	Liverpool	Croxteth	Speke
Tees Valley city region	Middlesbrough	Priestfields	Grove Hill

Each pair shares a number of characteristics, including their level of economic deprivation in 1999 as measured by the EDI. However each area has had a different trajectory between 1999 and 2005, with one area improving while the other lagged. Evidence of these different economic trajectories can be found in figures 2.2-2.4, where the lagging neighbourhoods are indicated in red, and the improving neighbourhoods in green. Table 2.2 below sets out the similarities within each pair between 1999 and 2001.

City region	Case study area	% Not Staying on Post 16 (2001)	5+ GCSEs A*-C (2002-2003)	Ethnicity (2001)	Working age claiming key benefits (Aug 2001)	Tenure (2001)	Location	Dominant Housing Type	Economic Legacy
Leeds	Havercroft	80%	42%	98% White	32%	Majority owner occupied (70%)	Semi-rural village	Post-war houses	Coalmining
	Fitzwilliam	84%	35%	98% White	33%	Majority owner occupied (55%)	Semi-rural village	Post-war houses	Coalmining
Tees Valley	Priestfields	65%	27%	98% white British	40%	Majority social housing (51%)	Edge of town	Post war houses	Heavy manufacturing
	Grove Hill	76%	30%	97% white British	43%	Majority social housing (61%)	Between inner-city and suburbs	Inter war houses	Heavy manufacturing
Liverpool	Croxteth 1	79%	48%	97% White	49%	Majority social housing (67%)	Peripheral estate	Inter war houses	Manufacturing
	Croxteth 2	75%	39%	97% White	47%	Mostly social housing (49%)	Peripheral estate	Inter war houses	Manufacturing
	Speke 1	91%	N/A	95% White	50%	Majority social housing (72%)	Peripheral estate	Inter and post war houses	Manufacturing
	Speke 2	84%	29%	97% White	46%	Majority social housing (59%)	Peripheral estate	Inter and post war houses	Manufacturing

**Map 1**

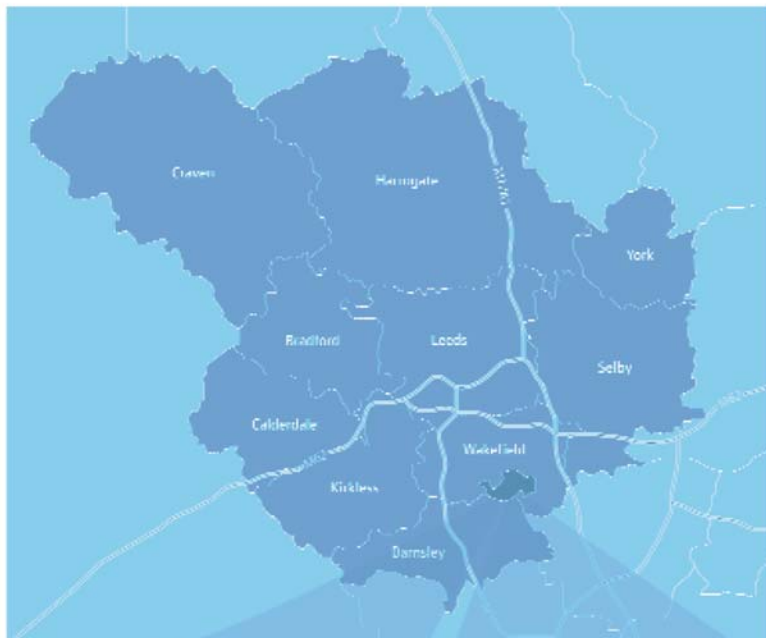
UK Map showing Leeds, Liverpool and Tees Valley City Regions

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## Map 2

### Leeds City Region



**Map 3**  
**Liverpool City Region**



**Map 4**  
Tees Valley City Region



The box below provides a brief description of each case study area, more detail can be found in the separate case study annexes.

### Box 1.3 Introduction to the case studies

#### Leeds city region pair

##### Fitzwilliam (lagging case study)

Our lagging case study area is part of the village of Fitzwilliam, known locally as the 'Wigan' estate, as it was built to house workers moving to the area from the North West of England. The village is located in a semi-rural area to the south east of Wakefield. It is a former pit village, which has suffered high rates of unemployment and worklessness resulting from the demise of the coal mining industry. Stakeholders and residents consider inter-generational worklessness to be a significant problem, and the area has a negative external reputation. The village has a train station and is well served by public transport.

##### Havercroft (improving case study)

Our improving case study area is Havercroft, a village three miles south west of Fitzwilliam. Originally constituting a small number of homes for miners and farmers, the area grew significantly in the 1920s to supply housing to miners. Due to expansion, the village now adjoins the neighbouring more affluent village of Ryhill. Like Fitzwilliam, it also suffered as a result of the demise of the coalmining industry, with high rates of unemployment and worklessness. In recent years new housing has expanded the village, with commuters moving into the area. The village is not well served by public transport.

#### Liverpool city region pair

##### Speke (lagging case study)

Our lagging case study area is part of the Speke estate, a large housing estate built between the 1920s and 1960s. It was part of the garden city movement, and was designed to be a ready-made urban village for local industrial workers, replete with schools, shops and parkland. It is however geographically peripheral to the urban centre of Liverpool, and bounded by the river Mersey to the south and a main road to the north. This has given the area a sense of independence from its neighbouring areas, which is evident both in the identity of local residents and their travel horizons. Traditionally a manufacturing area, the land around Speke has been the focus for considerable physical and economic development, but rates of unemployment and worklessness remain high.

##### Croxteth (improving case study)

Our improving case study area, Croxteth, lies at the north-eastern periphery of Liverpool City, sitting between two major conduits – the A580 East Lancashire Road and the M57 motorway. It is well linked, with a regular bus service to the city centre. The area was established as a destination estate for residents displaced during the slum-clearance of the inner-city in the 1940s and 1950s, and the core of the housing stock dates from the inter- and post-war period. There has been some housing development and growth in the population in recent years.

#### Tees Valley city region pair

##### Grove Hill (lagging case study)

Our lagging case study, Grove Hill, is located to the south east of Middlesbrough town centre. It is near to one of the main routes out of the centre, to which it

has good public transport links. The town centre is in walking distance for the young and fit. Yet the number of workless residents is high, and residents are negative about the quality and quantity of job opportunities available locally. The area has undergone successive waves of housing redevelopment, which began approximately 20 years ago and is still ongoing.

#### Priestfields (improving case study)

Our improving area, Priestfields, is part of an estate located to the east of Middlesbrough, bordering Redcar and Cleveland local authority area. It is primarily composed of post-war housing with ample green space provided as part of the original urban design. The housing and public spaces are clean and tidy, contributing to a sense of care in the area. Some stakeholders believe the area has 'come back from the brink' after a period in the late 1990s when levels of anti social behaviour, litter and vandalism were increasing.

7. Where possible the 'type' of city region has been identified using The Northern Way's City Relationships study, which carried out detailed work on relationships in the Manchester, Leeds, Liverpool, Tyne and Wear and Sheffield city regions. The other city regions have been categorised based on how they describe themselves.

### 2.3 Has economic growth reduced deprivation?

A key question is whether the period of economic growth translated into improvement for the most deprived communities. Table 2.3 provides four pieces of information for each of the North's city regions: the average reduction in the income deprivation rate among deprived areas; the average reduction in the employment deprivation rate among deprived areas, an assessment of the city region's economic performance based on its GVA per head, and the 'type' of city region that it is. By type we mean whether it has one dominant economic centre (monocentric), two economic centres (bi-polar) or multiple economic centres (polycentric).<sup>7</sup>

Our analysis shows that, generally, strong economic growth from a low base is associated with stronger improvements to economic deprivation rates, which is perhaps unsurprising as there is greater headroom for improvement given the low starting point. The reduction in employment deprivation in particular appears to be associated with economic growth.

There are however two interesting anomalies: the relatively strong performance of Tees Valley in reducing economic deprivation despite weak growth, and the weaker performance of Manchester on economic deprivation despite strong growth.

It also seems that city regions which do not just rely on one dominant economic centre or with shorter travel to work times may do well in terms of reducing economic deprivation. Tyne and Wear, Leeds and Tees Valley have all seen considerable reductions in economic deprivation, and all have multiple centres of economic activity. It may be that more dispersed economic opportunity across a city region has greater benefit for people living in deprived communities, as low skilled workers are likely to have shorter travel horizons (Green 2010; Wadsworth 2009; Green and Owen 2006). The exceptions, Liverpool and Sheffield, are largely monocentric and concentrated with relatively short travel to work times. This may suggest polycentric and concentrated city regions have some advantages over monocentric ones in terms of spreading the benefits of economic growth and reducing economic deprivation. A study taking in more than eight observations would be needed to establish whether there is a correlation between the type of city region and reducing economic deprivation.

**Table 2.3 Comparing changes to income and employment deprivation in deprived areas (bottom 10%) to city regional growth and type of city region.**

City Region	Income Deprivation Average Fall (1999-2005)	Employment Deprivation Average Fall (1999 – 2005)	GVA per head growth	Type of city region
Liverpool	-4.8	-3.3	Strong growth from low base	Largely monocentric
Tyne & Wear	-4.1	-3	Strong growth from low base	Bi polar
Sheffield	-3.5	-2.5	Strong growth from low base	Mono centric
Leeds	-4	-2.7	Strong growth from high base	Poly centric
Tees Valley	-4.7	-2.2	Weak growth	Poly centric
Manchester	-2.8	-2.1	Strong growth from high base	Mono centric
Hull & Humber Ports	-3.6	-1.8	Weak growth	Poly centric
Central Lancashire	-2.5	-1.2	Weak growth	Poly centric
England	-3.2	-2.1		

The overall picture is that economic growth is very important for lifting areas out of economic deprivation. However, while economic growth is necessary, it is not sufficient to ensure strong progress on tackling economic deprivation, as even in city regions where there has been strong economic growth, some deprived neighbourhoods have been left behind.

#### 2.4 Linking deprived neighbourhoods to their functional economic areas

To ensure economic growth does benefit all neighbourhoods requires a good understanding of how deprived neighbourhoods relate to their wider areas, and the function that different places play. Too often policies aimed at tackling areas with concentrated deprivation focus narrowly on the local area, and crime and grime issues. While these are very important for residents' quality of life and making the area more attractive, insufficient attention has been paid to the relationship between deprived neighbourhoods and their wider city regions (CLG 2010b).

For example, economic growth is unlikely to improve conditions for people in deprived neighbourhoods if they are disconnected from the labour market. If people do not have the right skills to take up employment, are not within commuting distance of relevant jobs and do not have access to transport in order to get to work, they are unlikely to benefit (Katz 2004).

Neighbourhoods also link to their wider functional economic area through their interaction with the housing market. This is an area that has generated increased attention in recent years, with research highlighting the need to understand how the housing market impacts on neighbourhoods and the function neighbourhoods play within the wider housing market and the implications of this for policy interventions. Analysis carried out for the National Strategy for Neighbourhood Renewal evaluation



draws on the residential moves made by households to develop a four part typology of deprived areas (CLG 2009b):

- **Isolate:** in-movers come from and out-movers go to areas that are equally or more deprived. The neighbourhood is relatively isolated from the wider housing market.
- **Escalator:** in-movers come from areas that are equally or more deprived, out-movers go to areas that are less deprived. The neighbourhood helps people climb the housing ladder.
- **Transit:** in-movers come from areas that are less deprived, and out-movers also go to areas that are less deprived. The neighbourhood helps people get on the housing ladder.
- **Gentrifier:** in-movers come from less deprived areas and most out-movers go to similarly or more deprived areas.

The Northern Way's Residential Futures work takes a slightly different approach to this sort of analysis, looking at the function of areas from the perspective of the overall housing offer of the city region, rather than the neighbourhood. The study develops a framework for housing interventions based on the function an area could potentially play in order to fill a gap within the wider city regional housing market (The Northern Way 2009a).

## 2.5 Key messages

Prior to the onset of the recession the North of England enjoyed 15 years of uninterrupted economic growth. Rates of economic deprivation have decreased among the North's poorest neighbourhoods, but some of the neighbourhoods left behind by structural economic change have not benefitted from this growth. Economic growth is vital for reducing deprivation, but it is not sufficient. Even in those city regions where economic performance was strongest, some neighbourhoods experienced increasing rates of economic deprivation.

Nonetheless, those city regions that experienced strong growth, especially when from a low base, generally saw the greatest reductions in rates of economic deprivation. Employment deprivation in particular appears to closely track growth rates. The analysis also suggests there may be merit in polycentric city regions, with their multiple economic centres dispersing economic opportunities.

A key message from the research is that a return to economic growth, and the creation of employment opportunities, will play a crucial role in tackling neighbourhood deprivation. But given that the benefits of economic growth do not automatically trickle down to all neighbourhoods, the relationships between the deprived neighbourhoods and their wider labour and housing markets must also be understood.

The rest of this report explores four factors identified through this research as providing an explanation for improvement in some neighbourhoods while others have lagged. They are:

- Jobs and welfare to work policies;
- Housing, quality of place and population change;
- Community characteristics and outlook; and
- The impact of policy interventions.

The next four sections explore each of these themes in turn.

## 3.0 People effects: jobs, skills and welfare to work

### 3.1. Introduction

Supporting people to take up employment has been central to tackling deprivation in recent years. This has included not only those unemployed and actively seeking work, but also those termed ‘economically inactive’, where illness, disability or caring responsibilities have prevented them from seeking work, often for many years.

Generally, welfare to work has been focused on the individual, with training, skills and labour market mobility addressed as key ‘people effects’. These have been the focus of policy as Box 3.1 outlines. But welfare to work also provides an example of how place based interventions can be an appropriate means of tackling people effects.

The level of worklessness – particularly amongst the economically inactive – is a key challenge for all of our case study areas, and many of the identified barriers to employment are shared across the six areas. This section provides a brief overview of the changing profile of worklessness across our six case study areas, before considering barriers to employment and measures to tackle worklessness from the perspectives of residents and service deliverers, to identify factors that are perceived to influence neighbourhood improvement.

#### Box 3.1 Jobs skills and welfare to work: what the literature says

Deprived neighbourhoods are characterised by concentrations of workless individuals. In recent years, work has come to be seen as the primary means of reducing concentrated deprivation (Adams 2005; Houghton 2010; HMT, DCSF, DWP 2010). A ‘work first’ approach has been adopted and evidenced as effective for many job seekers, with a focus on moving people into a job as quickly as possible, rather than focusing on training (White *et al* 1997; NAO 2007).

But this strategy has been criticised for not taking into account the quality of jobs, with an increase in low quality, temporary and poorly paid employment as the structure of the labour market has changed and polarised meaning work does not necessarily offer a route out of poverty for many people (Cook and Lawton 2008; Green 2010). The sustainability of employment has been a key concern.

Where people have remained out of work, the policy response has generally been to focus on “supply side” issues like skills and qualifications rather than the level of demand for labour. In low income communities, where low skills levels are strongly correlated with neighbourhood decline, this is an important approach (CLG 2010c). However, the provision of training for those out of work has been criticised for not sufficiently meeting the needs of employers (Leitch 2006). Evidence suggests short training courses designed in conjunction with employers are effective.

But in many instances, the challenges facing deprived neighbourhoods are related to large numbers of people in receipt of so-called ‘inactive benefits’, who were expected to have little contact with the labour market until recently, and those facing multiple disadvantage who are recognised as needing greater support to re-enter the labour market (Freud 2007; Houghton 2009; Tunstall 2010).

These individuals – along with some in receipt of ‘active’ benefits – often face a range of barriers to work including low or out of date skills, caring responsibilities, illness and disability, low confidence and self esteem. For a small number substance abuse and ex-offender status are also barriers. They are often referred to as the ‘hard to reach’ and tend to be concentrated in deprived neighbourhoods (Houghton 2009). While evidence suggests the barriers faced by these individuals do not add up to more than the sum of their parts (Berthoud 2003; Johnson and Schmuecker 2007), they do need to be tackled in a holistic way. The most successful approaches are personalised, responding to the particular barriers and individual experiences (Bennett and Cook 2007).

For those with the most barriers to employment, even more intensive support may be necessary, such as transition jobs and intermediate labour market schemes. While these tend to be expensive interventions, evidence suggests that when well designed and targeted such schemes provide ‘real’ job experience, and when combined with training and job search support, they produce higher job entry and retention rates compared to mainstream programmes (Gregg 2009)

A challenge to the general approach to welfare to work in the current context is the lack of demand for labour. While the impact of the recession has pushed this issue up the policy agenda, a lack of jobs has been a problem of longer standing in some parts of the UK (Adams 2005; Green et al 2010; Tunstall 2009). In some places, this lack of demand for labour can be disguised by high rates of inactive benefits claimants.

But while job creation must be a policy priority, especially in labour markets where there is a low level of demand, it does not necessarily follow that the right way to tackle concentrations of worklessness is to create jobs in those neighbourhoods, as there is no guarantee residents will actually benefit (Gordon 1999). However proximity does matter to some extent as low skilled workers tend to have shorter commute patterns (Crisp *et al* 2009; Turok and Edge 1999). Whether labour demand is strong or weak, planning and transport strategies therefore have a key role in ensuring entry level jobs are accessible to residents of deprived neighbourhoods (Turok 2007). While the mainstream approaches to welfare to work are rightly person centred, this highlights the role that place based factors can play in employment support (Campbell and Meadows 2001).

Some local authorities have played a more prominent role in employment in recent years. They already commission or deliver a range of complementary services, including: debt and benefits advice, drug and alcohol services, travel and transport, childcare and children’s centres, community outreach and mental health services. They also have existing relationships with local employers and a key role in regeneration and economic development (Houghton 2009).

But the delivery of local welfare to work services is highly complex. The Lewisham Total Place Pilot found over 120 projects and programmes and over 50 providers delivering employment services, responding to a range of different targets and objectives. Such fragmentation and lack of coordination undermines effective delivery (Lewisham Strategic Partnership 2010). A greater role for local authorities in coordinating and commissioning services to meet local needs is increasingly being advocated (Houghton 2009; Hope and Turley 2010; Barrow *et al* 2010; Jones 2010).

8. These figures have been calculated using the small area claimant count and LSOA population data. Unfortunately LSOA population data is not available for years prior to 2001.

### 3.2. Changing profiles of worklessness

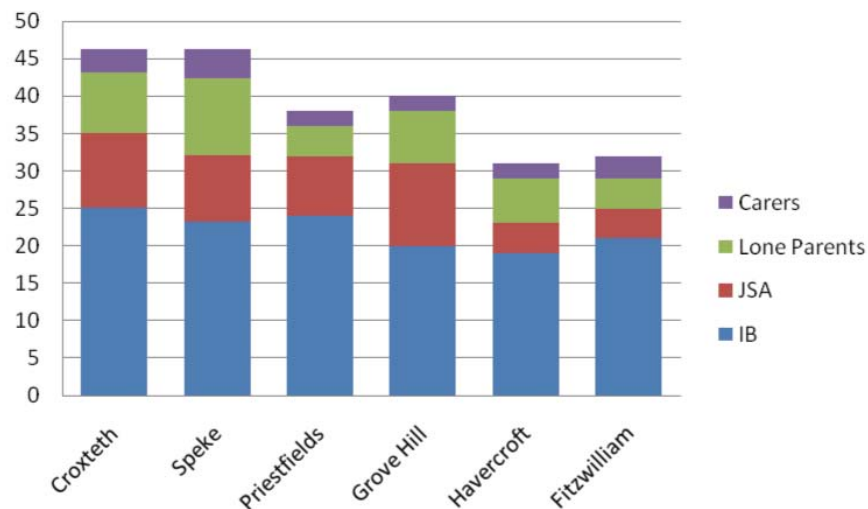
Analysis of benefits claims offers a useful proxy for changing rates of deprivation in a neighbourhood and for assessing some of the barriers people are likely to experience to finding work.

