



Evaluation of the National Strategy for  
Neighbourhood Renewal  
**Final report**



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Neighbourhood Renewal  
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AMION Consulting

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Department for Communities and Local Government

The findings and recommendations in this report are those of the authors and do not necessarily represent the views of the Department for Communities and Local Government.

Communities and Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU  
Telephone: 0303 444 0000  
Website: [www.communities.gov.uk](http://www.communities.gov.uk)

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- research into the impacts of the Neighbourhood Renewal Fund undertaken by York Consulting; and
- analysis of educational performance and the provision of bespoke small area datasets by the Social Disadvantage Research Centre at the University of Oxford (SDRC).

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# Chapter 1

## Overview

### 1.1 Introduction – scope of the evaluation

The National Strategy for Neighbourhood Renewal (NSNR) was launched in 2001 with the vision that:

*“within 10 to 20 years no-one should be seriously disadvantaged by where they live”*

and two long-term goals:

*“in all the poorest neighbourhoods to have common goals of lower worklessness and crime, and better health, skills, housing and a physical environment”* and

*“to narrow the gap on these measures between the most deprived neighbourhoods and the rest of the country”.<sup>1</sup>*

The Strategy marked a shift from previous regeneration programmes such as City Challenge and the Single Regeneration Budget to a comprehensive England-wide strategy to tackle deprivation at neighbourhood level. It was distinguished in particular by an emphasis on locally-determined measures. Also, while it was supported by dedicated finance – principally the Neighbourhood Renewal Fund (NRF), subsequently reformed as the Working Neighbourhoods Fund (WNF) – it also placed particular stress on the important role that ‘mainstream’ public services and finance had to play in reversing decline in the most disadvantaged neighbourhoods.

In 2005 AMION Consulting was appointed by the (then) Office of the Deputy Prime Minister to undertake an evaluation of the implementation of the Strategy.

The aim of the evaluation has been to provide evidence on the extent to, and ways in, which the NSNR has worked and to generate constructive and practical advice to inform future policy.<sup>2</sup> This report summarises its main findings but is supported by a number of more detailed reports<sup>3</sup>. Following a brief review of the main features of the Strategy, it examines (in Chapter 2) the extent and nature of neighbourhood deprivation with particular reference to 2001 – the year of the Strategy’s introduction. It then examines how

<sup>1</sup> A New Commitment to Neighbourhood Renewal: National Strategy Action Plan [www.cabinetoffice.gov.uk/media/cabinetoffice/social\\_exclusion\\_task\\_force/assets/publications\\_1997\\_to\\_2006/neighborhood\\_action\\_plan.pdf](http://www.cabinetoffice.gov.uk/media/cabinetoffice/social_exclusion_task_force/assets/publications_1997_to_2006/neighborhood_action_plan.pdf)

<sup>2</sup> The full brief for the evaluation is at Annex 1.

<sup>3</sup> CLG (2010) Evaluation of the National Strategy for Neighbourhood Renewal: Local research project; CLG (2010) Evaluation of the National Strategy for Neighbourhood Renewal: Modelling neighbourhood change; CLG (2010) Evaluation of the National Strategy for Neighbourhood Renewal: Improving educational attainment in deprived areas.

conditions have changed since that time (Chapter 3) and the factors that appear to have been particularly significant in influencing that change (Chapter 4). Chapter 5 assesses the degree to which that change appears to have been attributable to NSNR and the extent to which the Strategy has represented value for money. Chapter 6 examines the effectiveness and relevance of the different structures and tools introduced or adopted by the Strategy. Finally a summary of the lessons that can be drawn from the evaluation's findings for the development of future policy to address neighbourhood deprivation is presented in Chapter 7.

## 1.2 NSNR – the main elements<sup>4</sup>

The difficulties facing deprived areas have proven to be largely resistant to solution by market forces, orthodox policies and main programmes as well as previous area-based initiatives. The NSNR has aimed to provide a strategic and joined-up approach to the complex problems posed by neighbourhood renewal. It was rooted in an acknowledgement that previous regeneration programmes had failed to reverse the decline of disadvantaged neighbourhoods because they had not addressed fully the complexity of the underpinning causes and their inter-relationships. Accordingly the strategy was characterised by a number of key principles, focused on the need in particular:

- to enhance and focus mainstream service delivery
- for real community involvement in planning for and delivering the improvement of their areas; and
- for better co-ordination nationally, regionally and locally.

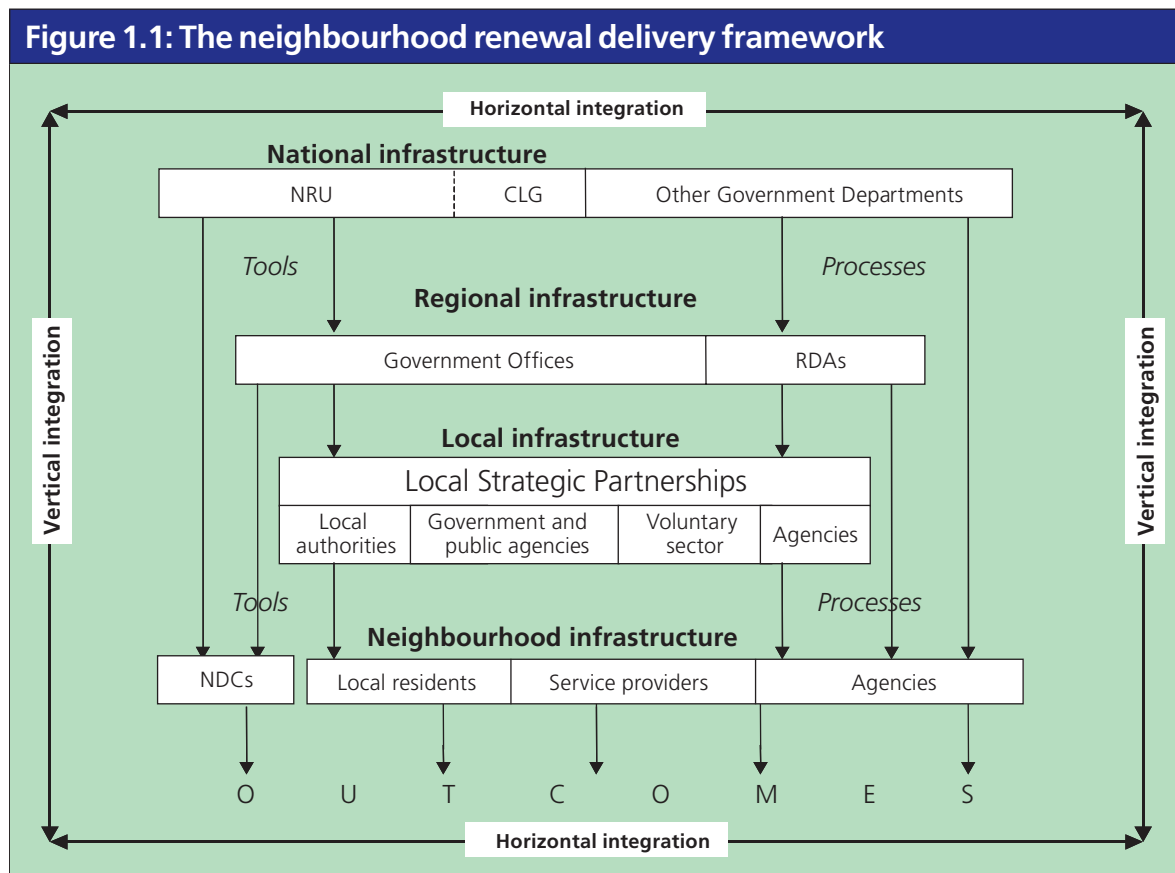
The Strategy also differed from previous initiatives in terms of scale – with a more comprehensive approach, aiming to focus on all the most deprived neighbourhoods, as identified by deprivation indicators, and matched by increased resource. This comprehensiveness was reflected in its framework which encompassed five 'domains' – namely work and enterprise; crime; education and skills; health; and housing and the physical environment (a sixth domain – 'liveability' – was subsequently added).

Although the Strategy has encompassed a number of specific programmes, it has combined the selective application of additional public moneys with an emphasis on influencing mainstream service delivery within the most disadvantaged areas. As shown in Figure 1.1, it has operated through a series of structures at a number of levels. At national level, it is the responsibility of CLG. Regionally the Government Office (GO) network was responsible for overseeing the development and implementation of Local Neighbourhood Renewal Strategies (LNRS) in their regions, has acted as a source of support for Local Strategic Partnerships (LSPs) and was responsible for administration of a number of renewal funds. The most innovative element of the delivery infrastructure

<sup>4</sup> A fuller description of how the Strategy was implemented is at Annex 2.



was the creation of LSPs to bring together at local level different parts of the public sector as well as the private, business, voluntary and community sectors. While LSPs now exist in all local areas, their development was originally only a requirement in those areas that were in receipt of NRF. While the NSNR has not required formalised structures to be established at neighbourhood level (other than for the delivery of specific related programmes – such as New Deal for Communities (NDC) and the Neighbourhood Management Pathfinders), LSPs are expected to ensure the effective consultation and involvement of local communities. Many areas have adopted a variety of neighbourhood management approaches.



This neighbourhood renewal delivery framework depends on the operation of effective partnerships and a range of supporting processes and tools designed to secure the necessary vertical and horizontal integration. These have evolved over time. They have included:

- a framework of targets – including originally floor targets, national and local Public Service Agreements (PSA) targets and more recently Local Area Agreements (LAA) – and inspection regimes; and
- information and support – including for example regional Skills and Knowledge action plans and associated actions; Neighbourhood Renewal Advisers; Residents Consultancies; renewal.net content; and Government research programmes.

The Strategy has also been supported by dedicated resources. The largest of these has been the NRF – subsequently WNF. In addition to NRF, a number of other neighbourhood programmes were funded, focusing on specific aspects of or approaches to neighbourhood renewal. By far the biggest was the NDC which was introduced in 1998, and, like NSNR, covered activity in the full range of neighbourhood renewal domains; it was in effect a fore-runner of the NSNR. The other, much smaller, programmes focused on and tested particular regeneration activity – primarily the introduction of neighbourhood wardens and neighbourhood management. These were subsequently incorporated into the Safer Stronger Communities Fund (SSCF). The figures for spend on each of these programmes are included in Annex 2.

NRF has been of critical importance to delivery of the Strategy and has become virtually synonymous with NSNR. Between 2001 and 2008 almost £3bn of NRF/WNF was allocated to local authority districts which included the most deprived areas in England.<sup>5</sup> NRF was originally allocated across 88 local authority districts. Following a review, five of the original districts no longer received NRF as of 2005-06 and were replaced by three new areas.

The intention was that the NRF funding should be used to support interventions in the key domains of the NSNR – worklessness, education, health, community safety and the environment (including housing) – and should be a tool to facilitate changes in the way mainstream budgets are used to improve services rather than as a separate funding stream.

There are few figures available for spend of NRF between the various domains. Information and estimates for the period up to 2005-06 suggest<sup>6</sup> that spend was roughly:

- 18-20 per cent on community safety
- 18-20 per cent on education
- 15-16 per cent on health
- 11-13 per cent on worklessness,
- 9 – 15 per cent on the environment (including housing) and
- 16 per cent on cross-cutting activity (including community development).
- up to about 5 per cent on administration

The Fund allowed flexibility for decision-making at a local level as to the neighbourhoods and the interventions that should receive funding. It is important to stress that it was intended in effect as a top-up to local areas, to help them to begin improving core services in their most deprived neighbourhoods, rather than as a conventional ‘programme’. It was not ring-fenced and reporting arrangements – and hence any central collation of management information – were limited. In 2007-08 NRF was reformed as WNF and its

<sup>5</sup> According to the Index of Multiple Deprivation – a list of areas and allocations is included in Annex 3. See also Figure 2.1.

<sup>6</sup> CLG (2008) Impacts and Outcomes of the Neighbourhood Renewal Fund.

payment incorporated into local authorities' area based grant. The eligible areas were reduced to 65 – although the 20 'residual' NRF areas received two year allocations of transitional funding.

# Chapter 2

## Nature of deprived neighbourhoods

### 2.1 Introduction

This chapter provides an overview of the conditions which NSNR was seeking to address. It briefly reviews the characteristics of deprived neighbourhoods with particular reference to 2001 – the year in which the NSNR was launched.

#### Summary

While deprived areas exist in all parts of the country, they are particularly concentrated in the major conurbations.

The spatial distribution of deprivation varies within local authorities – in some it is concentrated in highly polarised ‘pockets’, in others it is both extensive and intensive

Deprived areas generally are characterised by significantly higher levels of social renting and concentrations of vulnerable groups.

Differences in conditions between areas, grouped according to their level of deprivation, and the next most similar grouping increases significantly with the level of deprivation. In other words the most deprived neighbourhoods tend to be the most isolated or polarised within their wider localities. This poses a long-term policy challenge.

Deprived areas vary. A number of different approaches can be taken to their classification. One approach is to reflect the different roles that they can perform in the housing market whereby four types of neighbourhood can be identified – escalator, transit, gentrifier and isolate – with different distributions in different parts of the country. This has important implications for policy and the targeting of different types of intervention.