As Figure 3.1 shows, in 2001,<sup>8</sup> there were substantial differences between our case study pairs, with a greater proportion of the population claiming benefits in the Liverpool pair compared to the Tees Valley and Leeds pairs. The Liverpool pair also had a larger proportion of lone parents claiming benefits compared to the other areas, while the Leeds pair had a lower proportion of Job Seekers Allowance claimants compared to the other areas. These differences matter, as they shape some of the barriers people are likely to face when entering the labour market.

But what is particularly striking about these figures is the high proportion of claimants of inactive benefits. Until recently these groups had little contact with the labour market, with little to no encouragement made for people to seek work or engage in work related activity where they were able to. This suggests a large proportion of benefit claimants in all our case study areas are quite detached from the labour market, and might be termed 'hard to reach'.

**Figure 3.1**

Proportion of the working age population claiming benefits by statistical group 2001



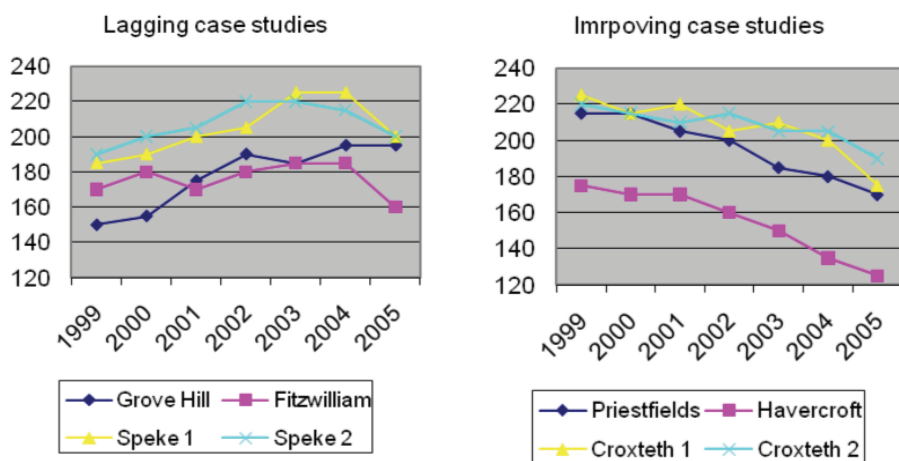
Source: Nomis plus authors' calculations

Incapacity benefit (IB) claimants made up a particularly large proportion of the working age population in each case study area. Approximately a fifth to a quarter of the working age population was claiming IB in each area, compared to an England average of 7 per cent.

A striking similarity across the case study areas is how the pattern of IB claimants has changed. As figures 3.2 and 3.3 show, in 1999 – the first data point for the EDI – the absolute number of IB claimants was higher in all of the improving areas

compared to their partner lagging areas. But from this point on, IB claimants fell steadily in the improving areas, while claims in the lagging areas increased up to 2004. After 2004 there were reductions in claimants to varying degrees in all case study areas. The reduction after 2004 is likely to be linked to the increased policy focus on tackling high levels of IB claimants, although it should be noted that the Pathways to Work programme was not piloted in any of our case study areas.

**Figure 3.2 (left) and 3.3 (right)**  
**Number of IB claimants in our case study areas<sup>9</sup>**



Source: Nomis

These changes to IB claims provide an important part of the explanation for improvement (or not) to employment deprivation rates across our case study areas. However a key question is what happened to people leaving benefits.

**3.2.1 Can improvement be attributed to people entering work?**

The most straight forward way of answering this question would be through the analysis of individual benefit claims and changes to the employment rate. As this data is not available at small geographic level, we sought to answer this question through a process of elimination. There are three main explanations for why the number of claimants might decrease in a neighbourhood:

1. People move out of the area
2. People reach retirement age or die
3. People cease to claim for another reason, possibly because they have entered work.

The table below compares changes in population, numbers of overall benefit claimants and key changes in the labour market to inform an assessment of what has driven changes in claimant numbers.

Population movement would seem to account for some of the increase in claimants in our lagging neighbourhoods. Both Speke and Grove Hill saw significant rises in the absolute number and proportion of the working age population claiming IB. In both areas this coincided with a growth in the population aged 45-retirement – a group more likely to be sick or disabled – and a decline in some younger working

9. In both Speke and Croxteth our case study areas comprise two neighbouring LSOA. As these graphs show the absolute number of claimants rather than the proportion, the two areas have been disaggregated so they can be compared to the other areas. All LSOAs have similar population sizes, enabling comparisons to be made across the case study areas, although these will not be exact.

age groups. This suggests working people left the area and were replaced by people claiming benefits: a population sorting effect. In Fitzwilliam the dynamic was a little different, with the number of IB claimants fairly steady, while the population declined, suggesting those moving out were more likely to be economically active rather than claimants.

In contrast, in Havercroft and Croxteth, the population increased while claimants fell, suggesting those moving into the area were likely to be economically active, and the number of claimants fell for a different reason. In Priestfields, meanwhile, the population fell as the number of IB claimants fell, which may account for some of the reduction.

Age cohort effects are also likely to play some part in explaining improvement. Each of the case study areas has a relatively large number of claimants aged 50 and over, suggesting some of the reduction in IB claims could be explained by people reaching retirement age. This may form a larger part of the explanation in Priestfields, where not only was the number of claimants aged 50 and over higher than in the other case study areas, but it also fell steadily. But with this exception, the number of older claimants is not a factor that distinguishes our improving and lagging neighbourhoods from one another, suggesting age cohort effects cannot entirely explain the difference between improving and lagging areas.

Furthermore, an important observation is that where retirement does provide an explanation for falling numbers of claimants, in the improving areas there appears not to be 'replacement demand' for benefits, suggesting younger residents and newcomers to the area not claiming benefits. This should be considered a measure of relative improvement compared to the lagging areas.

While population changes and age cohort offer some explanation for why some areas have lagged and others improved, these two factors alone are unlikely to explain all of the difference between our improving and lagging case study areas. This suggests people moving into employment also constitutes part of the story of improvement, although more detailed data at the neighbourhood level would be needed for a more definitive answer.

Box 3.2 Key trends: population, benefits and employment			
Area	Population change 2001 – 2005*	Key benefits changes 1999 – 2005**	Key changes in employment context 1999 – 2005
Grove Hill (Lagging)	• Overall population growing slightly	• Rising number IB claimants to 2004	• Decline in manufacturing jobs
	• Increase in population aged 45-retirement age	• Falling number JSA claimants	• Regeneration of key sites, including town centre
	• Decline in population aged 16-29	• Rising number claimants aged 16-24 and 50+	• Easy access to town centre
	• Decline in pensioner population		
Fitzwilliam (Lagging)	• Population falling steadily	• Steady number IB claimants	• Closure of coalfields and other job decline preceded period
	• Especially among under 16s	• Falling number JSA claimants	• Good transport links to multiple urban centres
		• Large number of claimants aged 50+ in 1999 compared to other case study areas	• Some job growth hotspots not easily accessible
		• Rising number claimants aged 25-49	
Speke (Lagging)	• Overall population steady, with sharp growth after 2004	• Rising number IB claimants	• Decline in manufacturing jobs
	• Increase in 16-29 and 45-retirement age groups	• Rising number JSA claimants	• Significant jobs growth in area neighbouring case study area
	• Decline in other age groups	• Rising number claimants aged 16-24 and 50+	• Good transport links to city centre
Priestfields (Improving)	• Population falling steadily	• Falling number IB claimants	• No obvious difference from Grove Hill, although further from town centre
	• Overall working age population and under-16s declined slightly	• Falling number JSA claimants	
	• Reduction greater among pensioners and 30-44 year olds.	• Large number of claimants aged 50+ in 1999 compared to other case study areas	
		• Falling number claimants aged 25-49 and 50+	
Havercroft (Improving)	• Population growing sharply	• Falling number of IB claimants	• No obvious difference from Fitzwilliam, although poorer transport links
	• Growing working age population, especially among 16-44 year olds	• Falling number JSA claimants	
	• Pensioner population growing slightly.	• Large number of claimants aged 50+ in 1999 compared to other case study areas	
		• Falling number claimants aged 16-24	
		• Falling number claimants aged 25-49 and 50+ after 2002.	
Croxteth (Improving)	• Growth of working age population especially those aged 16-29 and 44-retirement	• Falling number of IB claimants	• Decline in manufacturing jobs
		• Falling number JSA claimants	• Jobs growth in neighbouring area (although less significant when compared to Speke)
	• Declining number of under 16s and pensioners	• Falling number claimants aged 16-49	• Good transport links to city centre

\*Source ONS LSOA population estimates. Not available prior to 2001

\*\*Source: Nomis

10. Jobs density refers to the ratio between the number of working age residents in a local authority area and the overall number of jobs located in the area.

### 3.3. Linking people to economic opportunity in the wider city region

For workless people living in deprived neighbourhoods to move into employment, there must be appropriate employment opportunities available and accessible to them. We explore each of these issues here, to assess how well linked our case study areas are to economic opportunities, and whether availability and access to jobs are factors influencing their different trajectories.

#### 3.3.1 Availability of jobs

The labour market context varies considerably more between the city regions than it does within each pair of case study areas. As discussed in Section 2 rates of economic growth varied between our three focus city regions, and the availability of jobs also varies considerably (for maps of job density<sup>10</sup> and the number of entry level job vacancies in each city region, see the case study annexes). For example, those out of work in Liverpool and Tees Valley city regions, find themselves in areas with low demand for labour and a low ratio of jobs per resident, resulting in greater competition for jobs. The table below shows the ratio of job seekers to vacancies advertised with the job centre in July 2010

**Table 3.1 Ratio of Jobseekers to vacancies**

City region	Local authority district	Number JSA claimants	Number of Job Centre notified vacancies	Job seekers per vacancy
Liverpool city region	Liverpool city region	49,950	7,961	6.3
	Halton	3,920	1,236	3.2
	Knowsley	5,469	937	5.8
	Liverpool	19,209	2,596	7.4
	Sefton	7,863	1,276	6.2
	St. Helens	4,936	1,151	4.3
	Wirral	8,553	765	11.2
Tees Valley city region	Tees Valley	24,308	4,767	5.1
	Darlington	2,897	816	3.6
	Hartlepool	3,927	457	8.6
	Middlesbrough	6,512	1,349	4.8
	Redcar and Cleveland	4,977	816	6.1
	Stockton-on-Tees	5,995	1,329	4.5
Leeds city region	Leeds city region	75,281	19,825	3.8
	Barnsley	6,680	1,218	5.5
	Bradford	14,643	2,376	6.2
	Calderdale	5,654	1,484	3.8
	Craven	671	329	2.0
	Harrogate	1,715	1,426	1.2
	Kirklees	10,851	1,995	5.4
	Leeds	22,312	5,585	4.0
	Selby	1,486	699	2.1
	Wakefield	7,826	3,164	2.5
	York	3,443	1,549	2.2

Source: Nomis



Overall, residents in all our case study areas were pessimistic about employment. When asked an open question about the sorts of jobs available to people in their area as part of the household survey, the most common response was *'nothing'* or *'hardly anything'* (31 per cent). This was also a regular theme in the residents' workshops.

But understanding more about local geography and context also matters. For example, Havercroft and Fitzwilliam are both located in the more economically vibrant city region of Leeds, and within the district of Wakefield, which has experienced substantial jobs growth (Leeds City Region 2010, Webber and Swinney 2010). But they are located in a peripheral position to the south of the district, while the main centre of job creation has been to the north of the district, and many of these opportunities are difficult for them to access. While it may be the case that an individual's personal characteristics are the most important factor affecting their employment opportunities, place and geography does matter too.

Furthermore, while our case study areas share the same labour market in the sense they are located in the same overall travel to work area, this needs to be understood in context. For those entering the labour market after a period of worklessness, proximity to jobs is particularly important (Turok 2007). They are more likely to take up lower paid entry level employment, meaning transport costs constitute a larger proportion of income, acting as a disincentive to travel (Crisp et al 2009; Turok and Edge 1999). For people with caring responsibilities, proximity also matters so time spent caring can be maximised. This means in practice, Speke and Croxteth are likely to be in different labour markets for those re-entering the labour market, as they are on opposite sides of Liverpool.

Nonetheless, evidence from our case studies suggests that having jobs in close proximity is helpful, but not sufficient for tackling worklessness. Our case study area in Speke neighbours one of the most significant areas for jobs growth in Liverpool, with industrial sites to the north of the area including the Jaguar car factory, the retail offer of the New Mersey Shopping Park to the west, and the services and hospitality offer of Liverpool John Lennon Airport to the south. In theory this should offer a wealth of employment opportunities to residents, including entry level jobs, but worklessness has remained stubbornly high. A typical response from a welfare to work provider working in Speke was:

*"The core unemployment in Speke is still almost as bad as it was before all those [developments] happened because the jobs are going to people who travel in."*  
(Stakeholder, Speke)

This chimes with academic research, which argues that creating employment opportunities in deprived neighbourhoods is like trying to target a leaky bucket (Gordon 1999). Interestingly, in Speke steps were taken through local labour agreements and targeted training schemes to try to ensure local workless people benefitted from these job opportunities. But stakeholders participating in our workshops argued that these approaches did not work in Speke because there was insufficient lead in time to prepare people for employment opportunities. This resulted in some local labour agreements being relaxed when it became clear that there were not enough people ready to take up the opportunities (Russell et al 2004). Rather than an argument against this sort of approach, stakeholders regarded this as an important lesson for the future, and the need for a long term sustained approach. It may also suggest that a broader approach needs to be

taken, with steps to build anticipation within a deprived neighbourhood about pending employment opportunities, to seek to engage people currently economically inactive.

### 3.3.2 Accessibility of entry level jobs

Ensuring people living in deprived communities have physical access to employment centres is also an important factor in order to link people to economic opportunity.

Inadequate public transport links were perceived to be a barrier to employment in most of the case study areas by both residents and stakeholders participating in the workshops. However, analysis of public transport timetables suggests all areas have regular bus connections with their nearest urban core, and some other local centres of employment too, suggesting some concerns about accessibility of jobs is as much about overcoming perceptions as it is reality. However, there were also key employment centres that were difficult to access, and shift workers without private transport faced particular challenges. Travel time and cost are also likely to be considerations.

Little analysis has been done by local authorities or city regions to map the proximity of entry level jobs to deprived neighbourhoods, and the transport provision to link the two. An exception here is the North East of England, where the North East Research and Information Partnership has sought to map these first two elements (NERIP 2010). But a more detailed spatial understanding of these three key factors could form the basis for negotiations with public transport providers.

It would however seem that transport links, like proximity, are necessary but not sufficient to link people with opportunities. Fitzwilliam and Havercroft offer a somewhat counterintuitive example here. Fitzwilliam, our lagging case study in the Leeds city region, is located on a train line, with regular services to Wakefield, Leeds, Doncaster and Sheffield. The village also has a good, regular bus service. Nonetheless, the more isolated Havercroft – with poorer public transport provision – has improved.

Willingness to travel and the breadth of travel horizons are important factors here, which should be considered a part of the question about whether opportunities are accessible. We discuss these factors further below and in Section 5.

### 3.4 Local matters

It is clear from Section 3.3 that providing entry level jobs in close proximity to deprived neighbourhoods and ensuring there are good public transport links, while helpful, will not guarantee a reduction in worklessness. A relatively large number of claimants in all our case study areas are 'hard to reach', having been claiming inactive benefits, and so more likely to be disengaged from the labour market, or experiencing multiple barriers to work.

As part of the deliberative workshops with policymakers and service providers we explored what have been effective policy responses to worklessness in our case study areas. In general, workless individuals in our case study areas access mainstream services. As a result, much of the activity linked to worklessness is common across all case study areas, as mainstream welfare to work support is currently structured according to the benefits an individual claims, without a great deal of scope for innovation or variance. A number of common criticisms of the current system emerged with remarkable consistency across all the workshops.

They are outlined in Box 3.3 below.

### Box 3.3: Stakeholders' critique of the current welfare to work system

**Perverse incentives resulting from competitive commissioning:** many stakeholders pointed to the now familiar problem of contracts providing perverse incentives to cream off clients nearest the labour market, and little incentive to support those with the most complex needs. Many providers reported awareness of organisations holding onto clients that would be better served by referral to another provider in order the need to hit contract targets

**Complexity:** Those delivering welfare to work services found it difficult to keep up to date with the range of provision available, making the task even more difficult for citizens seeking support.

**Inability to reach the hardest to reach:** some of those most in need of support have little or no contact with employment services. The need to reach out to people and build trust to draw them into mainstream services was highlighted as a gap in some areas. Mainstream providers, such as JobCentre Plus were regarded as the wrong vehicle for hits type of activity, given people's fears that their benefits will be cut if they *'say the wrong thing'*

**Lack of flexibility:** eligibility for support is structured around the type of benefits claimed and length of claim, rather than individual need. Providers need better diagnostic tools to assess need and flexibility to wrap services around the needs of the individual.

In each area, the importance of local initiatives that add value to mainstream services and wrap around the needs of 'hard to reach' individuals was emphasised. The boxes below highlight some of the approaches that were perceived by stakeholders to be the most successful. It is interesting to note that these schemes originate from a number of sources, including housing associations, social enterprises and local authority led employment services. These schemes all share some key characteristics:

- **Building trust and outreach:** being located in the neighbourhood, or assertively reaching out to people rather than waiting for them to access a service, was seen as a key part of success. Services were able to build trust with local residents, with self-referrals often occurring as a result of word of mouth recommendations.
- **Independent brands:** to avoid the stigma and lack of trust in some public sector organisations, successful initiatives have been delivered under independent brands, for example 'Streets Ahead' or 'Middlesbrough Works'
- **Flexibility:** The way these schemes were funded enabled innovation and a more flexible approach, with job brokers and advisers able to offer a personalised offer, coordinating other services around the needs of the individual. Some of these schemes have now been mainstreamed and rolled out more widely, such as the Jobs Enterprise and Training service and Streets Ahead in Liverpool.

Such services are regarded as particularly important in neighbourhoods where people have low travel horizons and a strong attachment to place. While the services themselves were still focused on the needs of the individual, their ability to see the individual in the context of the neighbourhood, and the barriers to

employment that result from the place as well as the individual was considered helpful. And by having a presence in the neighbourhood they were able to build trust.

Importantly, this way of working was regarded as a first step in engaging people with wider mainstream employment services and the wider labour market, rather than an end in itself. There was an expectation that service delivery at the neighbourhood level should ultimately link people to opportunities in the wider area.

However, a key weakness that emerges from these examples is their short term nature and vulnerability to funding cuts. Key sources of funding have been Single Regeneration Budget, European funding and Working Neighbourhoods Fund. There is concern among stakeholders that these schemes will be in the frontline for budget cuts, as they are discretionary rather than statutory services. This could result in some innovative services that are adding value in deprived neighbourhoods, coming to an end.