## 2.2 What is area deprivation?

Deprivation is concerned not merely with material welfare but also with the ability to participate in social life. It is a relative concept where standards are defined in relation to particular norms or expectations. Townsend presented a definition of individual deprivation as follows:

*“People are relatively deprived if they cannot obtain, at all or sufficiently, the conditions of life – that is, the diets, amenities, standards and services – which allow them to play the roles, participate in the relationships and follow the customary behaviour which is expected of them by virtue of their membership of society. If they lack or are denied resources to obtain access to these conditions of life and so fulfil membership of society, they may be said to be in poverty.”<sup>7</sup>*

The geographic distribution (as measured by their area of residence) of people experiencing deprivation is highly uneven – with very high concentrations in certain areas. These concentrations can have a self-reinforcing and self-perpetuating effect.

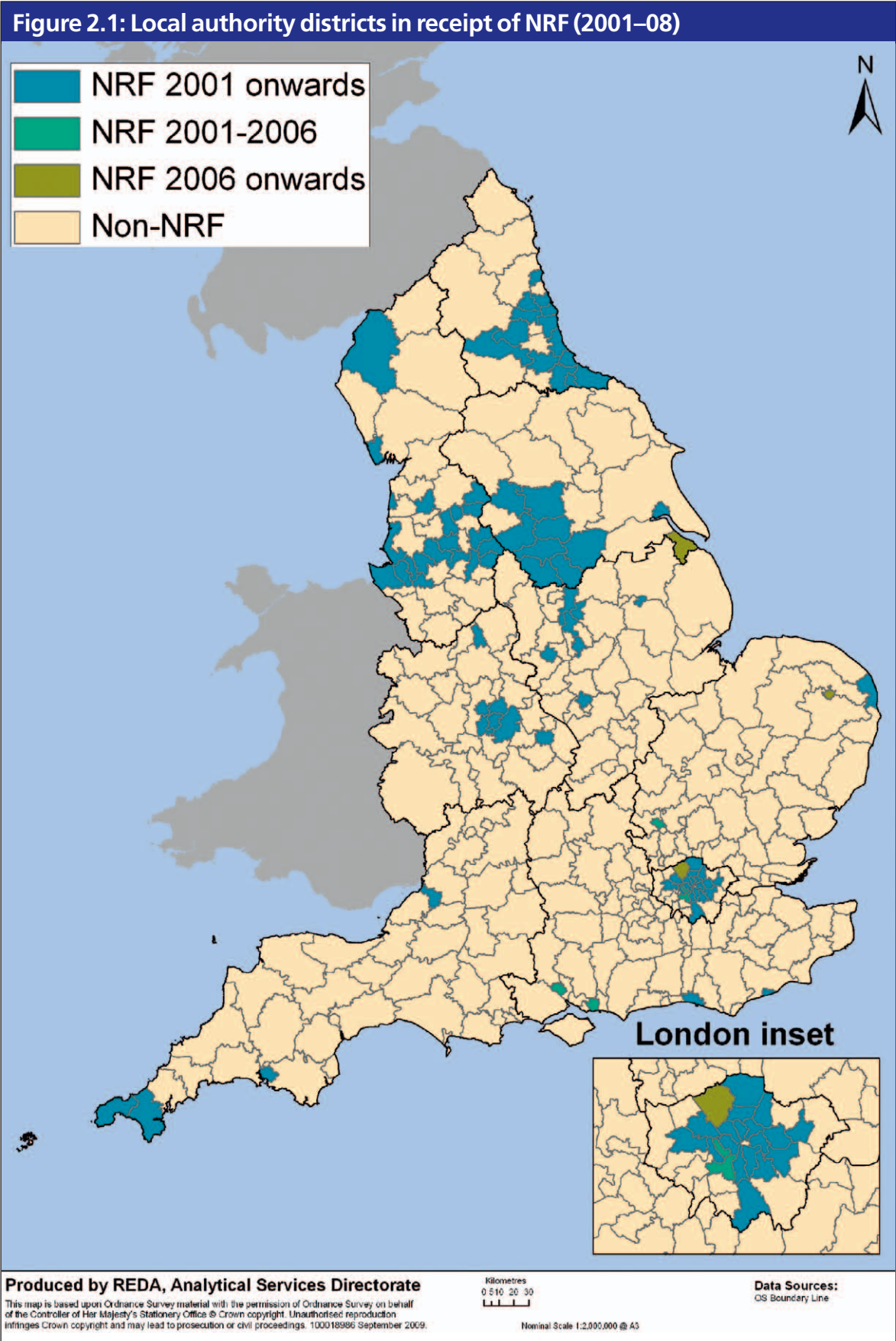
‘Area deprivation’ is usually measured by reference to a composite of factors relating to the economic, health, education, safety, housing, environmental, and social capital aspects of life for residents of particular areas. While these indicators largely comprise an aggregation of individual residents’ characteristics (e.g. socio-economic status), they can also incorporate measurements related to the physical form and location of the area (e.g. environmental conditions, access to amenities). Over recent years The Index of Multiple Deprivation (IMD) has provided the most commonly accepted national measure of area deprivation. Using a weighted suite of indicators, it assigns a score and rank of relative deprivation to the 32,482 Lower Super Output Areas (LSOAs) into which England is divided (each with a population of about 1,500).<sup>8</sup>

## 2.3 Where are deprived areas/neighbourhoods?

The IMD has been used to select local authority areas for receipt of NRF (and subsequently WNF) under the Strategy. These areas are distributed across the country and comprise a wide mix of area types – from conurbation cores through old industrial and seaside towns to predominantly rural areas (see Figure 2.1)

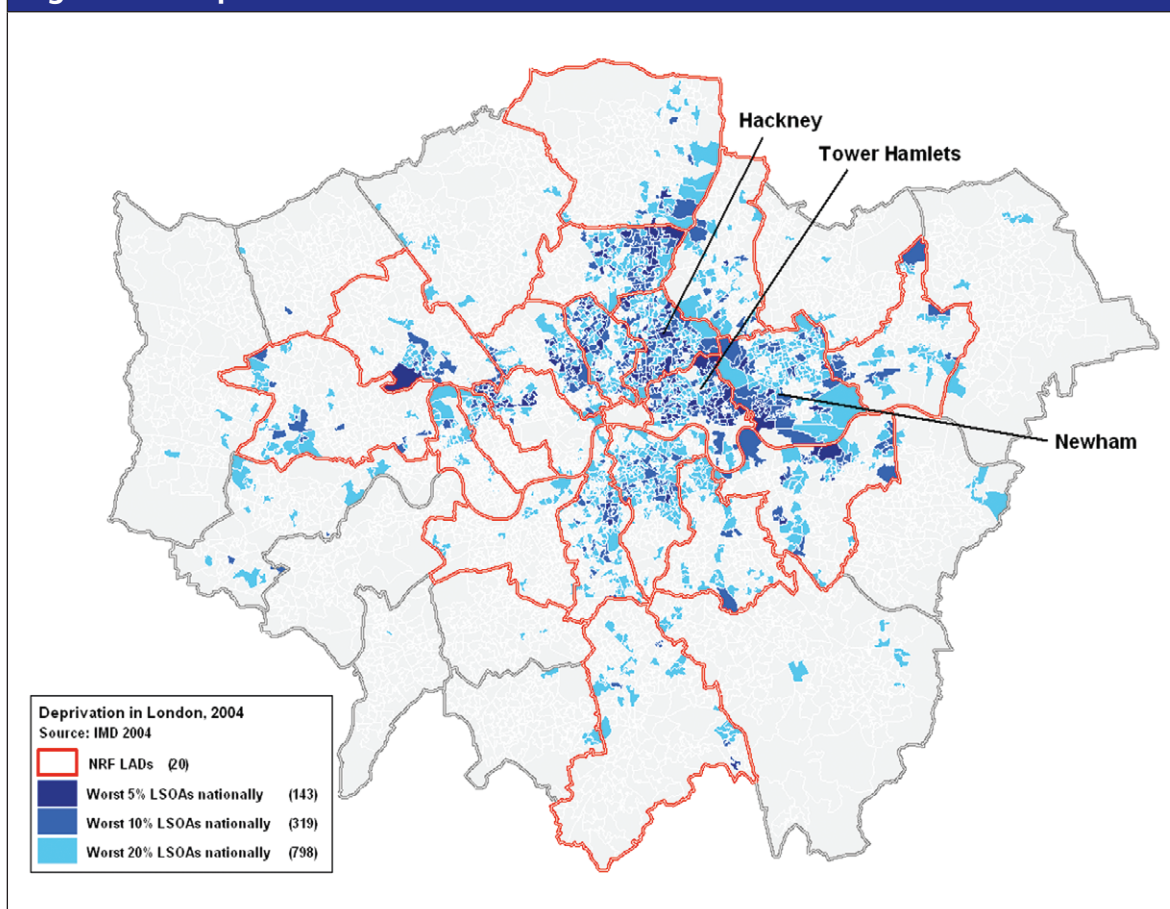
<sup>7</sup> Townsend, P. (1993) *The international analysis of poverty*. London: Harvester Wheatsheaf.

<sup>8</sup> For IMD 2004 see [www.communities.gov.uk/archived/general-content/communities/indicesofdeprivation/216309/](http://www.communities.gov.uk/archived/general-content/communities/indicesofdeprivation/216309/)



Local authorities, however, vary significantly in terms of the internal distribution of deprivation. Within some authorities it is widespread, while in others it is confined to particular isolated 'pockets'. Figure 2.2 illustrates the distribution of deprived areas within Greater London. Of the 32 boroughs, only one (Richmond) had no LSOAs in the most deprived 20 per cent on the IMD. Within others pockets of high deprivation exist within a (sometimes highly) affluent wider context e.g. Kensington and Chelsea. However to the north and east of the City of London there are significant and widespread concentrations – in particular, in Tower Hamlets, Newham and Hackney. In the case of Hackney, for example, deprivation was both intensive and extensive, with all but 11 per cent of its constituent LSOAs falling within the most deprived 20 per cent of LSOAs nationally. It is worth noting that this spatial concentration of deprivation in east London has not changed greatly over the last hundred years and that a similar persistence applies in other major conurbations (for example Liverpool).

**Figure 2.2: Deprivation in London – IMD 2004**



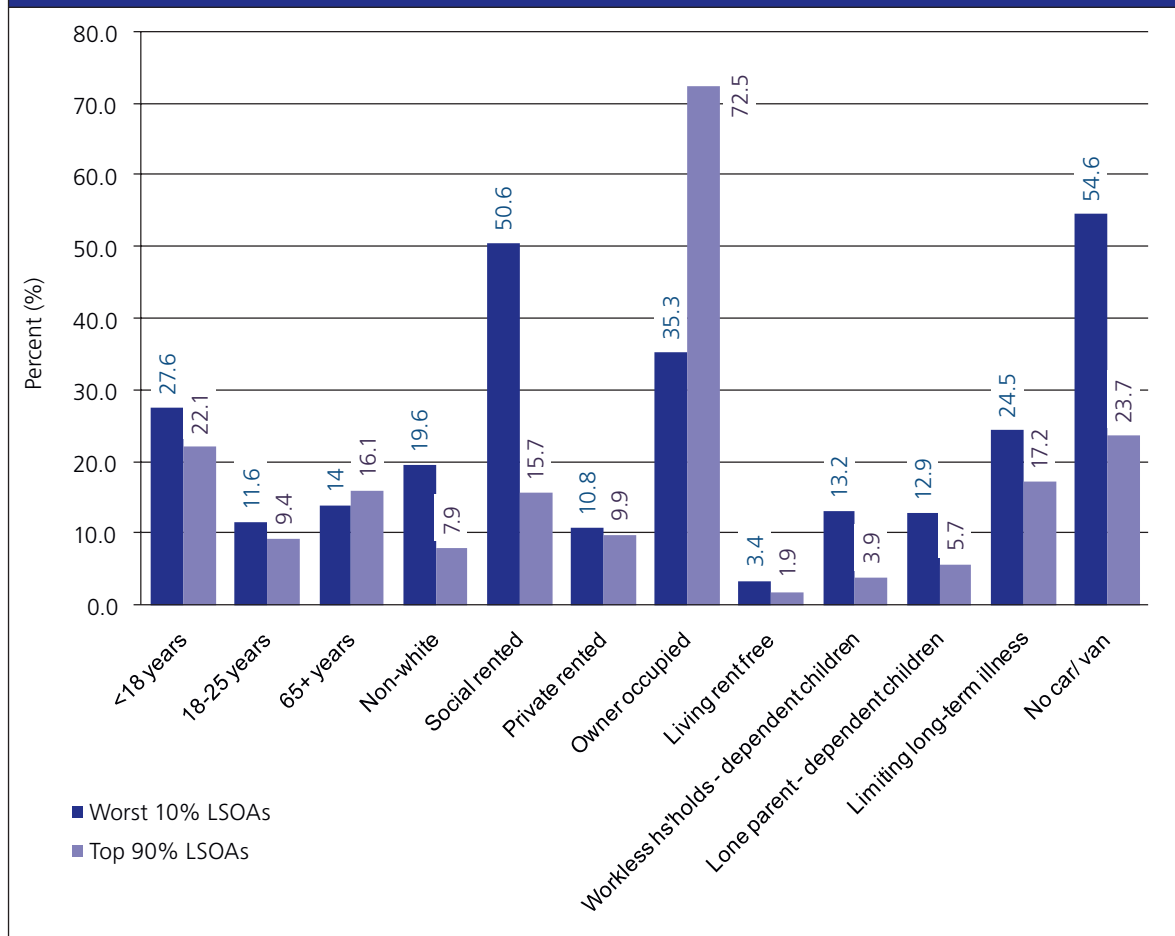
## 2.4 What are the characteristics of deprived areas?

Although each deprived area is unique in terms of its geography, demographic profile, socio-economic role and relationship to wider housing and labour markets, there are broad commonalities between areas of acute deprivation that set them apart from less deprived areas. Figure 2.3 identifies a number of characteristics of those LSOAs that were in the

most deprived 10 per cent nationally at the start of the Strategy in 2001 by comparison with the average of the other 90 per cent. It suggests that the most deprived areas are often characterised by a number of factors:

- a greater incidence of households within the social housing sector, largely at the expense of owner occupied stock
- greater ethnic diversity
- a younger age profile, with a greater proportion of individuals aged 25 years or less and a smaller aging population
- a high proportion of individuals suffering from a limiting long-term illness
- substantially higher levels of worklessness among households containing children (over four times greater than the average of other areas)
- more than twice the rate of lone parent households; and
- restricted access to private motor transport.

**Figure 2.3: Characteristics of deprived neighbourhoods, 2001 Census**





The extent of the gap between the most deprived LSOAs and the rest, as it was in 2001, is illustrated in Table 2.1 for three key indicators – worklessness; educational attainment at Key Stage 4; and mortality rates. Conditions in LSOAs with the highest levels of deprivation were significantly worse across all three indicators. Worklessness rates for example were over 2.4 times the national average. Moreover, the difference between deciles 1 (the most deprived) and 2 (the next most deprived) was disproportionately large – and the differences between deciles reduce as the levels of deprivation decline. The extent of this polarisation highlights the significant challenge facing policy makers aiming to ‘narrow the gap’.

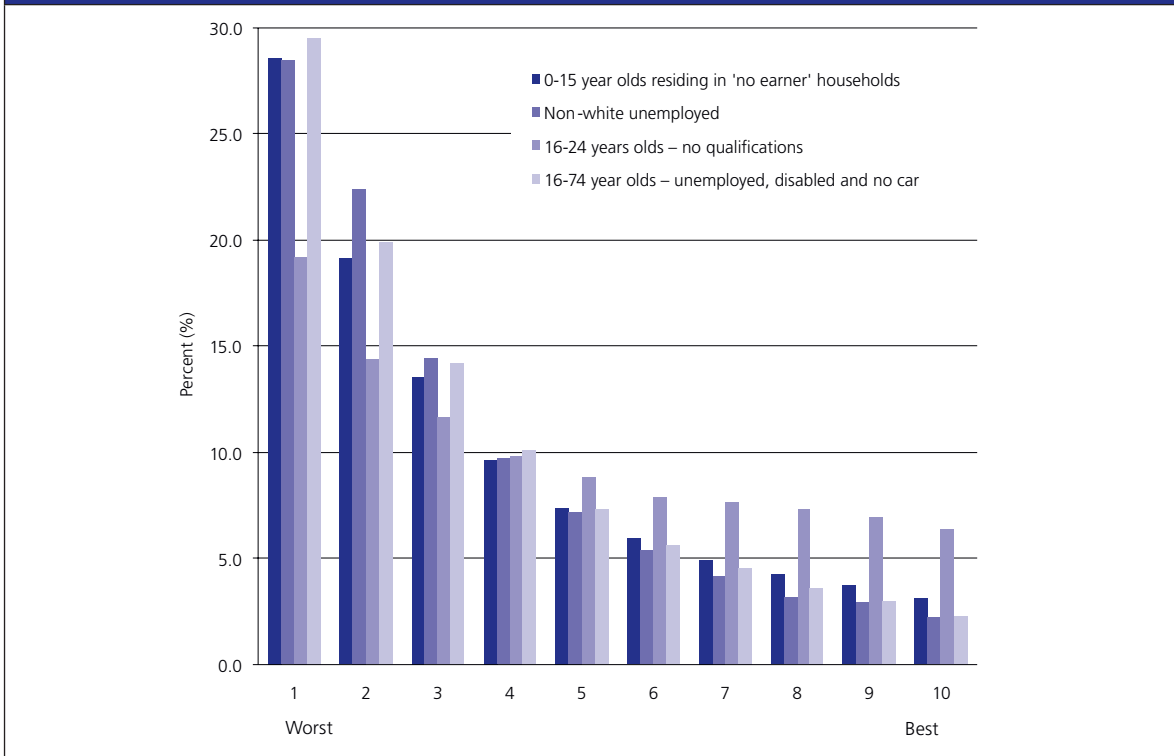
**Table 2.1: Relative conditions in areas by IMD decile**

<b>IMD Decile 2004</b>	<b>Worklessness rate (%) 2001</b>	<b>Key Stage 4 average points score 2002/03</b>	<b>Standardised Mortality Ratio (all causes) 1998/01</b>
<b>England</b>	<b>9.8</b>	<b>280.91</b>	<b>1.000</b>
<b>1 (most deprived)</b>	23.8	222.58	1.651
<b>2</b>	16.5	243.50	1.388
<b>3</b>	12.8	257.47	1.234
<b>4</b>	10.4	271.31	1.094
<b>5</b>	8.7	283.42	0.993
<b>6</b>	7.3	294.85	0.904
<b>7</b>	6.2	303.70	0.843
<b>8</b>	5.2	312.13	0.784
<b>9</b>	4.4	320.54	0.736
<b>10 (least deprived)</b>	3.2	332.52	0.655

Source: SDRC, 2008

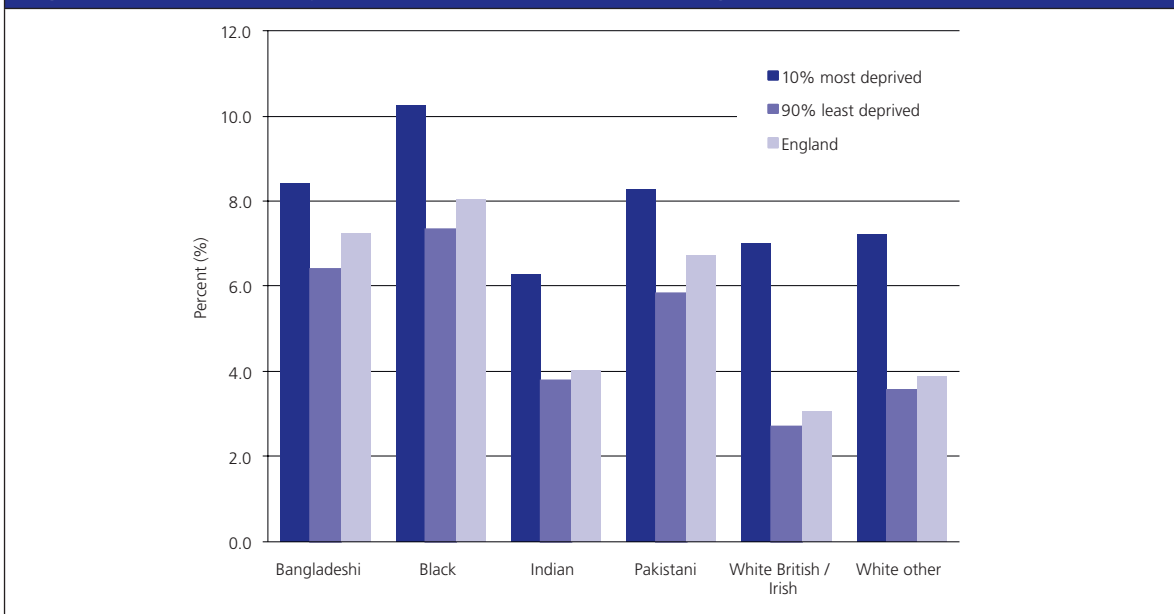
Deprived areas are also characterised by the extent to which vulnerable groups are concentrated there. Analysis of multivariate indicators (i.e. indicators which combine two or more factors) shows for example that the proportion of people within the most deprived decile that are aged 16-74, unemployed, disabled and with no car is over 12 times greater than in the least deprived neighbourhoods (see figure 2.4). There are similarly high concentrations of non-white unemployed people and under-15s resident in households with no earners.

**Figure 2.4: Selected characteristics of IMD deciles, 2001 Census**



The above chart shows that one of the concentrations is of non-white unemployed people in the most deprived areas. Figure 2.5 shows however that there were significant differences between different ethnic groups, with black groups particularly affected by unemployment – both in the most deprived 10 per cent of areas and more generally. For those who were resident in the most deprived areas, the group who showed the greatest degree of differential disadvantage were the ‘white British/Irish’ – with an unemployment rate of almost three times that of those who lived elsewhere.

**Figure 2.5: Unemployed rates of different ethnic groups, 2001 Census**



## 2.5 Types of deprived neighbourhood – population churn

While deprived neighbourhoods may be similar in terms of the standard measures of deprivation, they nevertheless differ in many ways. They vary for example in terms of their socio-economic composition – and numerous classifications have been produced to distinguish different types of neighbourhood based on census and other cross-sectional data. Critically however for the analysis and interpretation of conditions for informing the development of appropriate policy responses, areas also vary in terms of the functional roles that they play, especially in the context of local housing markets. As part of this evaluation a typology of deprived neighbourhoods based on the in- and out-flows of households has been formulated.<sup>9</sup>

The 2001 Census provides information on where people lived in both 2000 and 2001 and it is therefore possible to track moves into and out of areas over the course of that year. Using this data for LSOAs that fall within the most deprived 20 per cent on the IMD (2004), four different roles for deprived areas – ‘Transit’, ‘Escalator’, ‘Gentrifier’ and ‘Isolate’ – have been defined.<sup>10</sup> These are shown in Figure 2.6 and comprise:

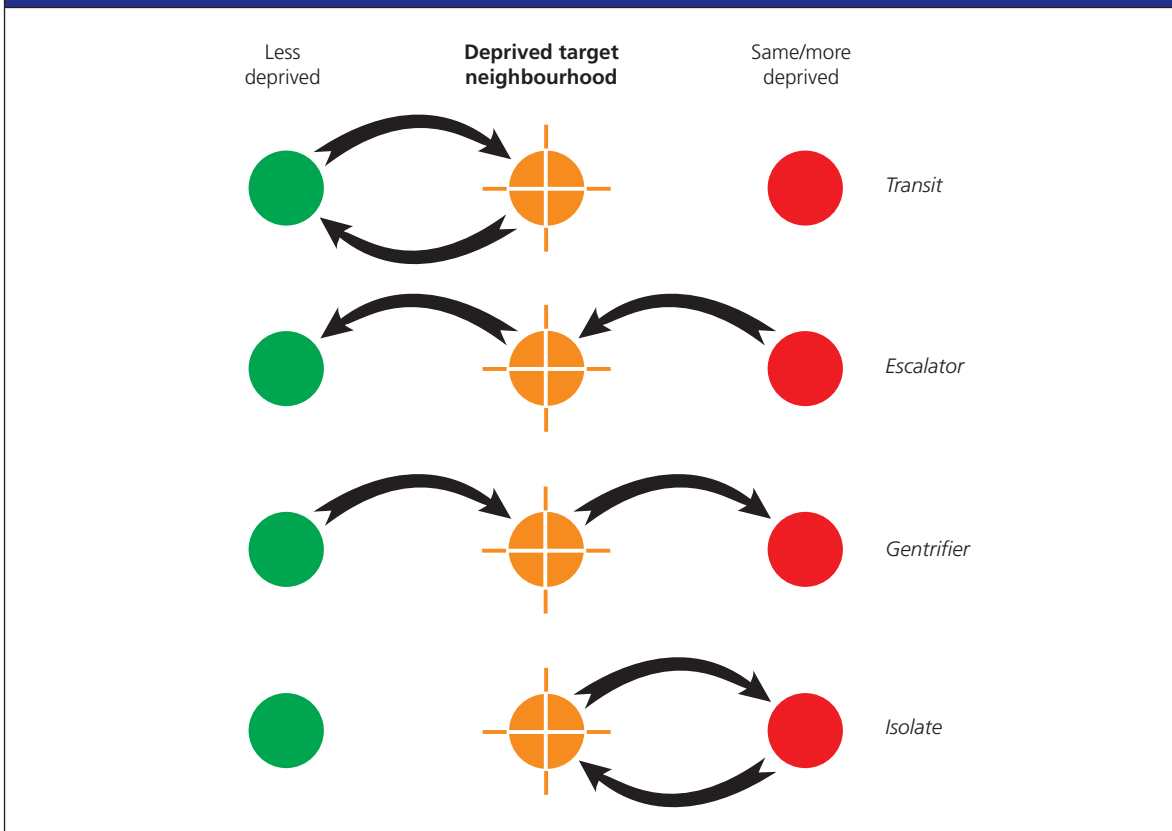
- **Isolate** areas are neighbourhoods in which households come from, and move to, areas that are equally or more deprived. Isolates have a disproportionate percentage of neighbourhoods with high social tenure and tend therefore to be ‘isolated’ from wider housing markets. There may therefore be a degree of entrapment of poor households who are unable to break out of living in deprived areas. Such areas also contain a higher than average percentage of children.
- **Transit** areas are deprived neighbourhoods in which most in-movers come from less deprived areas and most out-movers go to less deprived areas. Typically, this implies young or newly-established households coming from more ‘comfortable’ backgrounds and starting out on the housing ladder. For them, living in a deprived neighbourhood may entail only a short period of residence in currently affordable accommodation before they are able to move elsewhere to a ‘better’ area as their income/wealth increases. Transit areas tend to have higher percentages of professional households and low percentages of social housing.
- **Escalator** areas play a not dissimilar role, but in their case, since most of the in-movers come from areas that are equally or more deprived, the neighbourhood becomes part of a continuous onward-and-upward progression through the housing and labour markets. The moving households tend to be slightly older than for the Transit areas reflecting the fact that they are often further on in their housing career.