#### **Box 3.4: Streets Ahead**

This outreach programme was initiated in Speke as a means of engaging with the hardest to reach. The approach is for a multi agency team (including JET, Job Centre staff and advice agencies) to go door to door in targeted areas, and to engage with any issues residents may face, and provide an employment, training and referrals service. Initially funded by European Social Fund and Neighbourhood Renewal Funding, the approach has since been rolled out to four other areas of Liverpool (including Croxteth). An evaluation found Streets Ahead had not identified many people that were looking to return to work, but had resulted in new referrals, bringing new people into contact with mainstream service delivery, which was considered a positive step. These were people that many agencies would not otherwise reach, and over time engagement may be the first step on a journey back to work. There was however some concern that more follow up is needed to support people to take further steps to work (Hitchin and Swales 2008)

#### **Box 3.5: Middlesbrough Works Employment Gateways**

Set up by Middlesbrough Council using Working Neighbourhood Funding, gateways provide a wrap around service targeting hard to reach workless individuals. A 'one stop shop' is based in targeted neighbourhoods, including Grove Hill and Berwick Hills near to Priestfields. They are co-located with a range of other local services such as Sure Start and neighbourhood policing teams, creating a hub of community services. This offers a base for community outreach and referrals, and advisers have the flexibility to tackle any barriers to work and have access to a small budget to tackle discrete problems such as a travel pass for first month of work or clothes for an interview. The service is seen to add considerable value to mainstream services, with a number of people referring themselves into the service as a result of positive outcomes experienced by family and friends.

A client tracking system has been developed, enabling progress to be monitored once clients have been referred to other services. In the most recent financial year, the service cost just under £300,000, and engaged with 1,293 workless residents. Of those, 1,115 were referred for specialist support, and 607 entered employment. Focusing in on the areas around Priestfields, and Grove Hill, the service had quite high job sustainability rates, especially in the Priestfields area, as Table 3.2 shows.

**Table 3.2 Middlesbrough Employment Gateway outcomes 2009/10**

	Number individuals engaged	Number referred	Job entry	Jobs sustained at 4 weeks	Jobs sustained at 26 weeks*
TS3 postcode area (includes Priestfields)	700	556	280	278	185
TS4 postcode area (includes Grove Hill)	387	369	216	141	113

\* Note: The job entry figures are for the period up to April 2010. Data was supplied in July 2010. Jobs sustained at 26 weeks may increase by October 2010.

Being able to deliver training for workless individuals at the neighbourhood level was also seen by stakeholders to add value in some instances. Like many deprived neighbourhoods, low skill levels represent a significant barrier to employment in our case study area (Leitch 2006; Hills 2007). Across all six areas residents and stakeholders alike raised training and skills as issues for their area.

Residents and welfare to work providers expressed frustration that too often training does not result in employment and that people can cycle around the system, attending multiple training courses without achieving sustained employment. In part this was because training, in many cases, still does not meet the needs of employers (Leitch 2006). But welfare to work advisers were also of the view that they did not yet have access to a good diagnostic tool to identify an individual’s training needs, and the competition created by the contracting system did not always result in good decisions being made for the client. Some providers gave examples of clients being referred for *‘training for training’s sake’* to enable them to fill a training place and claim a financial reward.

There are however some positive examples of local initiatives to link training more directly to local employment opportunities. Two initiatives are outlined in Box 3.6 and 3.7. below.

### Box 3.6: Skills Passports

The Jobs Education and Training (JET) Service in Speke was established by the Speke Garston Partnership with funding from the Single Regeneration Budget. It provides personalised job brokerage, employer engagement and outreach services, and has been positively evaluated, especially for being both employer and client facing

In 2003 it identified a lack of skills and employer discrimination as barriers to residents of Speke benefiting from the considerable employment opportunities resulting from the physical and economic regeneration of the wider area. JET worked with employers – initially in the automotive industry – to identify the skills they needed, and developed a ‘skills passport’ that combined:

- Generic skills training
- Work preparation and employability training
- Industry specific skills, developed in partnership with a sector
- Work experience opportunities.

The approach was so successful it has since been rolled out across other sectors and across Liverpool. Despite this success in policy terms, low skills and worklessness remain high in the Speke case study area, suggesting that the beneficiaries were either from outside the case study area (all of Speke and neighbouring Garston were eligible) or that those benefiting moved out of the area.

### Box 3.7: Alt Valley Community Trust

The Trust is an influential social enterprise based in the case study area of Croxteth, with a mission to support the development of a sustainable local community through the creation of economic opportunities and the delivery of economic development. It works in partnership with two sister organisations, the Neighbourhood Services Training Company (NSTC) and the Neighbourhood Services Company (NSC). NSTC was established to deliver training as part of the New Deal for Young People, but quickly recognised that many young people were being placed with companies that were not providing placements of adequate quality. This resulted in the establishment of NSC to secure local contracts and provide trainees with good quality work and work experience. The business activities of the NSC deliberately mirror the training provided by NSTC to increase the prospect of training resulting in employment. In the last five years NSCT has moved into delivering apprenticeship opportunities in construction. Of their first 62 apprentices, 45 entered employment, nearly all of them with the NSC (Figures provided by AVCT).

AVCT has worked hard to build a relationship with the local social housing provider, Cobalt. They have influenced the design of Cobalt’s procurement processes to ensure they do not exclude small local businesses and enterprises, and the procurement process now includes questions to bidders about opportunities for local labour, training and their impact on the local community.

The NSC is currently delivering a £2.5m maintenance contract for Cobalt, which is providing employment to local apprentices among others. The delivery of Decent Homes Standards by the housing association has provided a key opportunity for local training and employment.

AVCT was identified by a number of stakeholders as a key factor that has influenced improvement in Croxteth compared to Speke. While the scale of its operations cannot explain the entire difference in employment outcomes between the two areas, its community leadership role seems very important (see Section 5)

For the very hardest to help a greater degree of support was considered necessary, with Intermediate Labour Market schemes such as the one set out in Box 3.8 considered successful, providing opportunities and experience to people who would struggle to compete in the labour market. But again, the precarious nature of funding for such schemes was perceived to be a key weakness.

### **Box 3.8: South Liverpool Housing Intermediate Labour Market scheme**

Funded through Single Regeneration Budget and the European Social Fund, the project brought together South Liverpool Housing (SLH) with the JET service and a local voluntary sector training provider, Speke Training and Education Centre (STEC), to deliver an ILM scheme targeting those furthest from the labour market. 42 people participated in a nine month programme combining work for South Liverpool Housing Caretakers Department with generic and specific skills training, personalised support and support with job search

The evaluation notes a number of positive effects of the scheme, including building the confidence and self esteem of participants, delivering skills useful in the wider labour market and embedding a work ethic (Tic consultants 2006). The evaluation was, however, critical of a lack of monitoring, resulting in outputs not being measured. Nonetheless, SLH staff claim 91 per cent of participants completed the scheme, and that most participants (37) entered permanent employment as a result. The scheme cost £225,000 to run, and despite aspirations for it to become self sustaining by securing contracts, it came to end in 2006 after running for two years

#### **3.4.1 Motivation and attitude**

When we asked stakeholders and service providers to identify what explained the differences in employment outcomes between our improving and lagging areas, all cited motivation and attitude as a key difference between improving and lagging areas. In the lagging areas greater mistrust of officials is reported by service providers, while in improving areas stakeholders and providers were more positive about clients from the area, considering them more willing to engage with and access services. This could indicate a number of different things about the people in the lagging areas, including less desire to work, a lack trust in services or the belief that the services on offer will not assist with entering work. It may also indicate a more negative attitude towards some neighbourhoods on the part of service providers.

For those that have not participated in the labour market for a long time, there are often considerable psychological barriers to work, such as lack of confidence, fear of change, resignation to life on benefits, and settled daytime routines (Green et al 2010). These can combine to result in willingness for the status quo. Stakeholders in Fitzwilliam particularly emphasised this point, describing how residents that had been out of work for many years had developed structure and routine to their days that include daytime socialising, habits that are difficult to break. Overcoming barriers like these reinforces the argument for assertive outreach programmes in the local area as a crucial first step towards employment for those that can work.

The household survey also indicated some difference between the areas that might support this perception of different attitudes to work. Only a small number of respondents currently in work were actually looking for work across the case study areas (three in ten), giving a very small sample of people (49 respondents) with whom to explore differences between areas. Nonetheless their answers seem to indicate a difference in how far people are willing to travel for work, with residents of improving areas generally looking across a wider geographic area than their counterparts in lagging areas. No doubt this corresponds with people in improving neighbourhoods generally having wider travel horizons, which we discuss further in Section 5.

Taken together, these findings could indicate some evidence for localised pockets of cultures of worklessness. However they must be understood against a backdrop of broader community characteristics and outlook, which we discuss in more detail in Section 5.

The employers we interviewed were keen to stress the importance of motivation and reliability for their employees, especially when recruiting jobs that did not have particular skill requirements. None reported awareness of postcode discrimination in the work place. A typical response was:

*“When recruiting, if it’s the right person for the job, and they’re going to be reliable, then that’s what we want – doesn’t matter where they’re from.”* (Employer in the retail sector, Wakefield)

This finding is reinforced by the outcome of the Leeds City Region consultation with employers when developing its draft Employment and Skills strategy. Motivation and attitude have been made a priority in the strategy in response (Leeds City Region 2010).

### 3.4. Key messages

Worklessness is a key component of area based deprivation, but different deprived neighbourhoods face different contexts of worklessness and demand for labour. All six case study areas have large proportions of their working age population claiming inactive benefits, but claims reduced more sharply in our improving areas. To understand these dynamics we must understand:

- **The impact of population movement.** Looking at data on population changes suggests population change has served to concentrate worklessness in the lagging areas, while in improving areas it has diluted it.
- **Age cohort effects.** The age profile of claimants suggests claimants reaching retirement age explains some improvement in some areas, but crucially, in our improving case study areas there have not been new claimants to replace those



reaching retirement. It seems younger generations and incomers are not claiming out of work benefits, suggesting a measure of improvement

- **Local labour demand.** The context of the local labour market, including the availability of accessibility, entry level jobs is crucial. Proximity of jobs matters more for people accessing entry level employment, meaning the location of entry level jobs is important.

Locally designed and delivered interventions were highlighted as providing a source of innovation and effective service delivery, they must be:

- **Flexible:** personalised wrap around services add value to mainstream provision.
- **Local:** having a local presence, through delivery and outreach in the neighbourhood helps to build trust and reach out to people not currently engaged with mainstream services.
- **Co-ordinated:** job opportunities generated through construction and inward investment, both locally and in the wider area, need to be connected with skills training and other welfare-to-work programmes.
- **Linked to the needs of employers:** the most effective local training schemes are those that work directly with employers, combining generic and sector specific training.
- **Sustainably funded:** Short term stop start initiatives remain a key problem. All the schemes highlighted as effective rely on short term funding and all are threatened by the pending budget cuts. Successful programmes need to be sustained over time.

But our case studies demonstrate that effective employment schemes, jobs on the door step and access to good public transport are not always sufficient for people to move into employment. Other factors such as travel horizons, motivation and attitude create barriers to employment. These are also key issues for employers. We argue that factors such as these contribute to a sense of community outlook, which is important for improvement in deprived neighbourhoods. We explore these ideas further in Section 5.

## 4.0 Connecting people and place: housing and residential sorting effects

The second key group of findings affecting economic deprivation emerging from this research focus on the importance of the housing and wider residential characteristics of place.

Whilst employment policies aim to enhance the economic capacity of individuals by enhancing their skills, or addressing the range of barriers to employment that they face – including their mobility – there are potential consequences for the communities within which they live. If there are not positive reasons for people to remain in an area, the risk is those that can move out of a neighbourhood will do so, leaving behind deeper concentrations of deprivation and residualised neighbourhoods with only the most vulnerable and those with the fewest choices remaining.

The operation of the housing market, and the processes that result in one area gaining a reputation for desirability whilst another remains undesirable, have been a pivotal part of the story in explaining the different trajectories of our lagging and improving areas. Understanding the dynamics of population ‘sorting’ (Green and Husluck 2009), in the context of wider functional economies, is critical to developing an adequate policy response to deprivation. Key features of this analysis include developing a sophisticated analysis of the role and potential of areas taking into account; the demand within the wider economy, the opportunities to connect individuals to these economic opportunities within the wider functional geography, and the impact of change in the local economy on places. (see Box 4.1). Achieving a coherent response to these effects requires a policy approach which connects different spatial levels and assembles different resources behind a shared approach.

This section provides an overview of housing and population change in our case study areas, and how they have contributed to improvement. It considers how the movements of people have combined with changes in places to influence improvement (or not) in deprived neighbourhoods. The conclusion reflects on the key learning points from the case studies.

### Box 4.1 Housing and population: what does the literature say?

The main way in which the housing market drives decline in deprived neighbourhoods is by ‘sorting’ disadvantaged people together (Green and Husluck, 2009). Inequalities in income and wealth translate into residential segregation through differences in house prices, rents and tenure. The most vulnerable and those with the least choices are concentrated together in ‘undesirable’ areas while those who can tend to move out of the area (Adams 2005; Gibbons et al 2005).

Such concentrations of deprivation are strongly correlated with high concentrations of social housing (CLG 2010c; MIER 2009; Hills 2007). The rationed nature of social housing means only those most in need are eligible in the 21st century, and this takes on a geographic expression as most of the existing social housing stock was built as estates (Hills 2007).

Mixed communities have come to be seen as a way of breaking up such concentrations, bringing increased life chances to deprived individuals, not least through improved schools and public services (Musterd and Andersson, 2005;

Hills 2007; Allen *et al* 2005). However, a review of the research evidence on mixed communities finds that it is a very difficult policy direction to control, with significant challenges in channelling or containing the market processes that tend toward separation. Indeed the review argues that sophisticated market forces require a sophisticated response (Cole 2007). Rather than attempting to reconfigure markets, policy should seek to ‘tilt’ them.

An alternative approach is to make it easier for people living in social housing to move, enabling them to respond better to labour market signals (Hills 2007, CLG 2010a; Conservative Party 2009). This is, however, difficult in practice given the tightly rationed system of social housing in England, and the limited incentive to move for entry level low paid, poor quality or insecure work, leaving behind assets such as social support networks (Fletcher *et al* 2008).

Population movement does not have a straight forward relationship with the improvement or decline of an area. For example, a low level of population turnover could indicate stability, but it could also mean people are ‘trapped in a neighbourhood’. The Manchester Independent Economic Review (MIER) found high levels of population churn are associated with decline in deprived communities (MIER 2009). Newcomers can also drive improvement, with migration of some groups associated with improvement to areas (Waldinger *et al* 1990; Lloyd 2005; Currid 2007), but this can result in areas becoming ‘gentrified’ without benefitting the original residents (Cheshire *et al* 2003; Beatty *et al* 2007). High levels of migration and population change can also be damaging to the social fabric of an area (Putnam 2007)

Meen *et al* argue there is a need to identify trigger points and thresholds that will tip an area into a cycle of decline or improvement. Getting this right can inform intervention, and enable benefits to accrue rapidly from relatively little investment (Meen *et al* 2005). Tilting the housing offer of a neighbourhood can enable the function it plays in the wider housing market to shift, helping to change the relationships between places (Jones *et al* 2009).

Recently, in response to this agenda, increasing attention has been paid to the function that different neighbourhoods perform in the wider housing market (CLG 2009b). The Northern Way’s Residential Futures research concludes that the housing offer of an area provides an important underpinning for economic growth, by ensuring there is a good mix of housing that is good quality and affordable in places where people want to live. Strategic interventions in the housing market can nudge areas into performing roles that are currently gaps in an area’s housing offer (The Northern Way 2009a). However concerns have been raised about how far policy focused on making neighbourhoods attractive to newcomers will also meet the needs of residents of deprived neighbourhoods (Cameron 2006).

## 4.2 Context

Each pair of neighbourhoods shared key housing and population characteristics in 2001,<sup>11</sup> as Table 2.2 above shows. All are housing estates (rather than flatted estates), and the majority of the housing stock was built during the house building boom of the interwar and post war years. All six case studies have almost entirely white populations.

**11.** We use 2001 rather than 1999 here as much of the relevant data is only available through the census.

12. Sourced from the census, so data not available for 1999 and 2000.

13. ONS produces experimental estimates for LSOA population data. They are currently being revised and improved, with refreshed figures due to be published in the autumn.

14. Source: Neighbourhood Statistics.

15. Source: ONS

The location of the case studies in relation to their nearest city, and within the wider city region varies between the case study pairs:

- The Tees Valley pair are geographically quite near to Middlesbrough town centre, one of the urban centres of the Tees Valley city region.
- Each of the Liverpool case studies is on the periphery of the Liverpool local authority area, the main urban core of the Liverpool city region.
- The Leeds pair is located on the coalfield to the South East of Wakefield, one of the secondary centres of the Leeds city region.

Tenure also differs between the pairs, with Fitzwilliam and Havercroft majority owner occupied (former National Coal Board housing), while the other case studies were majority social housing in 2001. The match within each pair is close, although not exact, and the proportion of social housing is slightly higher in each lagging area compared to its improving counterpart.

There were some significant changes to housing over the period that the Economic Deprivation Index covers (1999-2005), which provides an explanation for some of difference in trajectories between our improving and lagging case study areas. The table below summarises key changes to housing and the population over the period 2001-2005.<sup>12</sup> Council tax band data provides a proxy for changes to the housing mix, while we use estimated population data to assess whether the population of the area is increasing or declining.<sup>13</sup>

The table suggests:

- There has been little change in terms of new build in the lagging areas, although this is also true of Priestfields (an improving area).
- Whilst population mass is an important issue for sustainability, it is the structure - who is moving in and out of the area - that matters most in determining its character.

The interaction between housing and population change and economic deprivation is complex, but the effect in our lagging areas over this period appears to be one of concentrating deprivation due to out-migration whilst improving areas have experienced a degree of 'diluting' in-migration. The next section explores these changes in more detail, drawing on the perspectives of residents and stakeholders.