<sup>9</sup> Full details of the typology are given in: CLG (2009) A typology of the functional roles of deprived neighbourhoods. [www.communities.gov.uk/documents/communities/pdf/1152966.pdf](http://www.communities.gov.uk/documents/communities/pdf/1152966.pdf)

<sup>10</sup> Robson, Lymperopolou and Rae (2008) People on the move: exploring the functional role of deprived neighbourhoods. *Environment and Planning*, pp.2693-2714.

- **Gentrifier** areas are ones in which there is a degree of 'improvement' induced by the housing market. Most in-movers will come from less deprived areas and most out-movers go to similarly or more deprived areas. This could be seen as a form of 'gentrification' where more affluent individuals in effect displace the less well-off. Typically, such areas have very low percentages of social housing tenure, and slightly higher than average percentages of professional households and students.

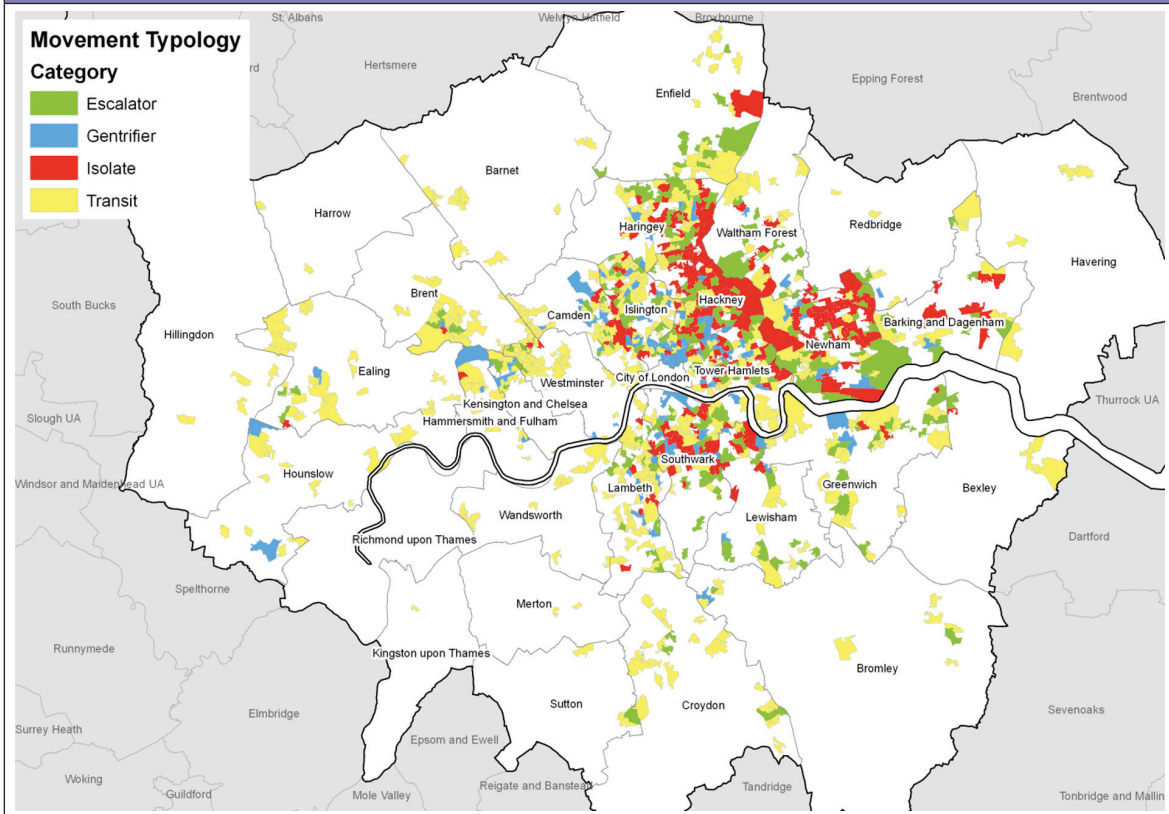
**Figure 2.6: A functional typology of deprived neighbourhoods: flows of residents to and from deprived areas**



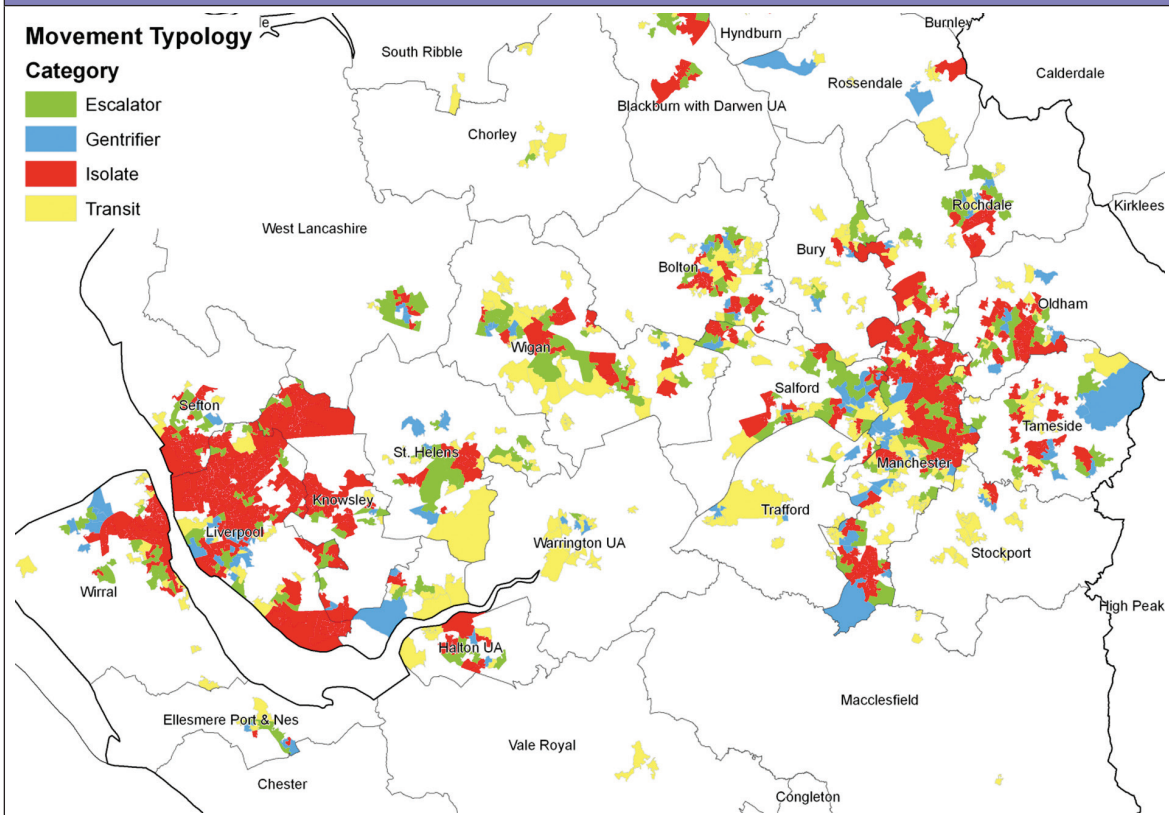
An indication of how the balance of different types of areas can vary by region can be gleaned by considering their distribution and concentration across London and the North West (Figure 2.7). The London map shows a large number of areas in all four types, with the isolate areas concentrated in the north and east of London. In many cases these concentrations are fringed by escalator areas, suggesting that the latter are providing an opportunity to move upwards. In contrast within the North West, the Liverpool area is dominated by isolate areas surrounded to a much larger extent by areas not in the most deprived 20 per cent. This may suggest a greater degree of polarisation and, indeed, 'isolation'.

**Figure 2.7: Typology of areas**

**(a) London**



**(b) North West**



Although application of the typology model is constrained by the availability of appropriate data (ideally requiring information on the personal characteristics of all movers), the framework appears to make sense when applied as in the above contexts. As a further ratification of the approach, schools' pupil data<sup>11</sup> has been used to look at more recent movements of households with children between 2002 and 2005 for all LSOAs in England. Clearly, while PLASC has the advantage of providing more up-to-date information, it only records data for those families with children of school age<sup>12</sup> rather than the whole population; it also includes migrants from abroad.

Overall, however, the data confirms the robustness of the typology. Of particular interest is the fact that the highest percentage of within-type moves (within the 20 per cent most deprived areas) is found amongst isolate areas: more than one-third of mobile households who lived in isolate areas in 2002 had moved to other isolate areas by 2005. In addition, and as the typology would suggest, escalator and improver neighbourhoods both have very low percentages of within-type moves. A more detailed analysis of the PLASC data on household movements is attached as Annex 4.

<sup>11</sup> Pupil Level Annual Schools Census (PLASC) data.

<sup>12</sup> Only households with children in the relevant Key Stage age group will be included. There will be some double-counting since a single household may have children in more than one Key Stage age group (or may have twins).

# Chapter 3

## Change in deprived areas – narrowing the gap

### 3.1 Introduction – the gap

This chapter considers how conditions in the most deprived areas have changed over time. It briefly summarises trends before the introduction of NSNR and then looks in more detail at changes since 2001. It assesses the extent to which the gap between conditions in the most deprived areas and the rest of the country has changed and the degree to which conditions have converged or diverged at a more local level (e.g. within local authority areas). It also examines the degree to which different types of area have changed and the extent to which different ethnic groups may, or may not, have benefitted.

#### Summary

Between 1971 and 2001 there was steady improvement across key deprivation indicators at a national level, but there appears to have been an overall increase (a widening of the gap) in area deprivation across England. There was therefore a trend towards increasing spatial polarisation. There are indications that this trend was stemmed and, to a degree reversed, at least during the first six years of NSNR. However, it also appears that the extent of ‘gap narrowing’ slowed as economic conditions began to deteriorate.

Since 2001, conditions have improved in NSNR local authority districts<sup>12</sup> across the majority of indicators. The gap between these areas and the national average has also narrowed. The most positive picture is in the education and worklessness/employment domains. The picture for both crime and health is more mixed – a narrowing of the gap for ‘all crime’ and burglary, but a widening for violent crime. Similarly, there has been a worsening of some health indicators despite an improvement in others. There is variation in the changes in conditions between different regions.

At neighbourhood level, changes in the conditions of the more deprived areas – across England as a whole – have also been largely positive. There has been improvement in the absolute and relative position in relation to worklessness, but the contrast with less deprived areas remains stark. The position in education (KS4/GSCE) is similar.

<sup>13</sup> Defined as those areas in receipt of Neighbourhood Renewal Fund (NRF).

**Summary (continued)**

Neighbourhoods in NSNR areas have performed better than those in non-NSNR areas. This is particularly the case in terms of worklessness. However, in relative terms, there continues to be a general widening of the gap within local authority areas – most acutely in non-NSNR areas. The picture on education suggests absolute improvement at all levels in both NSNR and non-NSNR districts, but greater improvement in NSNR areas and particularly in the most deprived neighbourhoods. There was a narrowing of the gap within both NSNR and non-NSNR districts – again more marked in NSNR districts.

There is no consistent relationship between the overall performance of local authority areas and the extent to which the gap within them between their most deprived neighbourhoods and the rest has been narrowing.

The strength of this ‘internal gap’ narrowing (i.e. the gap between neighbourhoods with districts) appeared to lessen as the consistently strong economic performance of the early years of the strategy began to weaken.

‘Gentrifier’ areas predictably saw the greatest reductions in worklessness. However, in NSNR districts levels of worklessness have also reduced in other types of neighbourhood, including ‘isolate’ neighbourhoods – where worklessness fell by 8.6 per cent. This was in contrast to a much smaller reduction in neighbourhoods in non-NSNR districts (2.0 per cent).

‘White’ groups seem to be experiencing less positive change than most other ethnic groups in both absolute and relative terms within the most deprived areas. Such groups experience differentially worse conditions than their counterparts in non-deprived areas than ‘non-white’ groups.

## 3.2 Pre-NSNR trends in the gap

An indication of the longer-term trend in area deprivation can be gained from the Townsend deprivation index, which is based on four indicators<sup>14</sup> which have been measured at ward level by the Census every 10 years from 1971.

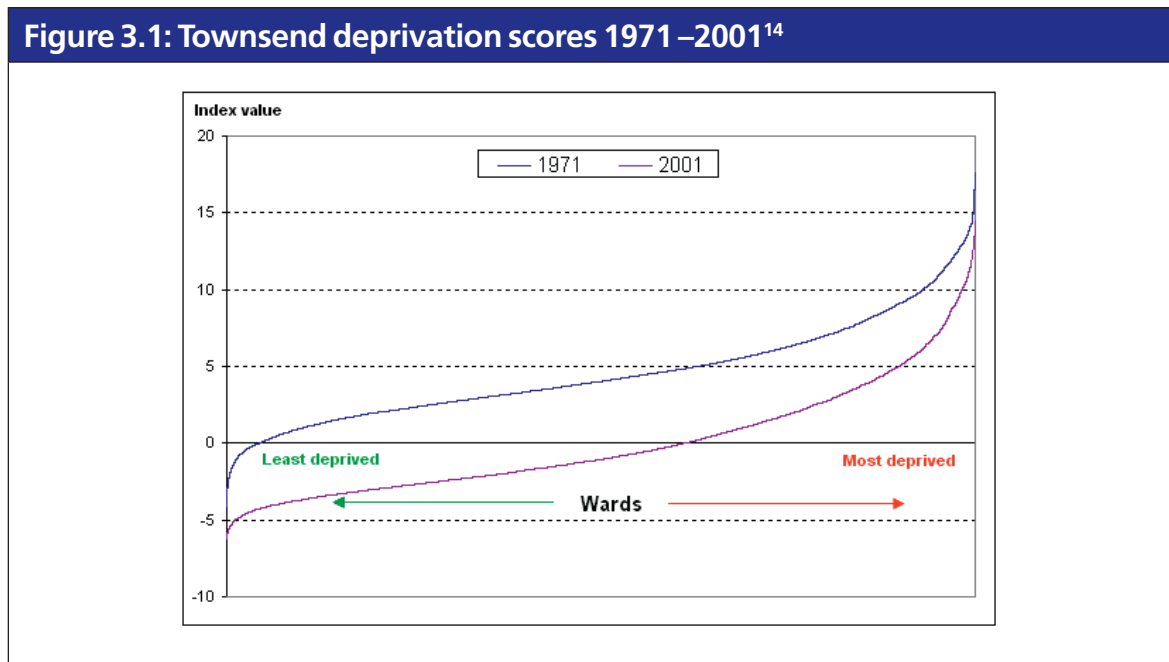
The average deprivation score for the 8,000 wards in England shows a continuous improvement during the period 1971 – 2001. The average score decreased from 4.56 in 1971 to 3.71 in 1981, 1.74 in 1991 and -0.05 in 2001 (higher index values indicate greater levels of deprivation).

<sup>14</sup> Indicators are: a) the percentage of unemployed people; b) overcrowded households; c) households with a car; and d) households not owning their house.



Figure 3.1 illustrates changes in the index. The overall distribution of scores is similar for 1971 and 2001 but the curve is lower in 2001, reflecting the overall improvement in the index scores. However, there is also an indication that there were, in comparison with 1971, more deprived wards in 2001, as reflected in the length and steepness of the right-end of the curve – in 1971 the curve begins to rise steeply for about the most deprived 1,000 wards, whereas for 2001 this is true of about 1,500 wards. This suggests that while steady area-based improvements across the four deprivation indicators occurred at a national level, the most deprived areas were improving at a slower rate than the rest.

Therefore the Townsend Index confirms the long-term existence of spatial divergence in England and suggests that between 1971 and 2001 there was an overall widening of the gap in area deprivation across England. In other words, while conditions generally improved, the most deprived areas suffered increased polarisation from the rest of the country.



<sup>14</sup> Townsend Index – Norman, P. (2006) The micro geography of UK demographic change 1991–2001. ESRC: Understanding Population Trends & Processes. [www.uptap.net/project01.html](http://www.uptap.net/project01.html)

## 3.3 Change in the gap since 2001

### 3.3.1 Scope of the analysis

Various approaches can be used to assess how conditions in areas and the gap between them can be defined and measured. All are subject to data availability at an appropriate spatial scale and over a sufficient time period. This section examines the ‘gap’ in terms of how it has changed:

- nationally at a local authority level in NSNR districts – i.e. the difference between NRF local authority districts (LADs) and the national average
- nationally at a ‘neighbourhood’ level – i.e. the difference between the most deprived LSOAs and the rest nationally using bandings of LSOAs as measured nationally according to their ranking in the baseline year (2001); and
- locally at a ‘neighbourhood’ level i.e. the difference between the most deprived LSOAs and the rest within local authority areas using bandings of LSOAs as measured according to their ranking within each local authority district in the baseline year (2001). This analysis has been undertaken for both NSNR and non-NSNR areas.

LSOAs are used as a proxy for ‘neighbourhoods’ and the analysis is therefore restricted to indicators where robust data is available at this spatial scale. Importantly this includes worklessness – which has been recognised as both a key driver of, and a good surrogate indicator for, overall deprivation (particularly given its high correlation with other deprivation indicators). Other ‘domains’ covered include education, health and crime – the latter two to a lesser extent as the data is less robust.<sup>16</sup>

2001 has been used as the baseline year. Change has been analysed to the most recent year for which data is available. For the most part this predates the full onset of the economic downturn in 2008. Fuller details and further data are included within Annex 5.

<sup>16</sup> We have considered looking also at house prices, as the only nationally available data relevant to the environment/housing domain going back to 2001, but they are an ambiguous measure of improvement particularly at a neighbourhood level. Increases in prices may often be a consequence of wider housing market pressures, rather than improvements within areas, and may suggest increasing problems of affordability for local residents. We have however included house price data at a local authority level. More recent liveability indicators (2003-04 to 2007-08), such as the proportion of local authorities judged to have unacceptable levels of litter and detritus, have shown improvements at local authority level.

### 3.3.2 Change at local authority district level (NSNR areas)

Overall the picture of both absolute and relative change at a local authority district level where NSNR has been available is a positive one. Table 3.1 shows that:

- the gap in relation to different measures of unemployment and worklessness<sup>17</sup> rates narrowed over much of the period. However between 2006 and 2007 the difference between NSNR districts and the national average began to widen again
- employment rates improved and the gap with the national average narrowed to 75 per cent of the 2001 figure (the gap for lone parents narrowed even more to 60 per cent – see Annex 5)
- the self-employment rate also narrowed significantly – by a third. However, the relative gap between rates of VAT registration in NSNR districts compared to England widened
- in the education domain, NSNR districts performed particularly well at KS4/ GCSE level,<sup>18</sup> with the gap with the national average narrowing by over 70 per cent, although progress was less marked at KS2 and KS3 levels.
- there is a mixed picture on both crime and health. There was a distinct narrowing of the gap for ‘all crime’ and burglary, but violent crime saw a 43 per cent increase in absolute terms and a widening of the gap with the national average. Similarly, despite improvement in the standardised illness ratios there was a marginal worsening of the figures for the standardised mortality ratio (all causes),<sup>19</sup> and the rate of increase in the incidence of low birth weight babies nationally exceeded that among NSNR authorities leading to a relative narrowing of the gap despite worsening in absolute terms. It should be noted however that these indicators only cover the period up to 2005. An alternative measure of mortality from all causes (directly age-standardised rates- DSR) shows an improvement in NRF districts for the period 2001-07.<sup>20</sup>

<sup>17</sup> Defined here as comprising the proportion of the total working age population in England in receipt of either unemployment or work-limiting illness allowances (i.e. Jobseeker’s Allowance or Incapacity Benefit/ Severe Disablement Allowance).

<sup>18</sup> Key Stage 4 attainment data supplied to SDRC by the Department for Children, Schools and Families. The academic attainment of young people aged 15-16 years is determined by assigning a volume indicator to each examination passed (i.e. 2 for vocational GCSEs, 1 for standard GCSEs and 0.5 for short course GCSEs) in addition to a points score on the basis of the quality of grade achieved in each GCSE/GNVQ examination (e.g. A\* = 58 points, A = 52 points and B = 46 points).

<sup>19</sup> Standardised Mortality Ratio (SMR) is a measure of the number of deaths compared with the expected level, taking into account the age and gender structure of an area. It is a relative measure with the standardised ratio for England taken as 1. The SMR data used here is based on a four year moving average for the period 1998/2001 –2002/2005. This is the period for which LSOA-level data has been provided by SDRC. A four year average is used in order to render the data more robust at a small area level.

<sup>20</sup> A number of ‘liveability’ indicators are available from 2003/04 which show positive improvements at the Local Authority level in NRF areas. However, these have not been included as they are not available from the baseline year (2001) and cannot be disaggregated to LSOA level.

However there was considerable variation in performance between the nine English regions.<sup>21</sup> The greatest degree of convergence with the national average occurred amongst regions predominantly situated in the north of England – including the North East, North West, Yorkshire and the Humber and the East Midlands. This was true of the three worklessness measures in particular.

**Table 3.1: NSNR Local authority districts (LAD) total performance: Key indicator change since 2001**

		Absolute change		Narrowing the gap	
Domain	Indicator	Improved/ worsened	Change in rate since 2001 <sup>21</sup>	Narrowed/ widened	Gap Index (2001=100)
<b>Workless- ness</b>	Worklessness rate	Improved	13.50 – 11.82	Narrowed	97.0
	JSA rate	Improved	3.70 – 3.11	Narrowed	97.9
	IB/SDA rate	Improved	9.81 – 8.71	Narrowed	96.9
<b>Employment and Enterprise</b>	Employment rate	Improved	68.7% – 69.7%	Narrowed	75.0
	VAT registrations (per 10,000 population)	Improved	34.1% – 34.8%	Widened	108.1
	Self-employment rate	Improved	10.6% – 11.9%	Narrowed	66.7
<b>Crime</b>	All crime	Improved	87.4 – 66.9	Narrowed	71.3
	Violent crime (per 1,000 population)	Worsened	15.2 – 21.8	Widened	107.7
	Burglary (offences per 1,000 households)	Improved	25.4 – 16.1	Narrowed	50.0

<sup>21</sup> See Annex 5 Table 2.

<sup>22</sup> Details of end dates are in Annex 5. These are the most recent dates for which data is available that is consistent with data available at LSOA level (where appropriate).

<b>Table 3.1: NSNR Local authority districts (LAD) total performance: Key indicator change since 2001 (continued)</b>					
		<b>Absolute change</b>		<b>Narrowing the gap</b>	
<b>Domain</b>	<b>Indicator</b>	<b>Improved/ worsened</b>	<b>Change in rate since 2001<sup>21</sup></b>	<b>Narrowed/ widened</b>	<b>Gap Index (2001=100)</b>
<b>Education</b>	GCSE (5 A*-C)	Improved	40.6% – 61.8%	Narrowed	28.7
	Key Stage 2 English	Improved	71.3% – 77.8%	Narrowed	59.5
	Key Stage 3 English	Improved	58.5% – 69.6%	Narrowed	67.7
		Improved	59.4% – 71.9%	Narrowed	62.1
<b>Health</b>	Standardised Illness Ratio (SIR)	Improved	1.353 – 1.333	Narrowed	94.3
	Standardised Mortality Ratio (SMR) All Causes	Worsened	1.180 – 1.187	Widened	103.9
	Low Birth Weight	Worsened	7.0% – 7.1%	Narrowed	88.9
<b>Housing &amp; Environment</b>	Housing	Improved	£102,159 – £199,027	Narrowed	87.5

Source: FTI, Social Disadvantage Research Centre

The above comprise a relatively limited number of ‘headline’ indicators. A significant number of other indicators (including floor targets and Public Service Agreement indicators) have been used during the duration of the Strategy to measure area change and the performance of public sector agencies. Performance against these can be viewed on the floor targets Interactive website ([www.fti.communities.gov.uk/fti](http://www.fti.communities.gov.uk/fti)). However, given that only one target incorporated a sub-local authority dimension (relating to the employment rate in disadvantaged areas and groups) the relevance of floor targets to the neighbourhood level (and therefore this evaluation) is limited.

### 3.3.3 Change at neighbourhood level

Two types of analysis have been undertaken of the changing gap at neighbourhood level – the gap between the most deprived 10 per cent LSOAs nationally and the national average; and the gap between the 10 per cent most deprived LSOAs within each district (for both NSNR and non-NSNR areas), and their respective district averages. In both instances the decile bandings of the LSOAs were calculated using the 2004 IMD (the calculation of which was primarily based on 2001 data – the starting year of the Strategy). The overall results are summarised in Table 3.2 and the full figures are available in Annex 5.