Area	Housing trends and interventions	Change to dwellings by council tax band 2001-05 <sup>14</sup>	Population change 2001-05 <sup>15</sup>	Impact on economic deprivation
Speke (Lagging)	High levels of housing vacancies No significant housing renewal	Little change <ul style="list-style-type: none"> <li>• Total number dwellings increased by 7</li> <li>• Vast majority (over 96 per cent) band A properties</li> </ul>	Overall population static, with growth after 2004 <ul style="list-style-type: none"> <li>• Increase in younger and older working age population</li> </ul>	Residential sorting increasing overall economic deprivation Negative image and lack of housing choice reducing prospects of in-migration.
Fitzwilliam (Lagging)	Cycle of decline prompted by vacant properties and unscrupulous private landlords in neighbouring City Estate. Rapid demolition of neighbouring area but no rebuilding.	Little change <ul style="list-style-type: none"> <li>• Total number dwellings increased by 6</li> <li>• Proportion of band A, B and C properties remained constant at 85 per cent, 9 per cent and 3 per cent respectively</li> </ul>	Population falling steadily <ul style="list-style-type: none"> <li>• Declining across all groups</li> </ul>	Residential sorting increasing overall economic deprivation Negative image and lack of housing choice reducing prospects of in-migration. Out-migration likely to be among more mobile groups
Grove Hill (Lagging)	Cycle of decline prompted by vacant properties and unscrupulous private landlords. Slow demolition and piecemeal rebuilding further damaging reputation.	Increase in dwellings, band mix unchanged <ul style="list-style-type: none"> <li>• Total number dwellings increased by 21</li> <li>• Proportion of dwellings by band unchanged: with approximately 90 per cent band A and 10 per cent band B</li> </ul>	Population growing slightly <ul style="list-style-type: none"> <li>• Growing older working age population, declining younger working age population</li> </ul>	Some out-migration of more mobile population caused by negative reputation of area and poor housing interventions. Population growing among age groups where benefits claims increasing.
Croxteth (Improving)	Some small scale housing renewal including the demolition of some blocks of flats with high vacancy rates. Most of existing population moved into new housing in area.	Number dwellings fallen slightly, becoming more mixed <ul style="list-style-type: none"> <li>• Total number dwellings decreased by 17</li> <li>• Proportion of band B properties increased from 9 per cent to 15 per cent</li> <li>• Proportion of band C properties increased from 1 per cent to 2.5 per cent</li> </ul>	Population growing <ul style="list-style-type: none"> <li>• Especially among the younger and older working age population</li> </ul>	Some in-migration of new residents
Havercroft (Improving)	Brownfield land released to developers for new building	Number of dwellings increased, becoming more mixed <ul style="list-style-type: none"> <li>• Total number dwellings increased by 79</li> <li>• Number of band A properties remained constant but fallen as a proportion of the stock</li> <li>• Proportion of band B and C properties increased slightly</li> <li>• Proportion of band D properties increased from 2 to 9 per cent.</li> </ul>	Population growing <ul style="list-style-type: none"> <li>• Especially among younger working age groups</li> </ul>	Residential mixing has had a 'diluting' effect on levels of economic deprivation.
Priestfields (Improving)	Popular area for housing Some small scale housing demolition, led by community	Number of dwellings decreased, band mix unchanged <ul style="list-style-type: none"> <li>• Total number dwellings reduced by 57</li> <li>• Proportion of band A properties increased from 97 per cent to over 99 per cent</li> </ul>	Population falling <ul style="list-style-type: none"> <li>• Across all age groups</li> </ul>	Stable area with desirable housing

### 4.3 What has driven change?

The workshops with both residents and stakeholders explored how the neighbourhood has changed and the drivers for that change. In all the case study areas, residential sorting emerges as a key part of the story of change. Our lagging case studies, for different reasons and at different times, have been deemed undesirable places to live, resulting in increasing concentrations of deprivation. On the other hand, housing development and improvements to the ‘cleaner, safer, greener’ agenda has played a broadly positive role in our improving case study areas.

#### 4.3.1 Place and reputation

Two of our lagging case study areas, Grove Hill and Fitzwilliam, have a remarkably similar story of decline. In both cases economic change and poor housing management resulted in the physical decay of the area, and high numbers of empty properties, which attracted vandalism and criminal behaviour, in keeping with the ‘theory of broken windows’ (Kelling and Cole 1996). Over time, crime and drug related activity became increasingly apparent, contributing to a negative reputation and stigmatisation of the areas. Where housing was privately owned, prices crashed, and houses were bought up by absentee landlords and let out without proper checks or management of the properties. This in turn further degraded the physical environment and the cycle of decline continued until the only people accepting properties in the area were the most vulnerable with little choice.

There is a reciprocal relationship between people and place here, with a combination of the physical decay of these areas and the concentration of vulnerable and multiply deprived people making them unattractive places to live. While the problems may stem in large part from individuals, reputation is also a place effect, as the reputation becomes attached to the place, and can endure even after problems have been addressed.

There is however one crucial difference between our Grove Hill and Fitzwilliam case studies: while the spiral of decline described above occurred in part of our Grove Hill case study area, in Fitzwilliam it was the estate that *immediately neighbours* our case study area that experienced this spiral of decline. But reputational damage can seep into neighbouring areas, tarring all with the same brush according to residents and stakeholders alike.

#### 4.3.2 Rebuilding desirable places

In both Grove Hill and Fitzwilliam the decision was made to undertake significant demolition and rebuild. However, what happened after this point also differed markedly between the two case study areas. In Grove Hill, progress has been slow and drawn out, with attempts physically to regenerate the area stretching over a period of 20 years. In the early stages this was done with little community interaction, and residents described a lack of clarity over plans, as houses were compulsorily purchased then left standing empty for long periods, resulting in a sense of helplessness and confusion. This piecemeal and slow approach resulted in considerable out-migration, and an increased concentration of deprivation. It is only in recent years, since housing provider Erimus took over, that a sense of momentum has built, with a well consulted master plan published in the last 12 months setting out the vision for the area with mixed housing and renewed district shopping facilities and a community centre.

The difference in Fitzwilliam has been speed. Once the decision was taken to demolish, the population was decanted and the houses brought down relatively quickly. This has left a vacant site, which currently remains empty while Wakefield

Council seeks a suitable partner for development. Residents describe the positive effects of the demolition of the estate, reporting a fall in crime rates in response, with a perception that many of the perpetrators lived on the estate. There is, however, some frustration at how long the site has been empty for and a perceived lack of communication about the plans for development.

#### 4.3.3 Quality of place

In Speke the story has been different. Place based effects combined to make it an undesirable place to live, suffering isolation, poor reputation, criminality, and until recently, a lack of facilities on the estate. The area has a low level of population turnover and a relatively high level of empty properties. As the 2002 neighbourhood action plan puts it:

*"The area suffers from many of the classic inner city problems of multiple deprivation but with the added disadvantage of a lack of local services and a feeling of isolation."* (SLP 2002)

These place based factors appear to have contributed to concentrating deprivation. As the table above shows, as the size of the younger and older working age population has increased, the number of benefit claimants 16-24 and 50+ has also increased.

There has been a substantial amount of physical and economic development around the Speke estate, far more so than on the estate itself, and there has been little housing development in our case study area. However since 2005, the centre of the estate has been redeveloped, bringing new community facilities, services and shops into the area. This was emphasised by residents as having significantly improved their quality of life.

#### 4.3.4 Residential sorting and lagging areas

Grove Hill, Speke, and to some extent Fitzwilliam became places of last resort. The reasons why differ in each place, but each experienced deepening economic deprivation between 1999 and 2005, with numbers and rates of benefit claimants generally increasing, at least until 2004.

Each of these areas also has a strong sense of local identity and attachment to place, that tends to be expressed in a defensive manner, with residents sensitive to the negative external image of the place they call home. Many regarded the reputation of their area to be unfair, arguing that while it has *"issues like anywhere else"* it was not a bad place to live. Add to this the relative isolation of Speke and Fitzwilliam, and people and place factors combine to take on a potent mix. We explore the impact of place attachment and identity further in Section 5.

#### 4.3.5 Mixing communities and improvement

Housing improvement, new build and some population change have underpinned the upward trajectory of the improving case study areas.

Havercroft, in the Leeds city region, is perhaps the clearest example. Here, brownfield land was released to developers for new build estates, designed to attract different people into the village, many of them commuters. This has resulted in an increase in the population, and some change to the socio-economic profile of the population, with some of the new build housing in higher council tax bands (see table above).

There is a question mark over how cohesive this mixed community is, with newcomers not regarding residents as welcoming, and the residents' survey finding the proportion agreeing that people from different backgrounds get on well together in the local area was significantly lower than in the other case study areas. Residents and stakeholders raise concerns that Havercroft is not capitalising on its new mixed community, as there are few shops and services in the immediate area, and they tend not to provide many of the goods and services newcomers are likely to be looking for. As a result the new residents are likely to be spending their higher incomes elsewhere, meaning the benefits of this new population are not being maximised. As Grove Hill and the City Estate are rebuilt, there are lessons that can be learned from the experience of Havercroft.

In Croxteth housing development and population change have also played a part in the physical improvement of the area. There has been new build here too, although stakeholders and residents are strongly of the view that the majority of the new build has been taken up by existing residents. They point to the demolition of some blocks of flats that were mostly empty or home to older people, to make way for new homes and bungalows, which have housed those previously living in the flats. This intervention was perceived to have a significantly positive effect on quality of life for those living there, and for the appearance of the area. There has also been some limited new build in other strategic sites, including some affordable houses for private sale, rent and intermediate ownership. The figures show population growth in Croxteth, suggesting some newcomers to the area are helping to shift the economic deprivation figures.

#### **4.3.6 Quality places and partnership for improvement**

Finally, in Priestfields, the housing stock is considered good quality by residents and stakeholders alike, who highlighted the gardens and green spaces – which are kept tidy – as positive features of the area. Today the area is clean, safe and green, and some stakeholders regard it as having come 'back from the brink'. A key turning point was the demolition of some maisonettes that had become the focus for mess, noise and anti-social behaviour. But community action, in the form of a petition, succeeded in bringing about the demolition of the maisonettes. This quick and early intervention was widely regarded as having halted the physical signs of decline, and put down a marker for the sort of behaviour that is acceptable, enabling the area to recover.

This community led intervention is part of a long history of partnership working in the area as a result of early initiatives piloted under City Challenge, and taken forward under the Neighbourhood Renewal Fund and Stronger Together in East Middlesbrough (STEM) initiative, which have now been rolled into neighbourhood management. Erimus, the local housing provider, has worked closely with the STEM team and neighbourhood management, and through community walkabouts and engagement with active residents forums, there has been positive and proactive management of the housing and the local environment. Priestfields is now regarded as stable, and relatively desirable. Stakeholders report housing vacancies being quickly filled.

The ripple out effect of places and their reputations can be seen here too. Just as Fitzwilliam was thought to suffer as a result of association with the city estate, Priestfields is thought to benefit from the popularity of neighbouring Ormesby. Not only does place matter for the area in question, but areas on a strong trajectory – either upwards or downwards – can matter for the places around them too.



#### 4.4 Linking the neighbourhood to the wider area

It is important to understand quality of place, the impact of reputation and population changes at a neighbourhood level, and their impact on neighbourhood improvement and decline. But these processes are also part of a wider residential sorting effect, which needs to be kept in view.

Increasingly, sub regions are recognised as an appropriate spatial scale at which to analyse housing markets, enabling links to be made between where people live and where they work, and so between housing markets and travel to work areas (CLG 2007). This is reflected in the housing and regeneration strategies that have been drawn up at city regional level in Liverpool, Leeds and Tees Valley city regions. Each strategy identifies areas of housing vulnerability which are priorities for intervention. Analysis for the Department of Communities and Local Government has sought to identify the function different deprived neighbourhoods play. We have sought to reflect on these definitions in our analysis of our case study areas. (see Box 4.2)

#### Box 4.2: What function are the case study areas playing in the wider housing market?

We draw here on the Centre for Urban Policy Studies typology of the function of places in the wider housing market (CLG 2009c). The typology was developed through analysis of census data on household moves between 2000 and 2001, so the function of some areas may have shifted since.

Area	CUPS typology	Observations from this research
Speke (lagging)	Isolate (isolated from the housing market. Households come from and move to areas that are equally or more deprived.)	Concurs with our findings
Grove Hill (lagging)	Isolate (isolated from the housing market. Households come from and move to areas that are equally or more deprived.)	Concurs with our findings
Fitzwilliam (lagging)	Escalator: in-movers come from areas that are equally or more deprived, out-movers to go areas that are less deprived	Would help to explain the increase in economic deprivation that has occurred, if out-movers are replaced by more deprived households
Croxteth (improving)	Isolate (isolated from the housing market. Households come from and move to areas that are equally or more deprived.)	New house building may move the area away from isolate status.
Priestfields (improving)	Isolate (isolated from the housing market. Households come from and move to areas that are equally or more deprived.)	Increasing popularity of the area might move it away from isolate status
Havercroft (improving)	Gentrifier/Improver: In-movers come from less deprived areas and most out-movers go to similarly or more deprived areas.	Concurs with our findings

The link to the wider housing market has been explicitly made in both Fitzwilliam and Grove Hill. Both areas are regeneration priorities for their respective city regions, and in both cases the plans for new housing are being drawn up with the housing need of the wider city region in mind. The future population of Grove Hill and the Fitzwilliam City Estate are likely to be different to the population that has been decanted from those areas, with a vision of quality family homes for households with mixed incomes. However plans are yet to be finalised, and progress is being hampered by the recession. But this focus on the wider city region gives rise to the question of how far the existing population will benefit from the planned changes – an uncertainty that was acutely felt by residents of Grove Hill.

The strategic housing developments in Croxteth and Havercroft perhaps provide better examples of development that improves the neighbourhood, increases housing choice so people do not necessarily have to move out to move up, and meets a housing need for the wider area, without the disruption, uncertainty and costs (social and monetary) of large scale housing demolition and rebuild. Strategic small scale interventions can have a significant impact (The Northern Way 2009a). But in both these cases the neighbourhoods had not entered the type of spiral of decline witnessed in Fitzwilliam and Grove Hill. This emphasises the need to monitor change in neighbourhoods to identify tipping points, enabling preventative action to be taken.

#### 4.4.1 What is real improvement?

Looking at the neighbourhood in its wider context does give rise to the question of what constitutes real improvement for an area. Population change is a factor in the improvement of both Havercroft and Croxteth, with new housing attracting new people to the area. A challenge for this sort of development is to address problems rather than simply displace them. This sort of regeneration is often referred to as gentrification, bringing to mind the in-migration of people with substantially higher incomes and gated communities. In practice, in our case study areas, new housing has mostly been at the more affordable end of the spectrum, and change to the socio-economic makeup of the neighbourhood has not been dramatic.

Large scale redevelopment, and the building of mixed tenure housing, can break up concentrations of deprivation, change an area's reputation and give it a fresh start (Hills 2007). But too often housing redevelopment schemes merely move people with social problems rather than addressing them, and 'gentrifying' areas doesn't necessarily bring benefits to existing residents (Cheshire et al 2003; Beatty et al 2007). Breaking up concentrations of deprivation in such a physical way must go hand in hand with tackling the social and economic problems faced by the residents that are moved out of the area being redeveloped. Without this, the question of who improvement is for is a valid one (Cameron 2005).

But considering the experience of Havercroft is instructive. The building that took place in the village was on brownfield land, so existing households were not displaced to make way for new comers – what has been referred to as 'gentrification without displacement' (Hamnett 2010). Looking at the *number* of key benefit claimants (rather than the proportion) reveals there has been a reduction in the absolute number of claimants. This suggests there has been some actual improvement for the 'old' population over the period of improvement. While it has not been possible to demonstrate a causal effect, this finding does leave open the possibility that a more mixed community is driving more general economic improvement. There is however concern among community stakeholders and 'old'

residents that the influx of new higher income people is having the effect of masking the high levels of deprivation that remain for some households.

This offers a lesson in the need for a fine grained understanding of an area. A cursory glance at the statistics shows rates of economic deprivation in Havercroft to be improving strongly. A more detailed understanding of how the area is changing reveals a place where economic deprivation has reduced somewhat, while the population has grown, with the area increasingly becoming a residential choice for commuters, which may affect cohesion in the neighbourhood.

#### 4.4.2 Protecting gains

Our improvers were selected primarily for the change to their economic deprivation rates between 1999 and 2005, however bringing the analysis up to date reveals the vulnerability of some of these gains. This is not only in terms of the impact of the recession (which has been considerable) but also in terms of reputation and desirability. For example, in Croxteth, residents talk about a sense of decline, highlighting the closure of key local services like the secondary school and local shops. The association of the area with gang violence has also been damaging for Croxteth's reputation, especially following the murder of school boy Rhys Jones in 2007. There is a risk that the improvements made will be easily undone, with the area becoming less attractive as a place to live for those that have the resources to live elsewhere. This highlights the need for ongoing light touch neighbourhood support for improving areas, in order to keep up momentum and monitor for signs of decline.

#### 4.5 Key messages

This research demonstrates the way in which people and place effects combine to influence the trajectory of different areas. Residualisation, and the increasing concentration of workless people in an area can prevent neighbourhoods from improving. Place effects, such as housing quality and a clean safe and green environment, along with location effects like the relative isolation of an area, combine with people's residential choices (or lack thereof) to sort the population into more or less desirable areas. This drives spatial inequalities within a city region.

These processes must be partly understood as a consequence of the relationship between the neighbourhood and the wider housing and labour markets.

In policy terms, those who argue exclusively for increasing labour mobility to address relative disadvantage, risk exacerbating these processes and widening spatial inequalities by leaving some neighbourhoods with concentrated pockets of deprivation. This also risks undermining social support networks in a neighbourhood. This is not to argue, however, against employment support which promotes enhanced opportunities for individuals. Rather it suggests integrated approaches which can deliver support to both individuals and communities.

Despite the apparent similarities among our six case study neighbourhoods, the housing, physical environment and population dynamics within each area proved to be significant in their different trajectories, with some fortunes turning on seemingly small-scale changes and interventions. There is evidence from this research to support proposals to adopt policy approaches which aim to 'tilt' or 'nudge' change in the role of individual neighbourhoods through carefully designed and targeted interventions

Some of the key messages from the research include:

- **Place matters:** the ‘cleaner, safer, greener’ agenda along with the quality of local services and facilities are not only important for the quality of life of residents, but they make an area more attractive to potential residents too. By creating neighbourhoods of choice the risks of residualisation and spiralling decline can be minimised.
- **Neighbourhoods are dynamic:** a fine grained understanding of the social processes taking place in neighbourhoods is needed, for example the way in which an area’s population is changing and the rate of population turnover can have implications for neighbourhood improvement and decline. Better monitoring is required so tipping points can be identified, both to identify opportunities for positive change and to be alert where neighbourhoods that have been improving risk sliding backwards.
- **Involving communities in monitoring:** involving communities in decisions about their area, and responding rapidly to the issues they raise can serve to halt a spiral of decline. Building relationships with residents can provide crucial intelligence regarding potential tipping points.
- **Reputations spill-over:** Not only do poor reputations affect the immediate area they can spill-over to tarnish neighbouring areas too. Positive reputation can also ripple out having a positive effect on neighbouring areas. Policymakers should take neighbourhood reputation seriously.
- **Early intervention:** selective strategic interventions, designed in partnership with the community and with the wider housing market in mind, can pay significant dividends, tilting the neighbourhood into playing a slightly different function and contributing to wider neighbourhood improvement
- **Large scale demolition should be a policy of last resort:** large scale housing demolition and rebuild is expensive in both monetary, social and carbon emission terms. But it is sometimes necessary and must be managed carefully in order to be successful. It can create an opportunity for changing the structure and dynamics of communities, but support must be provided to decanted households to avoid simply displacing social problems.

Finally, in relation to early intervention, there is the need for a clear understanding of the neighbourhood type. Local authorities are encouraged to use simple distinctions between lagging and improving neighbourhoods – as well as those at risk of slipping backwards after a period of improvement – as set out in Table 4.3 below. Such indicators are likely to help identify neighbourhoods that fall into each category and some actions that are likely to be priorities in those areas. While a number of neighbourhood indicators can be identified through the collection of statistics, gathering qualitative intelligence through neighbourhood working will add important depth.