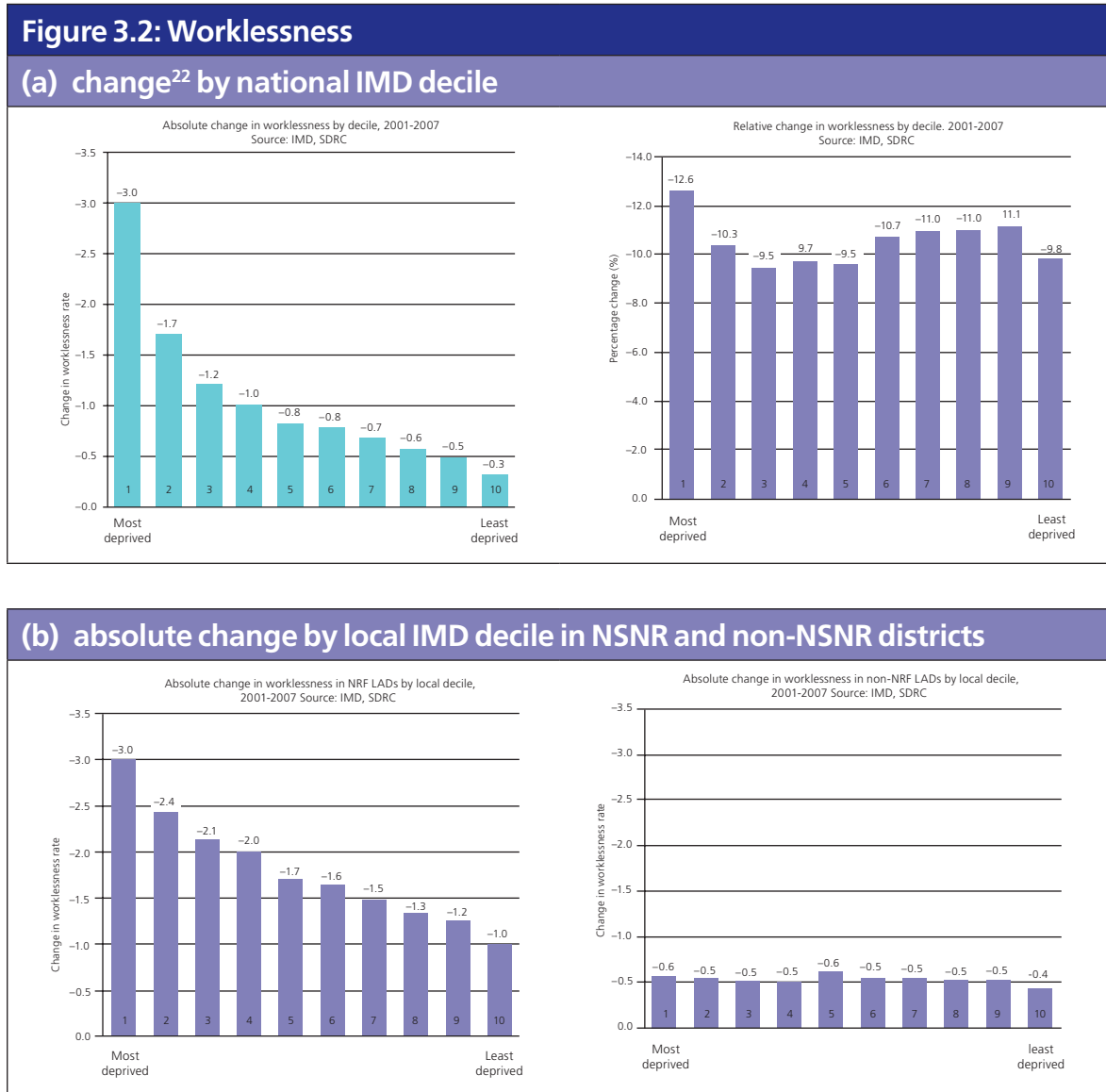
**Table 3.2: Summary of LSOA change 2001 – 2006/07**

	<b>Performance of the most deprived 10 per cent LSOAs:</b>	<b>Nationally most deprived 10 per cent compared to national average all LSOAs</b>	<b>NSNR areas – locally most deprived 10 per cent compared average all LSOAs in each NSNR area</b>	<b>Non-NSNR areas – locally most deprived 10 per cent compared to average all LSOAs in each non-NSNR areal</b>
Worklessness	Absolute change	Improved	Improved	Improved Slightly
	Change in gap	Narrowed	Widened	Widened
Education (KS4)	Absolute change	Improved	Improved	Improved
	Change in gap	Narrowed	Narrowed	Narrowed Slightly
Health (standardised mortality – all causes)	Absolute change	Worsened	Worsened	Worsened
	Change in gap	Widened	Widened	Widened
Violent crime	Change in gap	Widened	Widened	Widened
Burglary	Change in gap	Narrowed	Narrowed	Widened

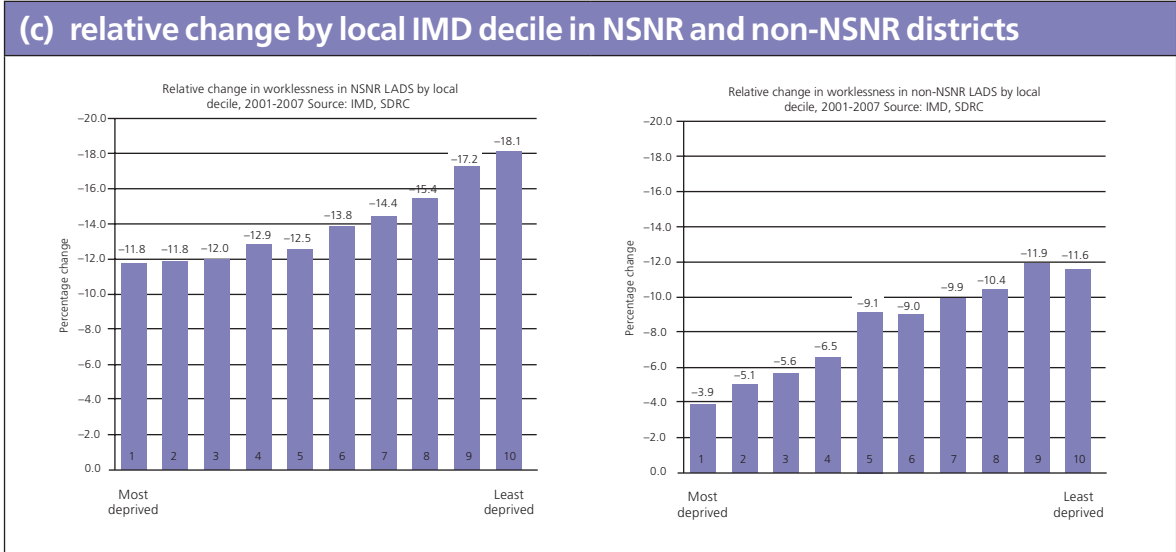
#### (a) Worklessness

In 2001 the worklessness rate in England was 9.8 per cent; by 2007 this had fallen to 8.9 per cent. Figure 3.2(a) shows that all deciles experienced absolute improvement. The absolute and relative rates of improvement were greatest in the most deprived deciles leading to a slight narrowing of the gap i.e. the relative change was broadly constant but greatest in the most deprived decile. Nevertheless, the worklessness rate in the most severely deprived areas in 2007 remained more than seven times that of the least deprived neighbourhoods.

The most deprived NSNR decile started from a much higher rate of worklessness than the most deprived non-NSNR decile (25.4 per cent compared to 14.6 per cent). While the reduction in worklessness rates in NSNR districts compared favourably with that in non-NSNR districts (Figure 3.2(b), there was still a slight widening of the gap in NSNR districts – although less than that in the non-NSNR districts (Figure 3.2(c)).



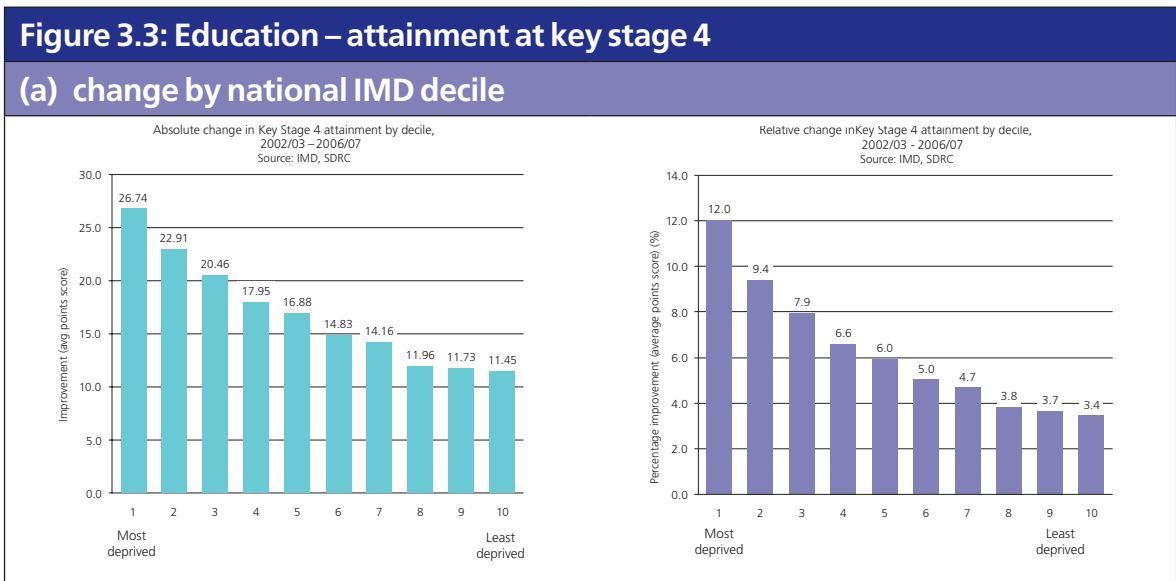
<sup>23</sup> Absolute change means the percentage point change in absolute terms. Relative change means the percentage reduction in the rate of worklessness. The full figures are available in Tables 3, 4 and 5 of Annex 5.



**(b) Education (Key Stage 4 attainment)**

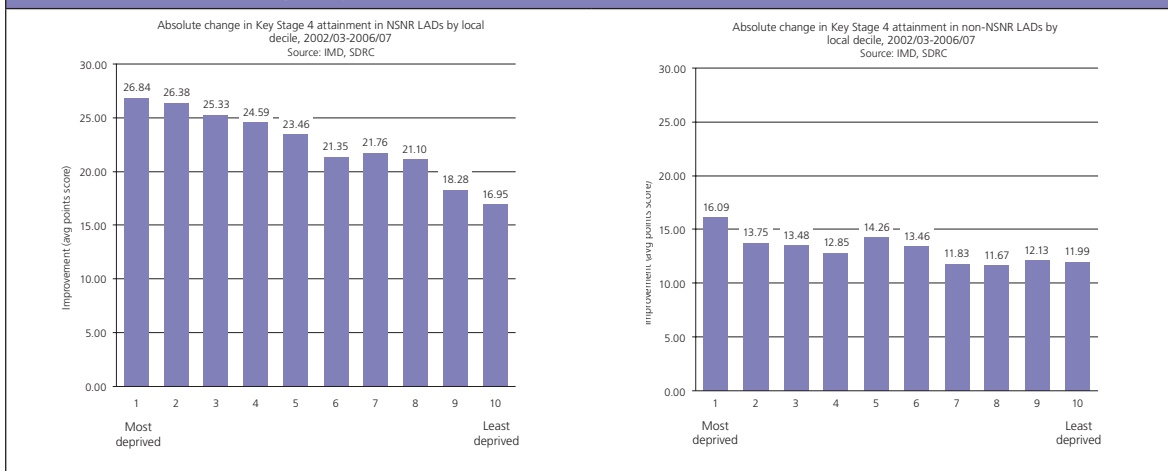
Nationally key stage 4 attainment has improved in absolute terms with attainment having improved across each IMD decile. There has also been a narrowing of the gap (Figure 3.3(a)). The rate of improvement in the most deprived decile was more than twice that of the least deprived decile between 2002-03 and 2005-06. However, overall levels of attainment in the most deprived decile continued to be substantially below that in all other areas, e.g. more than 20 points worse than the next most deprived decile, and more than 100 points worse than the least deprived decile.

The rate of improvement in key stage 4 attainment levels in LSOAs in NSNR districts has exceeded that in non-NSNR districts (Figure 3.3(b)). There has also been a narrowing of the ‘internal’ gap within NSNR districts, whereas it has remained fairly static in the non-NSNR districts (Figure 3.3(c)).