**Table 4.3: Indicators to identify different types of neighbourhood and priority actions**

Improving areas	How to identify	Priority actions
	• Out of work benefit claims falling	<ul style="list-style-type: none"> <li>• Targeted interventions at individuals and households with high needs</li> <li>• Maintenance of area through neighbourhood management</li> <li>• Boost community cohesion and integration within the neighbourhoods</li> </ul>
	• In migration of households in work	
	• Popular destination for social housing	
	• Rapidly rising house prices	
Areas in danger of sliding into a cycle of deprivation	• Out of work benefit claims increasing, especially among hard to help groups	• Small-scale, strategic housing interventions to change the population mix and provide housing choice within the neighbourhood.
	• Out migration of households in work	
	• Increasing number of empty and hard to let properties.	<ul style="list-style-type: none"> <li>• Develop and sustain positive community outlook through cross-community linking and informal community activities</li> <li>• Strengthen and support existing and potential community leaders and enterprises</li> <li>• Take steps to make the neighbourhood: cleaner, safer and greener</li> <li>• Targeted interventions at individuals and households with high needs</li> </ul>
	• Low or falling house prices	
	• Increasing incidence of anti social behaviour and crime	
	• Where combined with geographic isolation, risk is greater.	
Lagging areas	• Consistently high and increasing out of work benefit claims, especially among hard to help groups	• Assertive outreach with wraparound welfare-to-work intervention
	• Low population turnover, or in migration of workless households	
	• Consistently high number of empty and hard to let properties	<ul style="list-style-type: none"> <li>• Services delivered from neighbourhood base</li> <li>• Strategic approach to community engagement and empowerment</li> <li>• Identify and nurture potential community leaders and enterprises</li> <li>• Strategic review of housing provision with housing demolition as a policy of last resort.</li> </ul>
	• Low or falling house prices	
	• Consistently high rates of crime and anti-social behaviour	
	• Where combined with geographic isolation, risk is higher.	

## 5.0 Combining people and place: Community Outlook

### 5.1. Introduction

Beyond its physical manifestation, place offers an important reference point for peoples' identities. For many residents there is a strong reciprocity in the relationships between people and place which is re-inforced through a range of processes. While the people that live in a place shape its collective identity, place based identities can also mediate how people see the world and their place within it. Where social networks are concentrated in a particular area, they can serve to strengthen the connections between identity and place and influence people's confidence, outlook, behaviour and social norms. Evidence of these links and their social and economic implications have been of growing prominence in policy research and thinking in recent years, as Box 5.1 below outlines.

One of the benefits of qualitative research is it produces information and understanding that is not readily accessible through quantitative datasets. And throughout the course of this research, issues related to the character and outlook of the communities in the case study neighbourhoods have been raised by both stakeholders and residents. These issues appear to have an important bearing not only on the 'feel' of the neighbourhoods under observation, but also on the view of the world and aspiration of those living within them.

By outlook and character we mean the internal and external relationships that shape life for residents. Within a neighbourhood, this would include the extent of social networks, strength and nature of social capital, identity of place, and the degree to which there are active voluntary sector organisations and residents participating in community life. These factors all shape the character of a place and the attitudes of residents.

But neighbourhoods are not only influenced by their internal dynamics, but external relationships too. Factors like the absence or presence of strong community leaders with relationships to decision makers and service deliverers (or 'linking social capital'), the quality of those relationships, and the relationship of residents to the wider geographic area as expressed through their travel horizons, for example for leisure or employment, and their wider networks, also have a bearing on the neighbourhood. To provide a hypothetical example, imagine two neighbourhoods:

- Neighbourhood A has an identity shaped in response to the area's negative reputation, it has strongly bonded social networks that are inward looking and exclusive of newcomers. There are low levels of civic activism, very localised travel patterns and residents have few links to people and places outside the immediate neighbourhood.
- Neighbourhood B has a population that is proud of their neighbourhood. Residents are proactive and work in partnership with the public sector to address issues arising and they have strong social norms that maintain standards in the neighbourhood. There are active and identified community leaders and residents have broad travel horizons and networks that link them to a variety of different people and places.

Areas A and B could both be deprived neighbourhoods, similar in their physical manifestation. But they are fundamentally different in their character and outlook. The way in which these internal and external relationships intertwine within a place shapes what we refer to as 'outlook'. And while many of these factors are difficult to quantify, it seems the outlook of a community is important for the improvement and decline of neighbourhoods.

Seeking to understand social processes like these is by nature complex, and there are difficulties here with cause and effect. Whether a neighbourhood improves because it has a positive set of relationships constituting its outlook; or whether economic improvements drive improvement in community outlook is difficult to disentangle. However, what our case studies do demonstrate is that understanding the subtleties and nuances of the differences between neighbourhoods, in their communities' outlook as well as their economic circumstances, is important. What they also demonstrate is that this outlook can have an impact on the economic opportunities for individual residents.

While there are many similarities across the six case study areas, Evidence does emerge from both the qualitative research, and to some extent the household survey, to indicate some differences between improving and lagging areas. We explore three factors in this section: neighbourhood identity and social norms; community leadership and travel horizons. But first we give a brief overview of the many similarities between the case study areas.

### **Box 5.1 Place, identity and social norms**

People's social connections matter. They shape conceptions of identity, class and community, but they also influence our behaviour, our social norms and our access to information (Christakis and Fowler 2009; Halpern 2005; Putnam 2000; Granovetter 1973). Places – including neighbourhoods – form an important arena for such interactions to take place, especially where there are dense social networks (Putnam 2000; Halpern 2005). While such closely bonded social networks can be a source of emotional and practical support, in some circumstances they can also have a dark side. They can narrow people's horizons and limit opportunities in a context where there is a lack of access to alternative sources of information and norms through a wider social network.

On the other hand looser networks, creating links to different areas and people from different backgrounds – or bridging social capital – can have the effect of broadening horizons and easing the spread of information, for example about job opportunities (Granovetter 1973)

Furthermore, there is evidence of intergenerational transmission within families, with research finding where parents spend time out of work, their children are more likely to experience periods of unemployment, even once their personal characteristics have been controlled for (Macmillan 2009). Bringing together this evidence leads to the conclusion that neighbourhoods with concentrations of worklessness and closely bonded and closed networks should be of concern to policymakers.

While there is little consistent evidence of wide spread 'cultures of worklessness' in the UK, research suggests social networks and local identities matter. Limited social networks and a strong attachment to place can mediate access to economic opportunities and information, and shape perceptions and expectations of work and training (Green and White 2007). This effect is thought to be more intense where people are relatively isolated and the population stable

(Fletcher et al 2008). This can exert a strong social pressure for people to stay local, affecting people’s horizons (Hothi *et al* 2010). In this sense, it is not a neighbourhood *per se* that has implications for people’s life chances, as the concentration of individuals with particular characteristics and types of social networks in a place.

There is, however, evidence that places themselves have an impact on social norms and behaviour, including their impact on employment and wider economic activities. For example through the design of the built environment and public spaces (Schmuecker 2008). According to the ‘theory of broken windows’ the physical upkeep of an area sends a message about the sort of behaviour that is acceptable (Kelling and Cole 1996). Research into why socio-economically similar areas have different crime rates found the nature of social capital in an area to be a key explanatory factor (Chicago et al 1999). Building the resilience of communities and the sense of self-worth and confidence of residents is essential to prevent areas sliding into a spiral of decline, and involving residents in management and change in their neighbourhood can be an important way of building a positive response. When people see that change is possible, and they are able to influence it, the effect can be empowering (Innes and Jones 2005; Fuller 2007)

A key challenge for policymakers remains how to nurture social capital so it can help to drive improvement in neighbourhoods, a theme that is important for the Coalition Government’s Big Society agenda.

**5.2. Neighbourhood similarities**

The results of the household survey reveal more similarities than differences between the case study areas in terms of their perceptions of their local area and the people that live in it. This is perhaps not surprising as all are deprived neighbourhoods with a number of shared characteristics.

Most notably, residents and stakeholders in all six areas described the neighbourhood as having ‘close knit’ communities, a view that is supported by the survey data. According to the Civic Health Index, on average 37 per cent of people speak to their neighbours on most days in England (CLG 2010d). In our case study areas the proportion is considerably higher as Table 5.1 shows.

**Table 5.1 proportion of residents speaking to their neighbours ‘on most days’**

Grove Hill	Priestfields	Fitzwilliam	Havercroft	Speke	Croxteth	Lagging group	Improving group
60%	63%	60%	60%	59%	52%	60%	58%

The survey found residents across all areas generally thought that neighbours looked out for each other in their local area, and between half and two thirds considered themselves part of the local community either a ‘great deal’ or a ‘fair amount’. The sense of belonging to both the street and the local area was generally strong too.

Indeed, factors other than whether the area had improved or lagged had a greater influence on perceptions. The strongest correlations were between feeling informed



about local affairs, satisfied with the local area and a strong sense of belonging on the one hand, and positive perceptions about the local area and the people that live in it on the other. Feeling informed about local affairs was also strongly correlated with satisfaction with the local area and sense of belonging, suggesting this is a key independent variable. This nexus of factors that drive positive perceptions has also emerged from other research (Duffy and Chan 2009). This suggests that a key way to drive up positive perceptions in neighbourhoods is to ensure residents are well informed.

There were also greater differences between each of the pairs of case study areas than there were within them or between the lagging and improving groups as a whole. This may suggest the wider local or city regional context is an important factor influencing community dynamics, but this cannot be concluded on the basis of just six areas.

### 5.3 Neighbourhood identity and social norms

Beyond these shared characteristics, there was variation between the improving and lagging neighbourhoods. The collective identity of local residents emerged from the resident and stakeholder workshops as a key issue. As with other studies (Green and White 2007; Fletcher et al 2008) residents in lagging case study areas were described as having very strong attachment to place, and a defensive and isolated identity, developed in opposition to the negative views of others towards their area.

*"It's always had a bad reputation and it always will. [to the facilitator] You wouldn't last 5 minutes!"* (Resident, Grove Hill)

*"Priestfields is one of the places people want to live, and Grove Hill's one of the places they don't, and that's just from reputation"* (Stakeholder, Middlesbrough)

*"...bad families were moved in out of other areas and crime rate went [gestures upwards] didn't it? And once, in the eighties, we were in the News of the World as the vilest village because of that... We were the worst village in England!"* (Resident Fitzwilliam)

There are also some differences between the lagging areas. For example geographic isolation played a key role in Speke with stakeholders referring to the area as having an *"island mentality"*. This was reiterated by residents, who also used the metaphor of an island. In Grove Hill, particularly among younger residents, the 'tough' image of the area is worn as a badge of pride, with residents quite critical of outsiders. In Fitzwilliam, stakeholders talked about the legacy of the closure of the pits as a key factor, and a lack of trust in the public sector and service deliverers creating barriers to people accessing opportunities. Newer residents in the village also described not being made to feel welcome:

*"People kept themselves to themselves in terms of being suspicious of new people coming in, but after a few years they've decided we're alright and they're lovely to us now."* (Resident, Fitzwilliam)

Informal social pressure to improve the area also seemed to be absent in lagging areas. Residents described how difficult it is to keep their area looking clean and tidy, sometimes with the expectation that someone else should do it:

*"The roads are full of empty bottles and packets of chips. They're rubbishing it because nobody's stopping them."* (Resident, Fitzwilliam)

*"You think that the area needs cleaning up? It does get cleaned up, it just gets messy again"* (Resident, Grove Hill)

Neighbourhood identity and social norms seem to be both a cause and an effect in lagging areas. On the one hand they stem from factors like close knit networks, isolation and poor reputation, and on the other they can create an obstacle to improvement.

In contrast, social norms appeared to be different compared to lagging areas, with people more willing to intervene in the improving areas (see, for example, action in Priestfields to overcome antisocial behaviour and mess, Section 4.3.6, and examples of community leadership below). While residents and stakeholders also described improving areas as having a strong sense of identity and attachment to place, it did not seem to manifest itself in quite the same negative way.

#### **5.4 Community leadership and partnership working**

A second difference that emerged was around community leadership, and the way in which local historical factors seem to shape the outlook of a community, and hence improvement.

Examples of local action leading to change were highlighted in all of the improving areas by both residents and stakeholders through the qualitative research. In Priestfields, community action was taken in response to the antisocial behaviour linked to a block of maisonettes (see Section 4.3.6), while in Havercroft community action was seen to result in the development of community facilities such as the skills centre, sports centre and the community transport scheme. In both areas, active councillors (local authority in the case of Priestfields, parish in the case of Havercroft) were credited with acting as animateurs, facilitating local action, and making links to decision makers.

In Croxteth, leadership has largely come from the community. In the 1980s a group of community activists led a successful campaign against the closure of the local school, and went on to establish the Alt Valley Community Trust (AVCT). This social enterprise was credited by many as a key reason for improvement in Croxteth (See Box 3.6 in Section 3). This is partly for its education, training and employment programmes, but also for the leadership it provides within the community, challenging other service providers to use their resources for maximum local benefit. It is also interesting to note that a small number of stakeholders attributed the strength of community leadership and resident engagement with the fact that Croxteth became home to many highly unionised and organised dockyard workers following their dispersal from more central locations after the Second World War.

*"Direct action changed a whole generation of people's lives. They learned about politics, networking, and what that could do. In 1980s Croxteth was really dire, full of heroin and unemployment, no facilities"* (Speke, Stakeholder, talking about Croxteth)

*"Can I just say that they've all been built by the community. The sports centre came from a £1.2m grant that was given to the community, so it was built by the community. The skills centre is the old parish hall which again benefited from the community. So it's all about community."* (Havercroft, Stakeholder)

Importantly, in all three improving areas, community leaders have developed strong working relationships with the public sector, which have helped them to deliver for their neighbourhood.

Clear and identified community leaders were less evident in our lagging case study neighbourhoods, and residents and stakeholders offered few examples of changes resulting from community activity. In Speke and Fitzwilliam there was a sense among both residents and stakeholders that local leadership tends to come from public sector agencies. Residents in Fitzwilliam in particular emphasised a desire for the community to be more proactive.

*“You lose that community spirit going into a council event and it’s no longer owned by the community.”* (Fitzwilliam, Resident)

It is not that these areas do not have active voluntary sector organisations and community groups doing good work. Rather, the difference seemed to be in the quality of their relationships with public sector decision makers, and how well networked such organisations are among themselves. The process of organising the stakeholder workshops was revealing in this respect. In the improving areas, when we asked who else we should be speaking to people would repeatedly mention the same organisations and individuals, and key figures in neighbourhood networks emerged. In the lagging areas this happened less, suggesting a lower level of interaction between active groups and individuals.

Indeed, in Speke, voluntary sector workshop participants highlighted their lack of awareness of the work of other organisations as a barrier to neighbourhood improvement. Experience in Speke also raises a salutary lesson in the effect of removing public sector funding for the voluntary sector, with the number of voluntary organisations decreasing when Single Regeneration Budget funding came to an end, despite attempts to implement an exit strategy (Davison 2010; Russell 2004).

However, these differences in community leadership seem not to translate into wider community activity according to the survey. When asked about awareness of community groups and organisations set up to improve life in the area, about half of residents in each area said they were not aware of groups like that. Even fewer volunteered, with between 80 and 95 per cent reporting they had done no voluntary work in the last three years as Table 5.2 shows.

**Table 5.2 Proportion of residents unaware of local community groups and organisations and volunteering rates**

	Grove Hill	Priestfields	Fitzwilliam	Havercroft	Speke	Croxteth	Total
% Not aware of community groups or organisations set up to improve life locally	49%	59%	54%	51%	61%	50%	54%
% Not volunteered in the last three years	91%	90%	82%	95%	91%	89%	89%

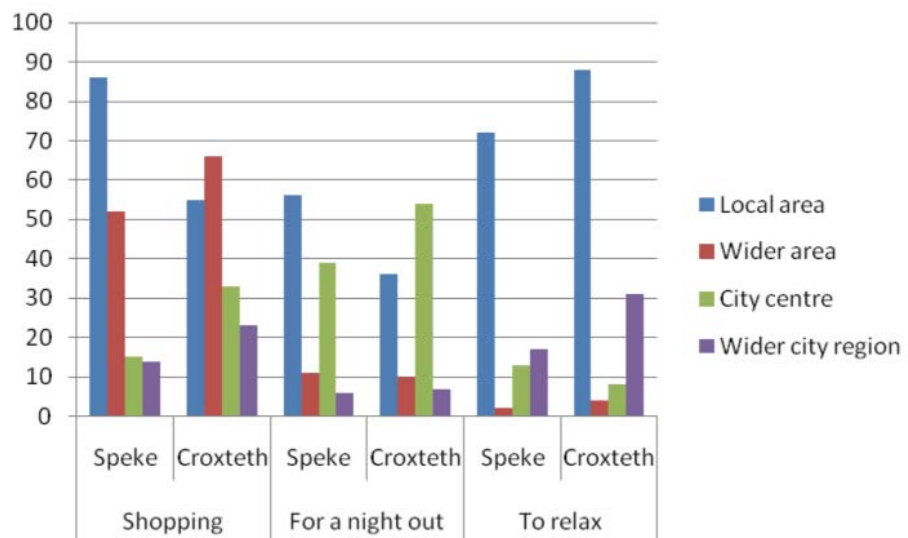
It would seem it takes more than an active voluntary sector and strong community leadership to encourage residents to be active in their local area. Nonetheless, even without a really high profile and army of volunteers, effective community leaders can make links to decision makers and help bring about improvement in their neighbourhood.

**5.5 Travel horizons**

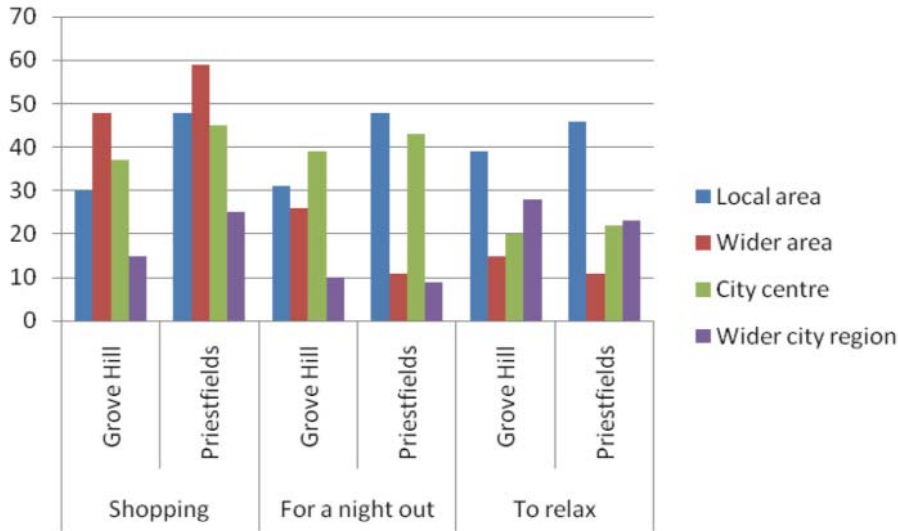
Differences also emerged between our case study areas in terms of the travel horizons of residents, and the degree to which people are connected to areas outside their neighbourhood. The strongest differences were between the city regions, which is not surprising considering the different geographic contexts of the areas and economic ‘pull’ of the City Region (The Northern Way 2009b). For example, Grove Hill and Priestfields are geographically much closer to Middlesbrough town centre than Speke and Croxteth are to Liverpool City Centre. And Fitzwilliam and Havercroft are situated in a semi-rural area, meaning residents are less likely to have facilities immediately nearby. The two areas are also on the border between Leeds city region and Sheffield city region, giving residents multiple choices of places to go.