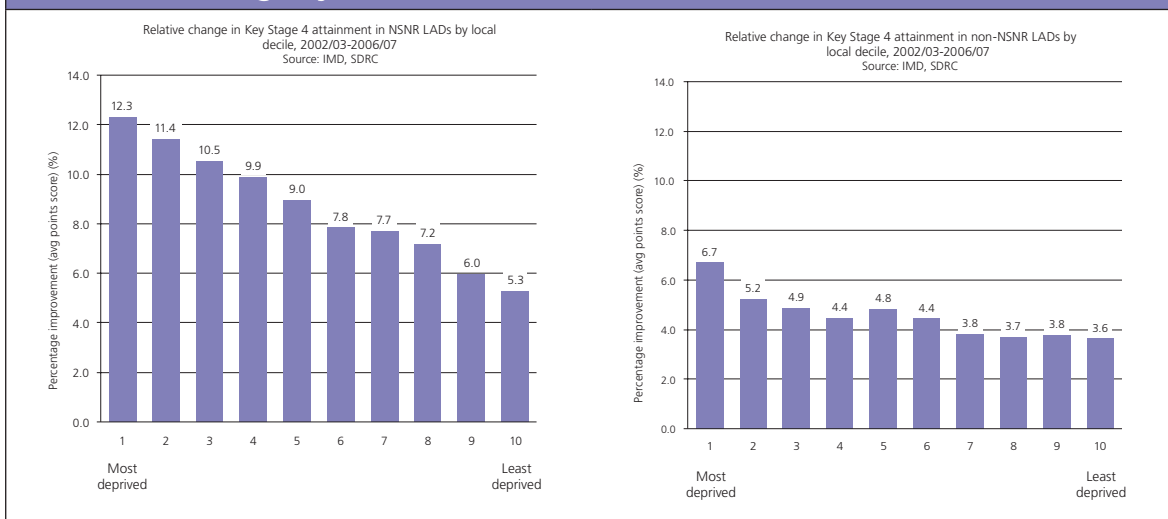




**(b) absolute change by local IMD decile in NSNR and non-NSNR districts**



**(c) relative change by local IMD decile in NSNR and non-NSNR districts**



**(c) Other domains**

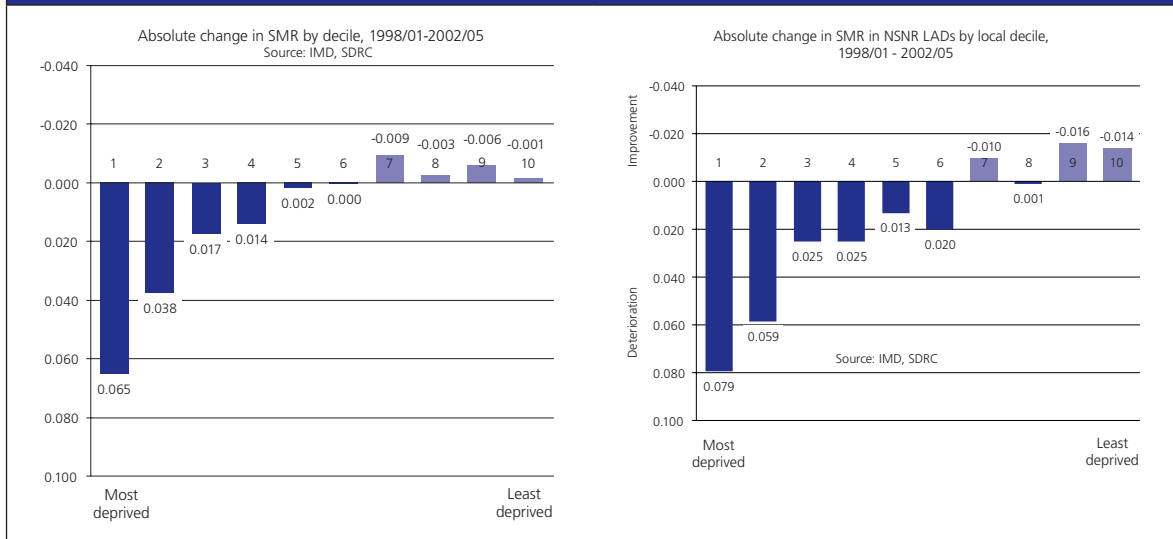
The two other domains for which data is available are health and crime. For health, at neighbourhood level, the 'all causes SMR' has been identified as being the most satisfactory<sup>24</sup> indicator (despite the time lag between intervention and change). Crime statistics at LSOA level are only available in the form of rankings across the whole country.<sup>25</sup> Two indicators, violent crime and burglary, are presented in view of the markedly different trends.

The changes in the SMR between 1998-2001 and 2002-2005 are very small, but a pattern emerges. In contrast to the worklessness and education figures, SMR scores have increased across the more deprived half of the deciles, suggesting slightly worsening mortality rates in those areas; in contrast, areas of low deprivation have improved their SMR score. This (slight) widening of the gap is mirrored in the scores for deciles as measured locally within NSNR districts. The pattern for non-NSNR districts is similar.

<sup>24</sup> Data for 'illness' is effectively benefits data, which in part duplicates the worklessness data; data on low birth weight is not robust at LSOA level.

<sup>25</sup> All 32,482 LSOAs are ranked.

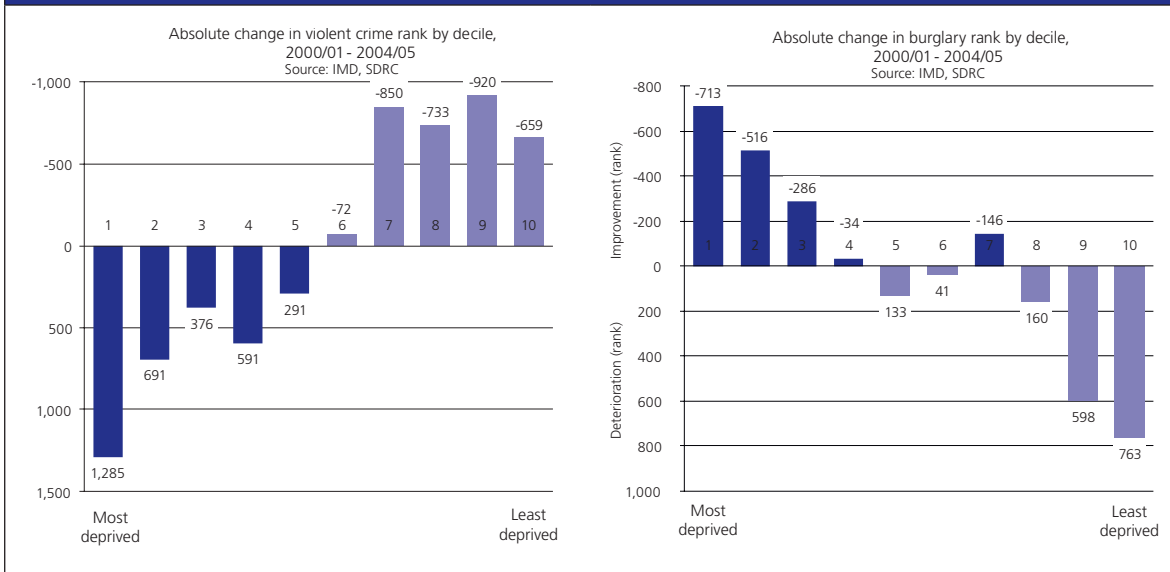
**Figure 3.4: Absolute change in SMR by LSOA decile nationally *and* absolute change in SMR in NSNR districts by local decile**



The two crime indicators selected show markedly contrasting pictures. Nationally over the period rates of violent crime increased and as Figure 3.5 shows there was a clear widening of the gap with a worsening rank in the most deprived decile. By way of contrast overall burglary rates fell nationally and the greatest improvement was in the most deprived districts while there was a relative deterioration in the least deprived deciles – in other words a narrowing of the gap.

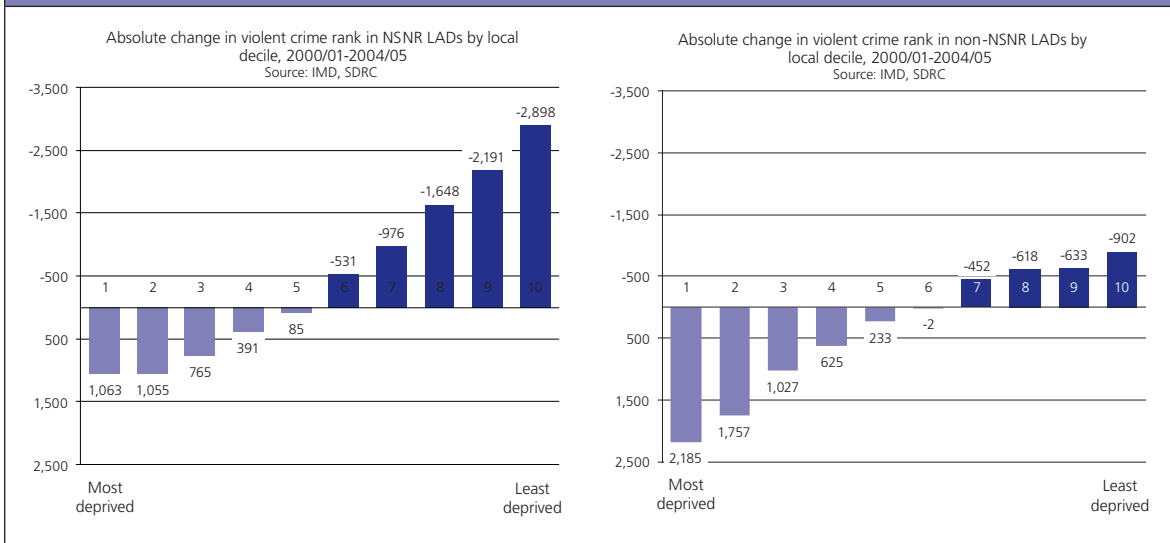
On both indicators NSNR areas performed better than non-NSNR areas (see Figure 3.6). While there was a widening gap for violent crime within NSNR local authorities between the most and lesser deprived deciles, overall the figures are better than in non-NSNR districts – with, for example, a significantly slower rate of deterioration in the most deprived decile. For burglary there was a universal improvement in rankings in NSNR districts, though a slight widening of the gap between the most deprived and the rest. In non-NSNR districts there was a relatively consistent deterioration in ranking across all deciles and the 'gap' remained broadly constant.

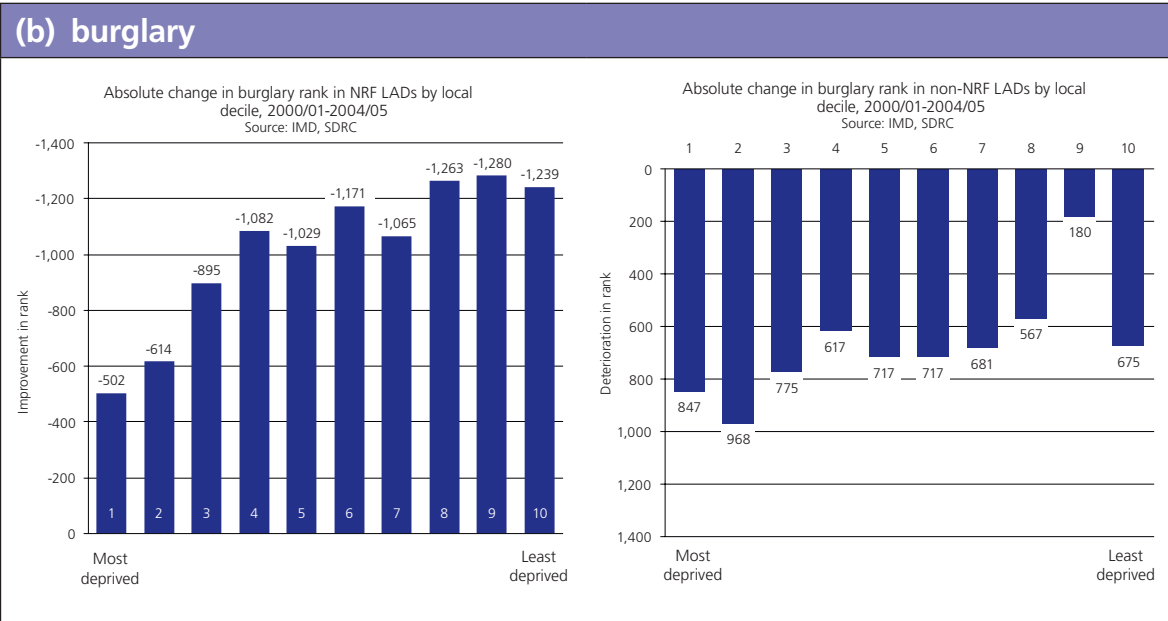
**Figure 3.5 Change in violent crime and burglary rankings by LSOA decile nationally**



**Figure 3.6: Change in NSNR/non-NSNR districts:**

**(a) violent crime**





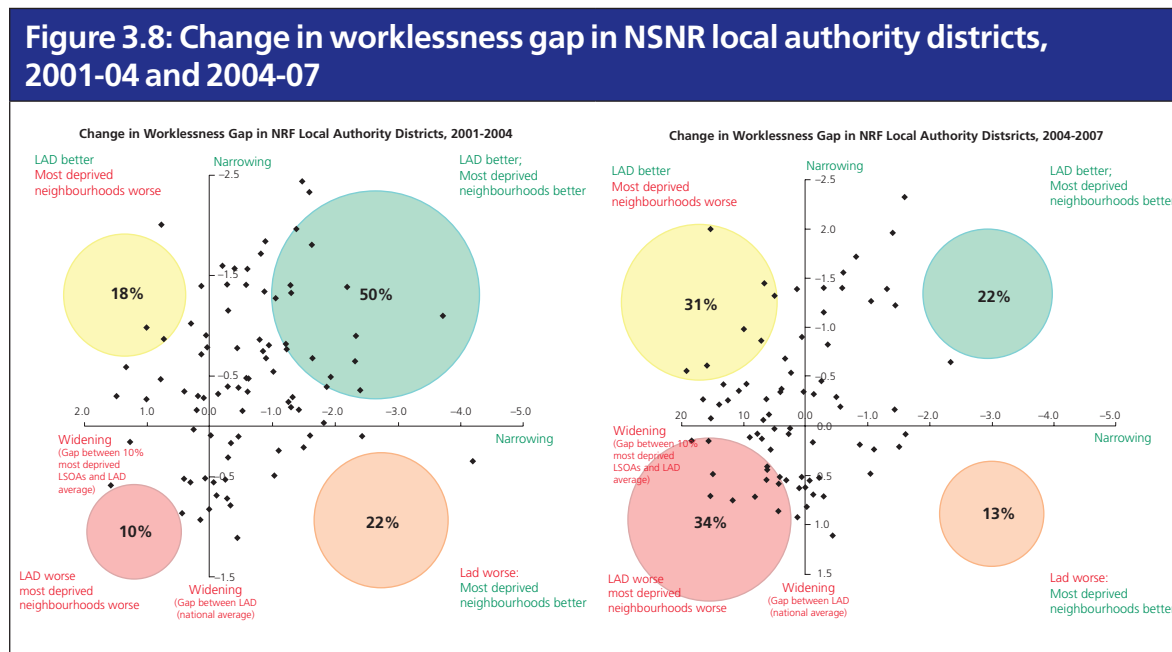
### 3.3.4 The relationship between changes at district and neighbourhood level

The preceding analysis has presented a broadly positive picture of performance over the period of the NSNR for which data is available. On most indicators NSNR districts as a whole have performed better than average – thus narrowing the ‘external’ gap – while, at a neighbourhood level, the ‘internal’ gap (within districts) has also tended to narrow. However, this overall picture masks variations in performance in different areas. It is also interesting to compare both the ‘external’ and ‘internal’ performance of individual NSNR areas.