Nonetheless, some interesting indicative patterns emerge from the survey findings. First, residents in improving areas generally travel more widely, and are more likely to visit places in the city centre and in the wider city region for shopping, a night out and to relax. Second, Speke residents stand out as being particularly immobile compared to the other case study areas. This supports the views of stakeholders and residents, who described residents having low travel horizons, unsurprising as it is the most economic deprived of all our case study areas.

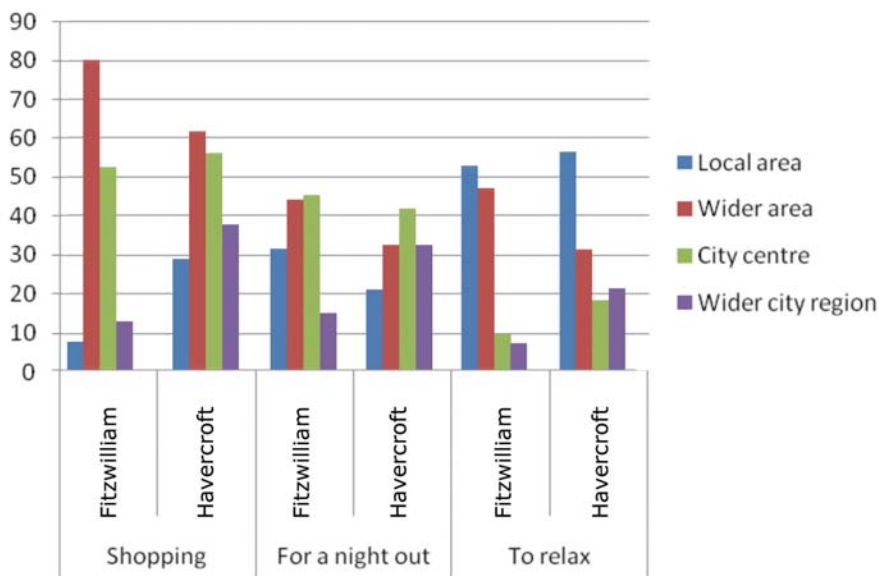
**Figure 5.1**  
**Where people travel for different activities (%)**  
**a) Croxteth and Speke**



**b) Grove Hill and Priestfields**



**c) Fitzwilliam and Havercroft**



The survey also asked residents who are out of work and looking for work where they are looking for work. Due to the small number of respondents that were actually seeking work, the sample is very small. However the results indicate people are looking for work across a wide area, including the city centre and city region.

Disentangling cause from effect here is particularly difficult. Residents of improving areas are less likely to be suffering income and employment deprivation, so they are more likely to have the means to travel further. However their willingness to travel will also expose them to new information and opportunities. Certainly employment service providers viewed travel horizons as a key barrier to work for some residents in all areas, but particularly the lagging areas.

### 5.6 Statistics only tell part of the story

When dealing with complex social processes such as the operation of social networks and the transmission of norms, surveys constitute a fairly blunt instrument. Being able to supplement such information with practical experience of places, and the perceptions and views of residents and service providers is helpful to achieve a more nuanced understanding of neighbourhoods and how they are changing.

Grove Hill provides a useful example of this. A very positive picture emerges from the survey, with residents significantly more likely to feel informed about local affairs and able to influence local decisions compared to the other areas. This may be a reflection of the improvement that has taken place in the neighbourhood since 2005. It may also be partially explained as a result of the survey being carried out soon after a comprehensive community engagement exercise on the future of the estate. A key test will be to see whether residents remain as positive about their efficacy in the future.

### 5.7 Key messages

There are dangers in generalising too widely from just six case studies, but this research offers a number of learning points about the importance of community characteristics and outlook for neighbourhood improvement:

- Active and well connected voluntary sector and community organisations, along with proactive community leaders, can animate community activity, and secure improvements to the local neighbourhood. These achievements are often relatively small – the securing of a new community facility or addressing a specific anti social behaviour hotspot – but they can make a significant difference to residents' quality of life and sense of collective efficacy. As stories of community action are rehearsed in the neighbourhood they can become part of the story of place, as well as part of the image that the area projects, as the recognition of the work of AVCT suggests.
- Community leadership can emerge in different places, with elected politicians (local and parish), community activists and third sector leaders all featuring in our case study areas. Each of these sources of leadership points to the need for leaders to be local, with a sound understanding of their area. However, it is those that are able to make wider links to decision makers and opportunities to improve their neighbourhood that are most successful.
- All our case study areas had multiple active groups and individuals, but they were most effective where they were well networked with one another, but also, crucially, with public sector partners and decision makers.
- Many voluntary and community organisations depend on the public sector for income. The experience in Speke also offers a cautionary tale about the sustainability of voluntary and community organisations once public sector funding is withdrawn.
- Successful communities are not only internally networked, but also have a sense of connectedness to, and interaction with, 'the outside world'. The wider travel horizons of our improving areas may be enabling them to access information and opportunities not available to residents with shorter travel horizons.
- Policymakers should be concerned about areas where high levels of worklessness combine with a number of other factors, including: strong attachment to place, negative reputation, tight social networks, weak community leadership and relative isolation. These places are least prepared to embrace the government's Big Society agenda, and this community outlook can pose a barrier to the uptake of employment and other opportunities in the wider area.

## 6.0 Policy matters

### Introduction

The social and economic processes outlined in sections three, four and five have driven change in our neighbourhoods, and understanding these processes better is key to designing successful policy interventions. This section considers the public policy context of the case study areas, and how policies originating from different spatial scales interact in a neighbourhood setting.

### 6.1 Policy overview

Low income neighbourhoods have been the target of multiple interventions, originating from a number of different sources, including local authorities, housing associations, central government departments, and quangos such as Regional Development Agencies and the Homes and Communities Agency. Generally, interventions related to employment and skills have targeted individuals, while interventions related to housing and regeneration have targeted places, although there are some notable exceptions to this rule of thumb, such as Employment Zones, and some employment projects implemented under the New Deal for Communities and Working Neighbourhood Fund.

In practice, both people focused and place focused policy interventions tend to target deprived neighbourhoods, as a result of the concentration of people in need that live in them. The result is a wide range of agencies, actors, projects and programmes all simultaneously targeting the same areas, but with different goals and resulting strategies. This complexity makes the task of assessing the impact of individual interventions difficult. This is compounded by a surprising lack of evaluation of the local impact of interventions, and little good quality monitoring of outcomes (as opposed to outputs). Add to this a lack of institutional memory and archiving, with evaluations and reports apparently being lost when staff move on or institutional structures change, and evidence based policy making still seems some way off. This is concerning in the current context, as a number of programmes reach their end and the public sector adjusts to the task of delivering more for less.

We used the workshops with residents and stakeholders as an opportunity to draw on their expertise – the lived experience of residents, and the professional expertise and service delivery experience of stakeholders. Through discussion and deliberation we sought to identify the interventions they perceived to have the greatest impact in our case study areas.

There was a broad consensus regarding the most successful interventions in each area. The table below summarises key interventions perceived by partners and residents to have had the most impact. (More detail about the interventions can be found in the case study annexes). The Liverpool JET service and Middlesbrough Works were also considered very successful; both are discussed in section three.

The interventions perceived as most successful tend to be those with a place based focus, either targeted at individuals living in a particular area, or those designed to improve the physical appearance of the area. The visibility of strategies and interventions initiated at higher spatial scales was low, with the exception of the Green Corridor strategy in Wakefield.

Some of these policies have helped provide an impetus for positive outcomes that have changed the area, bringing physical developments unlikely to happen otherwise such as the renewal of undesirable housing estates, or the building of new community centres. Others have laid foundations for ways of working that have

lasted beyond the individual project, for example the successful multi-sector partnership working of STEM in Priestfields is regarded as building on the successful working piloted under City Challenge and taken forward under the neighbourhood renewal fund; it is now being continued through neighbourhood management.

**Table 6.1**

City region	Area	Most influential interventions	Perceived successes	Perceived weaknesses
Leeds city region pair	Both areas	Hemsworth Coalfield Partnership (1999-2006): a major SRB scheme focused on education and lifelong learning; building bridges to work; healthy living and community safety; and community capacity building.	<ul style="list-style-type: none"> <li>Built Fitzwilliam Resource Centre and refurbished Havercroft Skills Centre.</li> <li>Created hub for community activity, co-location of services and delivery of employment services</li> </ul>	<ul style="list-style-type: none"> <li>Started quickly, no time to build community capacity</li> <li>Some poor spending decisions resulting from insufficient engagement</li> <li>Ended 'just as it got going'</li> </ul>
		Green Corridor (2003 onwards) strategy to transform declining neighbourhoods with low demand and poor quality housing and reconnect them to the economic mainstream by making them more attractive to commuters. Initially funded through the regional Single Housing Investment Pot, then adopted by the city region.	<ul style="list-style-type: none"> <li>Demolition of the City Estate in Fitzwilliam (see Section 4.3.1)</li> </ul>	<ul style="list-style-type: none"> <li>Impact of the recession has significantly slowed progress.</li> </ul>
	Fitzwilliam only	Neighbourhood management (2007-2010): Multi-agency area based working pilot, funded through Safer and Stronger Communities Neighbourhood Element	<ul style="list-style-type: none"> <li>Improved community engagement through regular events</li> <li>Delivered social improvement through neighbourhood policing</li> <li>Delivered physical improvement through clean up days</li> </ul>	<ul style="list-style-type: none"> <li>Pilot now ended, not clear what replacement will be.</li> <li>Could have stronger links to employment and skills</li> <li>Too short a timescale once implemented</li> </ul>



City region	Area	Most influential interventions	Perceived successes	Perceived weaknesses
Tees Valley city region	Priestfields	Stronger Together East Middlesbrough (STEM) (2006-2010): Funded by Safer and Stronger Communities Element, it is a multi-agency area-based approach focused on employment, health, youth work and community policing. Overseen by partnership group with strong resident representation and informed by seven community forums bringing together councillors, residents, third sector and local businesses. It built on a number of approaches piloted in the area under City Challenge and the Neighbourhood Renewal Fund.	<ul style="list-style-type: none"> <li>• Effective partnership working</li> <li>• Effective community engagement</li> <li>• Encouraged the public sector to be known to the communities they serve through community walkabouts</li> <li>• Delivered employability services and apprenticeships as well as neighbourhood policing and physical improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Funding ended March 2010 although activities continue through neighbourhood management</li> </ul>
	Grove Hill	Grove Hill Housing renewal (1995 onwards): Successive housing regeneration initiatives have been undertaken in Grove Hill, with housing demolished and rebuilt alongside other physical improvements. The most recent is led by RSL Erimus (since 2006).	<ul style="list-style-type: none"> <li>• Erimus scheme has achieved more effective communication with residents.</li> <li>• Plans include new facilities, including a new community centre, as well as new housing.</li> </ul>	<ul style="list-style-type: none"> <li>• Unclear and uncoordinated successive waves of housing demolition.</li> <li>• Earlier schemes lacked community involvement and only addressed physical improvement.</li> <li>• Residents being moved out of the area unclear if they will be able to move back again.</li> </ul>

City region	Area	Most influential interventions	Perceived successes	Perceived weaknesses
Liverpool city region pair	Both areas	<b>Neighbourhood management (since 2004):</b> Bringing together regeneration, housing, environmental action, Jobs Education and Training (JET) teams (see below) and 'cluster partnerships' (a resident's forum), coordinates policies and services at neighbourhood level. Each 'neighbourhood' covers several wards.	<ul style="list-style-type: none"> <li>Putting neighbourhoods on the mainstream agenda – neighbourhood working runs as a theme throughout the Liverpool City Council approach</li> <li>Links place agenda with employment and skills</li> </ul>	<ul style="list-style-type: none"> <li>Funded through Area Based Grant, could be vulnerable to cuts</li> <li>Difficult to get organisations to participate fully in the neighbourhood partnership</li> </ul>
	Croxteth only	<b>Joint work between AVCT and Cobalt housing (RSL) (since 2004):</b> small scale interventions linking the delivery of Decent Homes Standards and housing maintenance to training and employability opportunities	<ul style="list-style-type: none"> <li>Used physical regeneration scheme to deliver training and apprenticeship opportunities to local NEETs</li> <li>Cobalt reviewed procurement policies to ensure there is a level playing field for local business and social enterprises.</li> </ul>	
	Speke only	<b>Speke Garston Partnership and Speke Garston Development company (1995-2004):</b> Brought together £24m over two rounds of SRB. Speke Garston Partnership (SGP) led on social programmes while the Development Company led physical and economic development	<ul style="list-style-type: none"> <li>Development Company levered in further £97m public and £223m private investment and created 4,500 jobs in the area.</li> <li>SGP established successful pilots since mainstreamed including: JET service, Streets Ahead and neighbourhood management.</li> </ul>	<ul style="list-style-type: none"> <li>Exit strategy not successful. Withdrawal of SGP resulted in voluntary and community sector closures.</li> <li>Not enough lead in time for some projects, e.g. insufficient skilled people to fulfil local employment clauses.</li> </ul>

Drawing on the discussions with residents and stakeholders, a number of shared characteristics for policy interventions to influence improvement in deprived neighbourhoods emerge:

**a) Targeting interventions:** Targeting concentrations of deprivation is regarded as an effective and efficient way of reaching out to individuals experiencing deprivation. This is true of the employability interventions highlighted in Boxes 3.3-3.7 in Section 3, which all include an element of area based working, adding value to mainstream services by reaching out to individuals less likely to come into contact with mainstream services. Service deliverers need to have a fine-grained understanding of an area and differing levels of need within it, to ensure the most intensive services are targeted at those most in need, and that spending deadweight is minimised. Stakeholders were, however, mindful of the fact that many poor people do not live in low income communities, emphasising that approaches must not be exclusively area based.

**b) Continuity of funding and sustainability:** Time and continuity are essential. Stakeholders highlighted the need for time to develop interventions that build on an evidence base and understanding of the context of a local area. The stop-start nature of many initiatives is damaging, undermining residents' confidence, and often activities cease just as they are seen to get going. There was also frustration over the lack of flexibility in funding, with stakeholders highlighting the need to be able to switch money between priorities and between financial years more easily. A critical weakness for many of the policies highlighted as successful is either their reliance on short term funding – SRB, European funding, Safer and Stronger Communities Fund, Working Neighbourhood Fund – or their vulnerability to budget cuts. These are not statutory services, and already the value of some programmes has been reduced. This is a real cause for concern for the future, as it is these discretionary services that have been highlighted as being crucial for connecting people to mainstream opportunities, and bringing about improvement.

**c) Flexibility and linking economic and social interventions:** there must be flexibility to direct funding to where it is most needed, and to respond to individual needs rather than one size fits all responses. The employment interventions highlighted as successful clearly emphasise this point, with the availability of discretionary funds to address any barriers to employment and wrap other services around the needs of the individual. The recent experimentation with area focused, personalised employment services has, in some cases, helped to make links between economic and social interventions. For example the Middlesbrough Works Employment Gateways co-locate with Sure Start centres and neighbourhood policing teams, and are given a remit to address any barriers to employment that a client may have, which could include confidence and self esteem issues, debt problems or access to childcare.

**d) Animating community activity:** many of the policies outlined in Table 6.1 above emphasise the importance of community engagement and ownership of community activities. In many examples a key organisation plays the role of animateur, bringing individuals and organisations together and mobilising resources in the interests of a particular area. Looking across the case studies, this role has been successfully played by neighbourhood managers, housing associations, cross sector partnerships and social enterprises. What matters is not so much the *sector* of the animateur, but the ethos and commitment to improving an area, with workers seeing themselves as part of the community they serve. Community organisers introduced as part of the Big Society agenda could help to play this role

**e) Partnership working:** Cross agency working to achieve a shared vision is considered critical, and neighbourhood management is seen a key means of achieving this. To reach its full potential, partners need to be fully signed up to area improvement and meeting the needs of the individuals that live there, and be able to respond flexibly to the needs of the partnership. This was seen as a key strength in Priestfields in particular, where partnership working has been longstanding and is accepted as an essential way of working.

**f) Neighbourhood presence and the co-location of services:** The neighbourhood is seen as a useful vehicle for delivering services as it plays into people's attachment to place, sense of local identity and low travel horizons. Local hubs where neighbourhood services are co-located were regarded as critical, especially where they are run by voluntary organisations able to build trust with the local population. 'One stop shops' offer a simple interface with the public and possible savings as a

result of streamlining and better coordination (Kent county council 2010). Such centres, like those in Grove Hill, Fitzwilliam and Havercroft, create a hub for the community and provide a base from which outreach activity can take place, taking the service offer to the community.

### Box 6.1 Regeneration and neighbourhood renewal in recent decades

In 1997 the Labour government came to power with a clear focus on tackling multiple disadvantage in some of the country's most deprived communities. Quickly launching the New Deal for Communities (NDC) and the National Strategy for Neighbourhood Renewal (NSNR), with the bold aim to ensure 'no one is disadvantaged by where they live'. In subsequent years this was complemented by further neighbourhood focused programmes including neighbourhood policing and neighbourhood management pathfinders.

These programmes placed significant emphasis on a holistic and sustained approach to addressing neighbourhood disadvantage as well as placing great significance on community involvement in achieving lasting change.

They have resulted in considerable improvement for some of the most deprived areas in the country. The final NDC evaluation found 'place' indicators had improved considerably, although 'people' indicators proved more difficult. Nonetheless, NDC areas outperformed the national average, their local authority average and their control areas on most indicators including on economic activity (CLG, 2010b). The evaluation of NSNR found a similarly positive picture, but finds positive effects are greater where spend reaches a critical mass, emphasising the need for strategically targeted spend (CLG 2010c).

Between 2007 and 2010 the emphasis on holistic neighbourhood renewal diminished, and policy objectives refocused to tackling worklessness through the Working Neighbourhoods Fund and addressing housing market failure through Housing Market Renewal Pathfinders.

The coalition government's agenda for neighbourhoods is beginning to take shape, with greater emphasis placed on communities and individuals taking responsibility for their own neighbourhoods, either through community land trusts and open source planning (HMG 2010), or through civic action as part of the big society agenda (Cameron 2010).

## 6.2 Looking beyond the neighbourhood

While the list of characteristics set out above provides a useful guide for effective neighbourhood intervention, neighbourhoods cannot be looked at in isolation. In order to avoid some of the shortcomings of past area based interventions, links must also be made to the wider housing and labour markets, and where neighbourhoods fit within them (CLG 2010b). For example, providing services to support people to become employment ready is only half of the picture: there must also be quality jobs for them to enter. Services and programmes delivered at the neighbourhood level must be linked into strategic plans of the functional economic area to ensure people in deprived communities benefit from economic opportunities offered in the wider area.

While the boundaries of functional economic areas are fluid, with different markets taking on different geographies, city regions – voluntary partnerships of local authorities – have emerged as a means of coordinating responses across this wider geography. For some parts of the North of England city regions build on a long track record of partnership working across local authority boundaries.

Initially these partnerships were focused on closing the economic output gap between the north and south, with City Regional Development Plans (CRDPs) identifying actions to assist with this objective (PwC 2007). These early strategies tended to focus on identifying key growth sectors to drive productivity. However, even at this relatively early stage Liverpool and Tees Valley city regions were highlighting steps to tackle concentrations of worklessness, despite the main focus for activity being boosting productivity. This reflects the priorities of those city regions, given their economic circumstances, and the importance of different areas being able to tailor policy priorities to the local context. The key economic priorities for each city region are set out in Table 6.2.

**Table 6.2 Economic priorities of the city regions**

City Region	Identified key growth sectors
Leeds	• Financial and business services;
	• Electrical and optical equipment;
	• Bioscience, health and Medical research;
	• Digital and creative industries
Liverpool	• Liverpool SuperPort;
	• Culture and the visitor economy;
	• Low carbon economy;
	• Knowledge Economy.
Tees Valley	• Ports and logistics;
	• Chemical industry;
	• Digital industries;
	• Energy sector

Over time, more functions have been added to the remit of city regions, including housing, transport and employment and skills. This has introduced the potential for a more integrated agenda for the work of city regions, with issues like worklessness, planning and environmental protection now featuring as objectives as a result of city regions responding to their local priorities, but also as a result of the DWP’s City Strategy Pilot and the implementation of the recommendations of the Leitch Review (2006).

This has strengthened the spatial analysis of city regions, with the different opportunities and challenges of different neighbourhoods beginning to feature in their thinking. For example, city regional housing strategies now identify key areas with vulnerable housing markets, and priority areas for housing growth, while city regional Employment and Skills Boards have produced strategies to better coordinate welfare to work and training, identifying priority areas for action. In Liverpool city region this includes identifying key concentrations of worklessness (Liverpool City Region 2009), something the draft employment and skills strategy in the Leeds city region plans to do (Leeds City Region 2010). The Tees Valley strategy discusses community based provision, but does not go so far as to target key areas (Shared Intelligence 2007).

The introduction of Multi Area Agreements (MAAs) and pilot statutory city regions provided a framework through which partnerships of local authorities could seek freedoms and flexibilities from central government. All of our focus city regions were included in the first tranche of MAAs signed with central government in 2008, and one of them, Leeds city region, was designated as a pilot statutory city region authority in the months before the General Election. Research into the MAA process reveals a reticence on the part of some central government departments to cede powers, and the varying capacity of local authority partnerships (Russell 2010). Both these findings suggest the Coalition Government's aspirations for localism to be the driving force between future interventions will be difficult to implement in some areas. They emphasise the need for cross Whitehall support for decentralisation and to allow time to grow capacity at the local level to ensure Local Enterprise Partnerships are able to deliver the promise of localism.

### 6.3 Making the connections

While in theory the need to join up across policy areas and spatial scales is well established, in practice there is still some distance to travel. This research identified examples of deficient policy alignment and confusion over how the various parts of the picture fit together.

A familiar story emerged of so much activity taking place that it is difficult for professionals – let alone residents – to keep track of what is happening and the opportunities available. This seemed to be a particular problem with regard to employment support and training provision, with stakeholders in every case study area expressing confusion at the myriad of support available. A typical comment by an employment service provider was: *"It's my job to know, and if I can't even keep track of what's out there, what hope is there for the clients?"*

But vertical as well as horizontal links were missing, with opportunities arising as a result of actions at the regional and city regional levels not being maximised. Links were weak between welfare to work activities and economic development, with those delivering welfare to work generally unaware of the sectors being targeted for employment growth at the city regional or regional level. With better integration and communication stakeholders participating in the workshops thought economic development in the wider area could better benefit workless individuals. By ensuring people have the skills and capacity to take up opportunities in sectors where employment growth is expected, as well as in the supply chains that will serve those industries, maximum benefit can be gained from public investment in economic development.

Numerous examples were also given of economic and physical developments not linking sufficiently to locally delivered social programmes. For example, in most places employment service providers were mostly unaware of the major economic and physical developments taking place in the wider area, despite these developments resulting in job opportunities – both during the construction phase and the jobs that ultimately follow. Given the tight financial context better linking economic development and social programmes was thought to be a key way to ensure maximum public value was gained from any public money spent. The Wakefield Homebuilder scheme (see box) offers a good example of how this can work.

**Wakefield Homebuilder:** Run by Wakefield and District Housing (WDH), the scheme offers training and employment opportunities in the construction sector to workless young people in Wakefield. Developed in partnership with a range of organisations, including Groundwork Wakefield, the council, Job Centre Plus, the local college and the construction industry, a programme has been developed that combines basic and generic skills training with industry specific qualifications, work tasters and work experience. The training links specifically to employment opportunities, with WDH using the scheme to recruit people to deliver decent homes standards. It is also used across its procurement and supply chain activities. Between 2005 and 2007 Wakefield Homebuilder helped 164 people enter long term employment (Housing Corporation 2007).

Some of the policies identified as most successful through our workshops were those that link improvements to places, to improvements for people. For example, the South Liverpool Housing Intermediate Labour Market scheme, the joint work between Cobalt Housing and Alt Valley Community Trust, and Wakefield Homebuilder, where physical housing improvements were used as an opportunity to support workless people to reconnect with the labour market. However, as the experience of the Speke Garston Partnership tells us, for interventions like these to assist those hardest to reach requires considerable lead in time, intensive support and careful targeting.

Developing programmes that target intensive support at those furthest from the labour market are often not cheaper in the short term, but where they result in sustainable employment, the longer term savings are considerable. For example, the Freud Report (2007) calculated considerable saving to the Exchequer as people move into employment. Taking into account both savings from benefit reductions and revenue gained from taxes:

- £9,000 per year is saved by moving incapacity benefit claimants into work;
- £8,100 per year for Job Seekers Allowance claimants and
- £4,400 for lone parents claiming Income Support.

What emerges strongly from the research is the importance of social regeneration in bringing about improvements for both people and places, alongside essential economic and physical regeneration. The complementarities between social regeneration policies, which are specifically designed to maximise the impact of economic and physical regeneration for the most deprived people and places, is essential. The challenge is to link social regeneration, which tends to be delivered at the very local scale, to other forms of regeneration that are often delivered across a wider area

With careful coordination and alignment there is potential to increase the benefit derived from these interventions, and reap substantial saving for the exchequer by supporting people to move from welfare into work. Local authorities are well placed to play this role. Not only do they have a core role in shaping neighbourhoods, but through their participation in City regions, and Local Enterprise Partnerships as they emerge, they shape the economic priorities for the wider area too. They act as a lynchpin between the neighbourhood and the wider functional economic area.

#### 6.4 Key messages

- Despite the considerable number of policy interventions in all case study neighbourhoods there is a surprising lack of recorded material pertaining to the local impact of such programmes and an absence of outcomes monitoring. This has significant implications for institutional memory and future learning and innovation.
- Despite the lack of formal evaluation, residents and stakeholders are very clear about what has been successful in their neighbourhoods and a series of success factors can be identified in relation to neighbourhood renewal programmes including the importance of:
  - Targeted intervention
  - Continuity of funding
  - Neighbourhood focus and co-location of services
  - Flexibility and linking social and economic interventions
  - Partnership working
  - Community engagement and animation
- In general, City regional strategies have not focused on fine-grained analysis of neighbourhood deprivation as these have been outwith their remit, but working together at this scale provides an opportunity to link approaches across scale.
- The neighbourhood is often a key spatial scale for policy delivery. This is particularly important in neighbourhoods where identities are strong and travel horizons short. To be effective however it must be sustained over time, and neighbourhood workers must come to see themselves – and be seen as – ‘part of the communities’. More effective joined up working at the neighbourhood level has potential to bring cost savings too.
- While delivery may need to take place at the neighbourhood level the functional economic area or local authority area is generally the right scale for the formulation of strategies. But links between city regional strategies and neighbourhood delivery are patchy. There are opportunities to do more to maximise the benefits of city regional activity for deprived people and places.
- A key area for improvement is in the linkages between welfare to work on the one hand and economic and physical development on the other. In a context of constrained public spending, it is essential that all public money levers maximum benefit, with social programmes designed to ensure economic and physical developments result in employment opportunities for those furthest from the labour market.



## 7.0 Conclusions and recommendations

### 7.1 Overall conclusions

By its very nature, multiple deprivation involves a range of different factors and complex relationships. It can take a long time for changes in market dynamics or policy interventions to transmit into measurable outcomes on the ground, which makes specificity in establishing the relative strength of different factors and the direction of relationships difficult to establish. Initiatives need to be developed and delivered over time, with a strong local focus and strong integration between interventions.

Running through the discourse about regeneration, economic development and neighbourhood deprivation over the past decade, there has been a debate about whether policies aiming to stimulate sustainable growth and employment should target people or places. This research identifies how policies geared towards people, such as measures to increase labour market mobility and improve skills, are important in widening opportunities for individuals and families. But, to promote rebalancing, it also highlights that these approaches must be complemented by policies that address places too, otherwise some people and places will be left behind, further imbalancing the economy and storing up social and environmental problems for the future.

The place where you live fundamentally affects the economic opportunities open to you, and for many, the ability to move to take up employment is constrained by their attachment to places, communities and established social support networks. Furthermore, the incentive to move for work is less for people on low incomes. Place based factors affect people's decisions about where to live, with implications for the improvement or decline of neighbourhoods resulting from population changes. Good quality housing, environment and facilities, and the potential to access wider economic opportunities, help areas to become neighbourhoods of choice, especially where they are well managed. Where these features are absent, deprived neighbourhoods risk entering a spiral of decline.

Policymaking should avoid a polarisation between policies targeted at people and those targeted at places as the interaction between people and places needs to be better understood and incorporated into policy thinking.

In the context of a policy drive to rebalance the economy, a number of key messages emerge from the research for policy makers and others working to improve deprived neighbourhoods. It is possible to identify five key areas for policy development in this field.

### 7.2 Key messages

#### 7.2.1 Economic growth is necessary but not sufficient:

Life chances for individuals and the fortunes of neighbourhoods in which they live are significantly determined by the dynamics of their wider functional economic area, the strength of its economy and the availability of suitable jobs. There was considerable economic growth across all eight northern city regions up to the onset of the recession, and economic deprivation rates improved for the majority of poor neighbourhoods over this period. However, a number of neighbourhoods saw little or no improvement over this period and a small number declined. Economic growth is necessary but not sufficient to shift economic deprivation. It is not the case that a rising tide will necessarily lift all boats.

### 7.2.2 City regional variation:

Notwithstanding this overall pattern, there are clear differences between the progress within the three city regions we considered, suggesting that the overall economic performance of a city region has a bearing on the relative rates of improvement amongst its most deprived neighbourhoods. Strong economic growth from a low base has generally led to the greatest improvements in economic deprivation. And the dispersed economic opportunities of polycentric city regions would appear to have some advantages, distributing economic opportunity more effectively to the benefit of those living in deprived neighbourhoods. However, even in the most high-performing city regions, some neighbourhoods are still being left behind.

### 7.2.3 Neighbourhood variation:

At the neighbourhood level there is a high level of variation in economic performance. Our case studies illustrate that areas that were very similar at the turn of the century have taken significantly different paths over the past decade. While some of these differences can be accounted for by contextual factors – including the overall performance of the city region – they have also been affected by interventions taking place at the local level.

After the buoyancy of the wider economy, two factors emerged as having explanatory power for improvement in deprived neighbourhoods. Both factors were present in all improving, and absent in all lagging, neighbourhoods: these are residential sorting and community 'outlook'. Other factors – including interventions into labour markets – have important effects, and for communities these effects can be both negative and positive depending on their impact on these other factors, but they do not directly explain variations between improvement and lag in our case study neighbourhoods. Each of these is explored in turn:

#### Residential sorting:

In all of the six neighbourhoods studied, changes to housing stock and/or the in-migration and out-migration of particular groups provides an important part of the explanation for their different trajectories. In the lagging neighbourhoods this can be characterised by a process of 'residualisation' whereby those moving out tend to leave behind the poorest members of the community, and those moving in have high levels of need, resulting in a self-reinforcing spiral of decline. In improving neighbourhoods there is some evidence that changes to housing stock and tenure, and good quality facilities and environment are attracting new people to the area, 'diluting' any concentration of poverty. However this should not be characterised simply as a process of gentrification in the improving areas, nor should it be understood as implying the benefits of wholesale clearance. Often there is not a large difference in the incomes of the original population and the newcomers, and there is evidence of improvement for the economic deprivation rates among the 'original' population. This suggests, however, that mixed tenure and population dynamism in communities can help to bring about improvement.

#### 'Community outlook':

Research into the impact of social networks on people's life chances and the fortunes of neighbourhoods is in its infancy, but this project suggests they provide an important part of the explanation for the differences between our improving and lagging neighbourhoods. The coming together of people in a place and the social networks that bind them and link them to people, places and organisations beyond the immediate neighbourhood are the building blocks of what we call 'community

outlook'. The role of community organisations, shared history and community leadership all seem to be key factors influencing positive community outlook and improvement. In lagging neighbourhoods, negative outlook – often characterised by defensive and isolated identities and short travel horizons – would appear to be a barrier to some individuals seizing employment opportunities.

### **Tackling worklessness and other factors:**

The third factor that has played a significant role in shaping the trajectory of neighbourhoods is the relationship their residents have with the wider labour market. The availability of and access to suitable jobs is an important factor influencing the outlook and the population dynamics of an area, but alone it does not offer a consistent explanation of difference across improving and lagging areas. In some areas innovative neighbourhood approaches to tackling worklessness and delivering skills training have proved important. In others instrumental factors have been access to good public transport services or good quality information which enable access to work elsewhere.

A number of other factors were identified as being important but not as critical in shaping improvement or decline. The existence of sustained neighbourhood management programmes; an area's reputation and 'spill-over effects' (either positive or negative) from neighbouring areas all appear to be important, but their presence or absence will not necessarily determine improvement or decline.

### **7.3 Policy Matters**

These findings emphasise the importance of labour and housing market effects as key drivers. The role of policy making at different spatial scales is influential, with policy initiatives able to support individuals and communities to take advantage of these opportunities or to nudge change in areas through targeted interventions and ongoing capacity building.

Evidence from the literature and evaluations, as well as this research, suggest that area based initiatives have, to date, generally had a positive effect on place based factors such as environmental issues, promoting initiatives which make places greener, safer and cleaner. But they have been less successful at linking deprived neighbourhoods and their residents into wider labour and housing markets. However this has changed in more recent years with some neighbourhoods developing successful approaches to tackling worklessness in particular.

But firm evidence of the impact of the many and varied local initiatives remains a challenge as there has been little systematic monitoring and evaluation of the medium to long-term impact of many policy interventions in local areas. Nonetheless, sustained approaches to managing neighbourhoods that allow local relationships, knowledge and trust to grow are perceived to be important by residents and stakeholders. A number of other key factors appear to exist in the most successful policy interventions. These include:

- Early intervention as part of a wider strategy to address emerging challenges before they become too severe;
- Targeted interventions that respond to the very local specificities of particular challenges;
- Having the flexibility to respond to local circumstances and the needs of individuals;
- Involving communities in significant and meaningful ways over a sustained period

of time through outreach and proactive engagement and using intelligence gathered to inform policy responses;

- Close partnership working between public, private and voluntary organisations.

But neighbourhoods are not islands, and policies targeted at neighbourhoods must be coordinated with those emerging at other spatial levels. In recent years, attempts to coordinate policies and strategies at the city regional level have developed in areas such as economic development, investment, housing and worklessness, with strategies seeking to identify the contribution of particular places to the wider functional economy and policy initiatives aiming to address gaps in labour and housing markets to support wider economic development strategies. Many of these approaches are still evolving, and the processes remain unstable as policy has changed. It is difficult to judge their overall impact on the basis of this study, but the evidence suggests that this is a fruitful area for continuing work and observation. There is a clear opportunity to improve linkages between some policy areas, particularly physical and economic development on the one hand and welfare-to-work on the other, in the context of Government initiatives to promote collaboration around functional economic areas and to rebalance the economy.

In this context, one clear conclusion from this study is that there remains insufficient connection between policy-making at different spatial scales. In particular, national and sub-national policies must build on a more fine-grained analysis of the dynamics that operate at the neighbourhood level if they are to ensure greater success. In turn, neighbourhood action must be based on an understanding of the relationship between the neighbourhood and the wider labour and housing markets.

#### 7.4 Recommendations

In a period when the policy context is changing, as the Coalition Government begins to implement its Programme for Government, these conclusions lead us to make recommendations in five broad policy areas: tackling neighbourhood deprivation, the importance of localism and policy co-ordination across spatial scales, avoiding residualisation, action at the neighbourhood level, and supporting employment.

##### 7.4.1 Tackling neighbourhood deprivation

As the Coalition government has developed its welfare to work agenda it has had a primary focus on people, with welfare reforms planned to incentivise work and encourage the greater mobility of labour. Policies aiming to address local disadvantage have yet to emerge through the Big Society initiative and the economic development agenda, although wider aspirations to stimulate economic growth and 'rebalance' the economy, and aspirations to push decision-making down to the most local level possible, lend themselves to a focus on addressing economic deprivation in neighbourhoods.

What this research shows is that such generalised and people-oriented approaches are necessary and pre-requisite, but that they are not sufficient in preventing many neighbourhoods and their residents from being 'left behind'. Policy making should take seriously the need for targeted intervention in specific places to avoid the risk of widening social and spatial inequality.

It is evident that the size and scale of public investment in regeneration that has characterised the past decade will not be sustained. Area-based initiatives such as the New Deal for Communities programme have had important direct effects but future approaches must place greater emphasis on the wider labour and housing

market issues operating within functional economic areas and on ensuring there is a greater focus on utilising mainstream public funding to drive improvement in deprived neighbourhoods.

**Recommendation 1: The importance of place must be recognised in all facets of government policy to reduce the risks of neighbourhoods being left behind. In the absence of area based interventions, mainstream programmes must be used to drive improvement in deprived neighbourhoods, especially those with concentrations of workless individuals.**

The forthcoming White Paper on sub-national economic development and the Decentralisation and Localism Bill offer key opportunities to ensure local authorities in particular are able to address their deprived neighbourhoods (see recommendation 2) and to secure strong co-ordination through Local Enterprise Partnerships. Mainstream policies and programmes in relation to employment, welfare, housing and the range of local public services all have an important contribution to make (see recommendations 2, 3, 4 and 5).

#### 7.4.2 The importance of localism and policy co-ordination across spatial scales

All deprived neighbourhoods are different, with local conditions and the social and economic processes at work varying from place to place, and for some places such as those studied in this work the issues are longstanding and engrained. Understanding these dynamics is an essential starting point for designing interventions to bring about improvements in deprived neighbourhoods.

This more nuanced approach highlights the need for a localised approach. Tracking changes and identifying appropriate interventions at the neighbourhood level, and understanding the relationship between the neighbourhood and the wider area cannot be done from the centre. Furthermore, this research places a premium on the value of qualitative information alongside quantitative data in order to understand and anticipate change at the neighbourhood level, making monitoring from the centre doubly difficult.

The Coalition Government's commitment to the radical decentralisation of power is welcome in this respect, but to be successful, all central government departments must be signed up to the localism agenda.

This research demonstrates the importance of understanding the function deprived neighbourhoods play in their wider housing and labour markets. Neighbourhoods must be understood in the context of, and in relation to, their wider functional economic areas. But these areas generally stretch beyond the boundaries of individual local authorities. It is therefore essential that local authorities work together across genuine functional geographies to develop strategies that will not only grow their economies but help bring about improvement in deprived neighbourhoods.

Looking across the current policy agenda, Local Enterprise Partnerships (LEPs) are the structures currently available to local authorities in order to drive forward an agenda at the sub-national level. LEPs offer a potential vehicle for local authorities to collaborate to ensure the proceeds of economic growth benefit people living in the most deprived neighbourhoods. It is therefore essential they are able to access the powers and resources to drive forward sub-national economic development.

**Recommendation 2: Local authorities should use Local Enterprise Partnerships as a vehicle for integrating work to tackle neighbourhood deprivation alongside initiatives to promote economic growth across their functional economic areas. Central government must deliver on LEP requests for the powers, functions and the time to ensure they have the capacity to deliver this agenda.**

**a) Powers and functions**

The role and function of LEPs will be shaped by the ambitions of the partners, and their structures and powers should be enabled to vary according to the local context. Where they wish to, LEPs should be able to contribute to tackling neighbourhood deprivation by influencing resource allocation and priorities across a range of functions, including:

- **Job creation** – the availability of entry level jobs in the wider labour market is vital for improvement in deprived neighbourhoods. LEPs should not be afraid to pursue job creation as a goal, especially in economically lagging areas. But their ability to do this is constrained by plans to centralise inward investment, sector leadership, business support and innovation. These functions should be available to LEPs that wish to exercise them directly, or through collaborative structures.
- **Employment support and skills** – this research shows where employers are engaged in designing short courses directly related to employment in a particular sector the outcomes are often positive. To address neighbourhood deprivation, LEPs should build relationships with businesses moving into the area and local businesses that are expanding, especially those located near to deprived neighbourhoods, to ensure where possible new entry level jobs create opportunities for workless people. Furthermore, by playing a role in both economic development and welfare to work there is scope for LEPs to strengthen the links between these two areas. This is a key weakness at present with current arrangements, which results in missed opportunities. In a period of constrained public spending maximum benefit must be gained from all public spending that goes into economic development. Opportunities for LEPs to play a significant role in co-commissioning the new Work Programme where they wish to would be a key means of achieving this (see recommendation 5)
- **Housing and planning** – these functions lie primarily in the hands of local authorities and to some extent, communities themselves, with new incentives for house building and changes to the planning process through Local Housing Trusts. But decision-making at such a local level risks misunderstanding the dynamics of the wider housing market. Local Authorities must work together through LEPs to take a strategic overview of the housing market, and co-ordinate the aspirations and plans of communities and local authorities. (See also recommendation 3).
- **Transport** – our study reaffirms the importance of access to employment sites, especially for entry level employment. LEPs should work to link deprived neighbourhoods to areas with entry level job opportunities through their transport strategies, and use them as a basis for negotiation with public transport providers about routes, timetables and fares.

**b) Co-ordination**

Local authorities, where appropriate through LEPs, must be able to simplify approaches to economic development and neighbourhood improvement. They must be able to drive out the complexity that exists as a result of top-down policy-making from multiple government departments. To achieve this there should be:

- Named sponsor departments within central government, and cross-Whitehall co-ordination, to drive forward the empowerment of LEPs, responding to the aspirations of local authorities, businesses and their partners. A co-ordinated Whitehall response will reduce the need for time-consuming multiple bilateral relationships with each government department. It will also help avoid the emerging plans of LEPs being derailed by individual departments.
- Greater alignment across local public services, led by local authorities. Local authorities, and where relevant LEPs, should convene local spending and streamline commissioning, with action to tackle neighbourhood deprivation a key priority.
- Locally-defined mechanisms to link plans for action at the neighbourhood level with more strategic planning processes within local authorities and across functional economic areas.

#### c) Leadership and Accountability

As the powers and functions exercised by LEPs grow, governance and leadership functions will need to evolve. LEPs must establish a clear basis upon which they can be held to account.

Areas of the UK outside the North – such as London and Scotland – have strong and visible leadership and systems of accountability through the Mayor and the Scottish Government and other parts of the UK need to work hard to address this gap. Some have suggested that a directly elected mayor for a LEP area might be one way to achieve this high visibility and democratic accountability. The specific mechanism is not one for this research. At the very least, however, each LEP must demonstrate a clear process of leadership and for democratic accountability appropriate to its own context, and the objectives that their success should be judged against. Those wanting to improve neighbourhood deprivation should measure their success against changes to the level of real income and the level and concentration of worklessness. Due to the long-term nature of their work, and the time it takes to stimulate local economic success, LEPs should be judged over a 10-15 year time frame. But they must overcome a weakness of some past initiatives by establishing a clear process for evaluation, with an open approach to publishing evidence of progress in order that the public can judge their relative success.

#### d) Finance

The first financial priority should be to work towards better coordination of mainstream employment and welfare to work programmes and services to ensure they work more effectively for deprived people and neighbourhoods. Whilst it is unlikely that priorities for the Regional Growth Fund will extend beyond funding a relatively small number of targeted proposals, it is essential not to lose sight of wider objectives, and Local Enterprise Partnerships will require the capacity to influence and direct mainstream resources and to lever resources from other sources, including to address the issues raised in this report. Supporting capacity building could be a strategic purpose for the Fund. Other funding sources available to drive improvements, such as the Communities First Fund, should be tightly targeted to stimulate areas experiencing poor economic growth and the highest levels of deprivation.

But given the financial constraints currently being experienced, it is essential that local authorities are enabled to do more. This requires central Government to remove restrictions and support a wide range of alternative vehicles for local revenue raising. Some of these are set out in the box below.

### Box 7.1 Options for fiscal instruments to support neighbourhood regeneration

#### Local authority bonds

Issued by local authorities and bought by institutional investors, bonds have been used in the past to fund infrastructure development.

#### Social impact bonds

Finance for an intervention is raised through the market, usually used for early intervention or preventative programmes. The return on investment is paid by the government, as a proportion of the saving made to the public purse if the intervention is effective. The more money saved by the state, the larger the return to investors.

#### Tax increment financing (TIF)

Similar to social impact bonds, TIFs use future tax revenue to finance debt, to borrow money for improvement projects. With a long heritage in the USA, TIFs tend to be used to finance development in areas otherwise unattractive to the market.

#### Special purpose vehicles

Special purpose vehicles (SPVs) have been used in a number of ways in the past, such as Development Corporations, Urban Regeneration Companies and City Development Companies. Options include:

- **Local asset backed vehicles**  
A form of public private partnership, usually used for large scale physical regeneration. The public sector provides assets – either land or property – which are matched with equity from institutional investors to finance an agreed regeneration plan. The returns are shared between the partners.
- **Multi-purpose Neighbourhood Development Corporations**  
Common in the USA, these non-profit arms-length organisations coordinate projects at a neighbourhood level, frequently including affordable housing development and worklessness programmes. They are usually managed by a board that incorporates local residents.

#### 7.4.3 Avoiding neighbourhood residualisation

Our case studies suggest residualised neighbourhoods, with a concentration of people with multiple disadvantages is not simply an issue for social housing estates, with the actions of private landlords influential in our lagging areas. Residualisation is a key risk that policymakers must aim to avoid, as concentrating deprivation risks creating a spiral of decline in a neighbourhood, damaging an area's reputation (and potentially that of neighbouring areas), resulting in a negative community outlook, making the area less desirable still and even more difficult to improve.

The Coalition Government has focused on individual mobility, floating the idea of ending security of tenure for new tenants and introducing a 'freedom pass' to enable greater mobility for social housing tenants, particularly to ease the take up economic opportunities in different parts of the country (Shapps 2010; Conservative Party 2009). Enabling individuals to take up opportunities is welcome, but there are real questions about how effective the 'freedom pass' is likely to be given the other



factors that tie people to places such as their social networks, family and identity, and the long waiting lists and heavy rationing of social housing. Furthermore, evidence from major studies in America suggest that simply moving individuals out of less desirable neighbourhoods does not automatically improve their life chances (Orr *et al* 2003).

Given the current focus on individual mobility, Government should acknowledge the risk of further concentrating deprivation and maintain a parallel and co-ordinated focus on continuing to improve deprived neighbourhoods and the life chances of those that live within them.

**Recommendation 3: Avoiding increased concentrations of deprivation in already deprived neighbourhoods should be a priority. Central government should assess the likely impact of its policies on residualisation, and give local authorities the tools to address and prevent neighbourhoods getting left behind.**

**a) Monitoring residualisation**

Local authorities that seek to prioritise avoiding concentrations of deprivation should use publicly available statistics to monitor population changes and changes to out of work benefit claimants by neighbourhood. These data, alongside qualitative intelligence, should be used to identify neighbourhoods experiencing residualisation and those at risk of it. These should be priority areas for action.

**b) Approaches to tackle residualisation**

In the short term, given the absence of funding for major area based initiatives, local authorities should focus on improving the quality of place in priority neighbourhoods through neighbourhood management and neighbourhood employment programmes (see recommendations 4 and 5) to seek to develop sustainable approach to development.

The case for greater local flexibility over social housing allocations should also be explored, with a view to giving local authorities, in partnership with local housing associations, greater discretion over housing eligibility criteria. This would enable them to set allocations policies to avoid concentrations of vulnerable groups in areas already at risk of residualisation, and to support more mixed communities. Such an approach would have to be counterbalanced by minimum entitlements to ensure the most vulnerable are not disadvantaged, but there is scope for more locally directed allocations than is currently the case.

In the longer term, as the housing market picks up, local authorities must be given the powers – including revenue raising powers – to regenerate priority neighbourhoods. They should have the power to stimulate private investment and build social housing, in order to respond to local shortages in supply which increase rationing and therefore the risk of concentrated deprivation. New build should be targeted at areas that do not already have concentrations of social housing, with the exception of housing demolition and rebuild as part of a regeneration scheme.

As housing development begins to return, local authorities should continue to use planning powers to require social, intermediate and affordable housing provision as part of developments. However such developments must be grounded in an understanding of the function that different neighbourhoods currently play within the wider housing market, and gaps in the housing offer of the wider area which could be addressed by ‘nudging’ or ‘tilting’ their roles.

#### 7.4.4 Action at the neighbourhood level

The coalition government's Big Society agenda aspires to reinvigorate civil society, re-instilling in individuals and communities a sense of responsibility, which is perceived to have been lost. Neighbourhoods are seen as the building blocks for this agenda, with voluntary organisations and social enterprises expected to take on the management of assets and delivery of services (Cameron 2010; Maude 2010).

Our research shows the capacity of neighbourhoods to take up these opportunities is likely to be shaped by the dominant community outlook. In areas with more negative community outlook, this will need to be addressed for the Big Society to flourish.

Currently, deprived neighbourhoods are the focus for multiple policy interventions, and a more coherent interface is needed at the neighbourhood level. Our research finds good neighbourhood governance helps to address both these issues, especially where it is built around the principles of neighbourhood management, providing a drive for good partnership working, a base for community outreach and engagement, intelligence on how areas are changing (for the better or worse) and offering efficiencies through co-location. Our research demonstrates effective neighbourhood governance can emerge from a number of different sources, whether local authority neighbourhood managers, housing associations or neighbourhood based social enterprises. However a number of key factors emerge as determining the success of neighbourhood working. It must be:

- Sustained over time. The stop-start nature of interventions at the neighbourhood level prevents capacity and expertise being built in a sustainable way. Neighbourhood action should be cumulative and coordinated, with each intervention building on existing structures and information where possible.
- Based on a sense of ownership and trust, with those delivering services in neighbourhoods regarding themselves as 'part of' the neighbourhood they serve.
- Able to provide – or signpost people to – services that wrap around the needs of the individual.
- Able to look outside the immediate neighbourhood and make connections to the wider area.

Achieving this requires local authorities to be committed to the delivery of good neighbourhood working, whether through directly employing neighbourhood managers, or contracting services from a local organisation. Crucially it is the commitment of the local authority that secures the sustainability that is required. Social housing providers can also do this, but local authorities can more easily offer reach across an entire neighbourhood, not just social tenants. However, the precise structures and form of neighbourhood management should be designed in partnership with residents and local voluntary organisations.

**Recommendation 4: Local authorities should make a long term commitment to neighbourhood management approaches in priority neighbourhoods, with frontline staff properly tasked and resourced to achieve key outcomes, including increased employment, creating communities of choice and developing and sustaining positive community outlook.**

a) Early intervention targeted by neighbourhood type

Quite what the balance should be between interventions aimed at people, place

and community outlook will vary according to neighbourhood context. However in all three improving areas in this study there was evidence that early intervention had prevented a vulnerable area entering a cycle of decline. Where problem issues were not addressed, residential sorting was exacerbated.

In order to initiate early intervention, there is the need for a clear understanding of the neighbourhood type and its future potential. Local authorities are encouraged to use simple distinctions between lagging and improving neighbourhoods – as well as those at risk of slipping backwards after a period of improvement – as set out in Table 4.3 in Section 4 on page 55. Such indicators are likely to help identify neighbourhoods that fall into each category and some actions that are likely to be priorities in those areas. While a number of neighbourhood indicators can be identified through the collection of statistics, gathering qualitative intelligence through neighbourhood working is also vital in adding important depth to understanding the profile of deprived neighbourhoods.

**b) Building and sustaining positive community outlook:**

Positive community outlook not only strengthens the social fabric of a neighbourhood but appears to be a key ingredient influencing improvement in deprived neighbourhoods, driving local service improvement and supporting access to employment. Further research is needed across a larger number of neighbourhoods to build a more detailed understanding of community outlook and its causes and effects.

Nonetheless, our research points to a number of ways in which neighbourhood working can build and sustain positive community outlook. Working with and nurturing community and voluntary organisations has a key role to play as does work to promote enterprise, through local businesses and social enterprises, with key areas for action including:

- Providing direct support to organisations. Experience in Speke suggests the relationship between the public sector and the voluntary sector is crucial, with much voluntary activity in Speke ceasing when public sector support was withdrawn. In some areas, an unsupported Big Society in practice may prove to be a ‘small society’.
- Building networks between voluntary and community organisations, and decision makers, and encouraging the strengthening of networks within an area too.
- Establishing community hubs and other infrastructure or transferring assets into community ownership to help build the identity of a place, and support local organisations to move onto a firmer enterprising footing (Cox and Schmuecker 2010).
- Ensuring public procurement opportunities are accessible to neighbourhood organisations from all sectors.
- Mentoring schemes, matching people working in neighbourhoods with positive community outlook with those working in areas where it needs to be developed.

Community leadership has a crucial part to play alongside good neighbourhood governance in securing positive community outlook. Leadership emerges in different places. In some case studies leadership came from community and voluntary sector organisations or groups of concerned residents; in others it came through a local councillor or an effective neighbourhood manager. Effective community leaders should:

- Make links beyond the immediate area, and cultivate relationships with decision makers
- Share and promote stories of successful community action to build confidence and a sense of achievement within neighbourhoods.

Very often, neighbourhood managers and frontline staff have an important leadership role to play themselves. Within the neighbourhood, individual initiative is often the primary prompt for service improvement or joint-working across services or agencies. Again, this can be supported by long-term relationship-building but individual initiative is very often frustrated by the inability of frontline staff to change structures and processes designed at more strategic tiers of operation and policy making. Greater emphasis needs to be placed on valuing the role of frontline officers and enabling them to exercise greater strategic influence.

#### 7.4.5 Supporting employment:

The Coalition Government's primary approach to tackling worklessness is to make work pay more than remaining on benefits. Their key mechanism is the adjustment of rules on how much people can earn before losing their benefits, and changing the rate at which benefits are withdrawn as earnings rise (DWP 2010). They are also developing plans for a single Work Programme, which will provide integrated and personalised support for unemployed people, and sanctions for those who turn down 'reasonable' offers of work (HMG 2010). Those claiming out of work benefits related to sickness or disability will have to participate in the work programme if they are assessed as capable for work. Support will be provided by private and voluntary sector organisations on a payment by results basis.

Incentivising work for those that are able is undoubtedly an important goal, but should not be the only approach to tackling a complex problem. This research shows a number of other factors also influence people's ability to take up employment, including the vibrancy of the local economy, the availability and accessibility of jobs, people's travel horizons and, in some cases, the norms and values of the neighbourhood – or community outlook as we term it here. This means worklessness must be tackled on a number of fronts. For example the planning and transport systems need to ensure the proximity and accessibility of entry level jobs to people living in deprived neighbourhoods, and neighbourhood level interventions are needed to help address community outlook.

This research also demonstrates the neighbourhood is a key site for the delivery of employment support programmes, especially those targeted at some of the hardest to reach. Local authorities, social housing providers and social enterprises in our case study areas have used discretionary funding streams to develop innovative and flexible services that wrap around the needs of the individual. The neighbourhood has also proved a key site for delivering innovative outreach methods and intermediate labour market (ILM) schemes for those furthest removed from the labour market. Delivering such schemes at the neighbourhood level helps build trust and is a first step to addressing low travel horizons.

Many of these innovative schemes have been funded through the Working Neighbourhoods Fund, the Decent Homes Standard programme, Regional Development Agencies Single Programme Funding and European funding. The future of these funding streams is threatened by the pending budget cuts. It is essential that the plans for welfare reform incorporate space and funding for innovative neighbourhood approaches targeted at areas with concentrated

worklessness. Local authorities should have a key role in welfare to work policy to ensure this happens.

**Recommendation 5: The coalition government's plans for a Single Work Programme must incorporate resources to fund flexible and innovative wraparound schemes for targeted neighbourhoods with concentrations of worklessness. As part of government commitments to greater localism, schemes should be commissioned in partnership with local authorities and Local Enterprise Partnerships (LEPs), with input from neighbourhood managers.**

**a) Building innovation into the system**

The new single work programme will be the primary vehicle for supporting the hardest to help back to work as the additional funding for discretionary programmes reduces. Organisations securing the prime contracts for the single work programme should be required to earmark a proportion of the contract value for an innovation fund. This money would be available in the form of grant contracting that voluntary sector, social enterprise and neighbourhood managers can apply for (see McNeil 2010).

**b) Local authorities co-commissioning the work programme**

In keeping with the government's commitment to localism, it is essential that the Work Programme commissions services that reflect the economic challenges and aspirations of the local area. To this end, where there is appetite, local authorities, through LEPs, should be responsible for co-commissioning the Work Programme. LEPs will need the ambition, skills and expertise to take on a co-commissioning role. Their role should be:

- Encouraging innovation and ensuring a diversity of suppliers;
- Increasing the integration of welfare to work provision with other local services;
- Ensuring local accountability and ensuring the services commissioned meet the needs of locally identified priority neighbourhoods and groups (for more discussion of developing the role of local authorities in the single Work Programme see McNeil 2010).

A further benefit would be improved integration between welfare to work and wider economic development. The lack of links between these two areas has emerged as a key weakness throughout this research. Local authorities, through LEPs, will be responsible for setting out the economic priorities for the area, and bringing them into the welfare to work commissioning process will help to improve communication of opportunities between these two policy areas. It will also help to strengthen the links between neighbourhood delivered services and the wider labour market.

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