Figure 3.8 plots individual NSNR local authorities according to firstly (on the vertical axis) the change in the gap between their worklessness rates and the national average and secondly (on the horizontal axis) the change in the gap between the 10 per cent LSOAs with the highest worklessness in each area in 2001 and the relevant local district average. The data is also presented for two time periods, 2001 – 2004 and 2004 – 2007. A number of points emerge from this:

- while in both periods the majority of NSNR districts narrowed their ‘external’ gap (i.e. are positioned above the horizontal axis on the graph), performance varied – from a narrowing of some 2.4 per cent to a widening of 1.2 per cent
- similarly performance with regard to the ‘internal’ gap varied – in the first period from a narrowing of over 4 per cent to a widening of 1.6 per cent
- there appears to be only limited correlation between the direction of internal and external gap change – 60 per cent of authorities in the first period and 56 per cent in the second showed a similar pattern; and

- d) performance in the second period (2004-2007) weakened – particularly with regard to the internal gap where only 35 per cent of areas narrowed (as opposed to 72 per cent in the first period). This perhaps reflects the weaker national economic performance over this period and, if so, has potential implications for the more recent economic downturn.<sup>26</sup>



### 3.4 Change in different neighbourhood types

The report earlier (section 2.5) introduced the concept of different types of deprived area and a typology based on their patterns of population churn. While this typology is predominantly intended as an interpretive tool, it is interesting to compare performance across the different categories of neighbourhood. Again, worklessness rates have been used as the indicator and the results are presented in Table 3.3 for all the 20 per cent most deprived LSOAs and then disaggregated according to whether they are in NSNR or non-NSNR districts.

<sup>26</sup> The cause of this weakening relative performance in the most disadvantaged areas is obviously open to debate. It does however run counter to evidence from the 2008 NRF evaluation and the Local Research Project, both of which suggested that NSNR interventions became more effective as the Strategy developed.

**Table 3.3: Worklessness change by neighbourhood typology category – most deprived 20 per cent LSOAs 2001-07**

	2001	2007	Change in rate	Proportionate change (%)
<b>All – 20% most deprived LSOAs nationally (IMD, 2004)</b>				
All – most deprived 20%	20.3	18.3	-2.0	-9.9
Escalator	19.1	17.2	-1.9	-9.9
Gentrifier	19.8	17.3	-2.5	-12.6
Isolate	22.0	19.3	-2.7	-12.3
Transit	19.6	18.0	-1.6	-8.2
<b>NSNR LSOAs within the 20% most deprived LSOAs nationally (IMD, 2004)</b>				
NSNR LSOAs – most deprived 20%	20.8	18.4	-2.4	-11.5
Escalator	19.3	17.4	-1.9	-9.8
Gentrifier	19.9	17.4	-2.5	-12.6
Isolate	22.1	19.3	-2.8	-12.7
Transit	20.1	17.9	-2.2	-10.9
<b>Non-NSNR LSOAs within the 20% most deprived LSOAs nationally (IMD, 2004)</b>				
Non-NSNR LSOAs – most deprived 20%	19.0	18.0	-1.0	-5.3
Escalator	17.8	16.2	-1.6	-9.0
Gentrifier	18.4	16.5	-1.9	-10.3
Isolate	19.5	18.5	-1.0	-5.1
Transit	19.1	18.1	-1.0	-5.2

Source SDRC, Centre for Urban Policy Studies

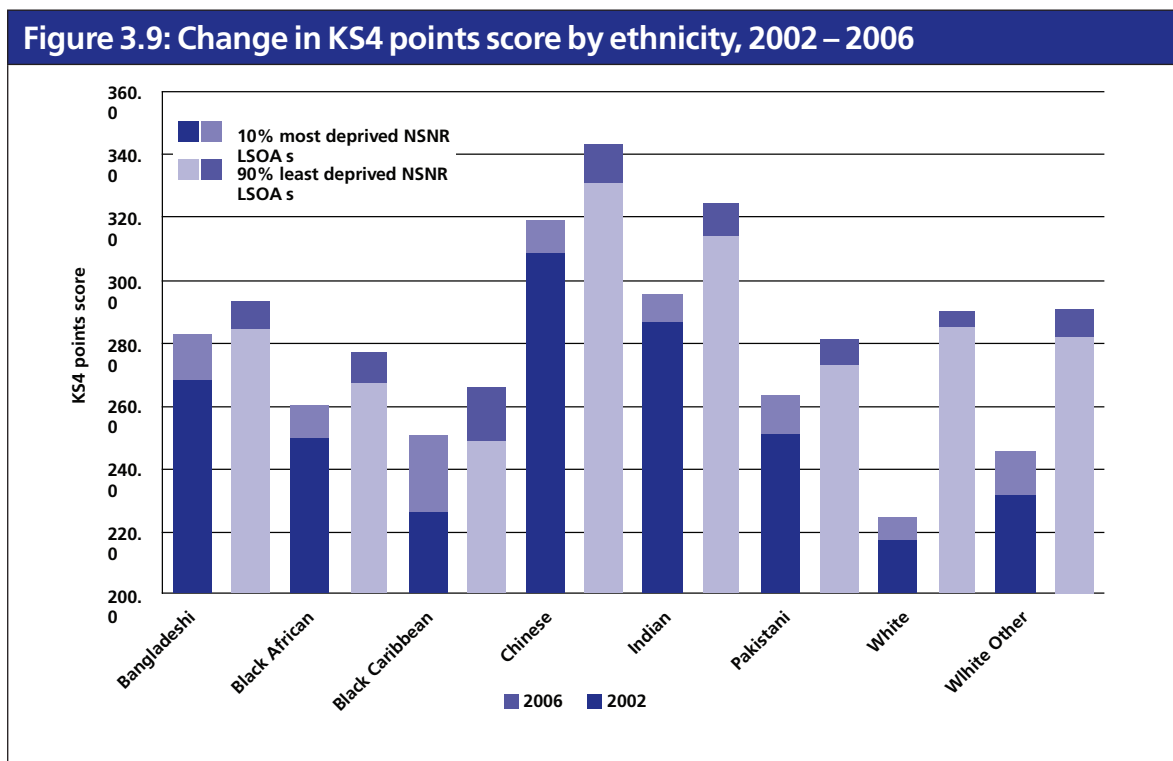
The trend for falling worklessness was universal across all area types between 2001 and 2007, but there are differences in the extent of change across the different types of areas. Given the nature of 'gentrifier' areas, the relatively high rate of reduction in both NSNR and non-NSNR areas is not surprising. However, of perhaps more interest, is the substantial reduction in worklessness in 'transit' and, especially 'isolate' neighbourhoods in NSNR areas, at over twice the rate of that experienced in non-NSNR areas. This may suggest an NSNR impact.

### 3.5 Changing conditions for different groups in deprived areas

There is very limited data available that shows how the extent of change in conditions has varied across different groups. The exception is in the education domain, where from 2002 the PLASC data provides pupil-level data with detail including ethnic origin.

Figure 3.9 shows in absolute terms the change in average scores at Key Stage 4 that ethnic groups achieved between 2002 and 2006 in the most deprived 10 per cent of LSOAs in NSNR districts in comparison with that achieved in the other 90 per cent. All ethnic groups improved at this level and in most cases the absolute improvement in the most deprived 10 per cent of LSOAs was greater than that in the remaining 90 per cent of LSOAs.

The most striking feature of the data is however the ‘white British/Irish’ residents of the most deprived 10 per cent LSOAs. Their attainment levels were well below those of other ethnic groups and their differential with other areas by far the largest. Moreover their absolute rate of improvement over the period was the lowest of any group within the most deprived 10 per cent areas. In particular it was significantly behind that of black Caribbean residents (the second poorest performers in 2002).

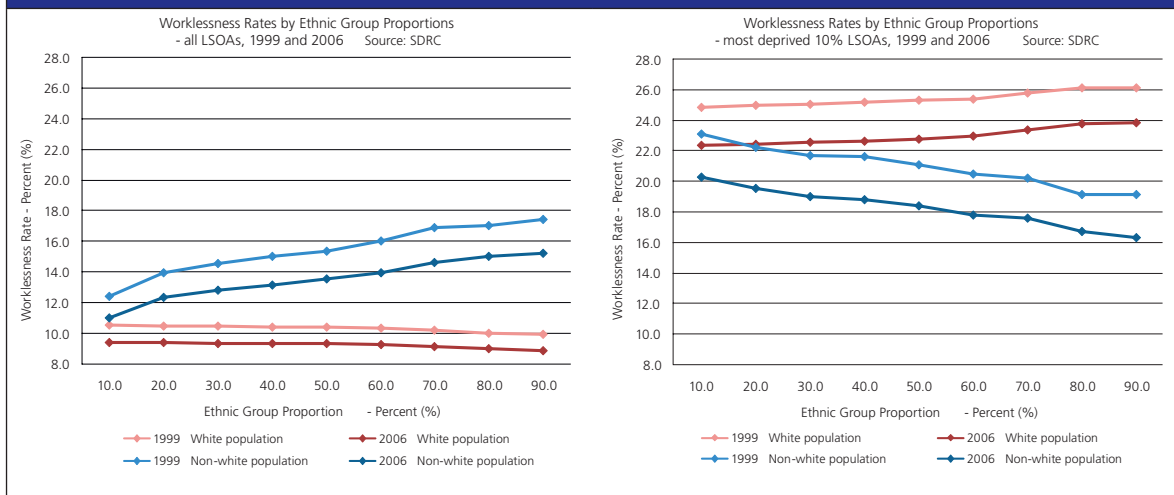


In other domains there is no data on the extent of change for different ethnic groups. However, a tentative indication of relative performance can be derived from analysis of the performance of LSOAs grouped according to their broad ethnic composition (defined as at 2001).

Figure 3.10 contrasts the changes in conditions for LSOAs with increasing thresholds of white or non-white concentrations in all LSOAs and in the most deprived 10 per cent. Regarding worklessness, for England as a whole the rate increases as the proportion of the non-white population increases, although for the LSOAs with higher levels of non-white population the worklessness rate reduced significantly between 1999 and 2006. In contrast, in the 10 per cent most deprived LSOAs, there is a decreasing rate of worklessness as the concentration of non-white groups increases, again with significant absolute change between 1999 and 2006; in 2006 the worklessness rate in 90 per cent non-white LSOAs was only about 16 per cent, compared with 24 per cent for the LSOAs with a 90 per cent plus white population.

Analysis of health and crime data shows a broadly similar pattern (see Annex 6 for data). Across the country as a whole, areas with significant non-white populations experience worse conditions but within the 10 per cent most deprived areas such areas tend to have better conditions relative to predominantly white areas. This analysis would tend to confirm the earlier inference that while ethnic minority groups tend to experience (often significantly) greater levels of deprivation across the country as a whole, the differential between members of such groups resident in the most deprived areas and those resident elsewhere is substantially less than that for the ‘white British’ group in particular. In other words they appear to be less disproportionately disadvantaged by virtue of where they live. Moreover within the most deprived areas, those with the highest proportion of ‘non-white’ groups have tended to experience a greater improvement in conditions.

**Figure 3.10: change in worklessness rates for LSOAs with white/non-white concentrations, all LSOAs and the most deprived 10 per cent**





## 3.6 Conclusions

The gap between the more and the less deprived neighbourhoods was widening before the introduction of NSNR. Since then change, as measured by indicators in the four domains of worklessness, education, health and crime, suggests a broadly positive, though mixed, picture in terms of narrowing the gap. But it also underlines a number of issues that carry important messages for future intervention – for example:

- even where there has been greatest positive change for deprived areas (in worklessness and education), the most deprived neighbourhoods are still a long way behind
- the worsening of the situation, and widening of the gap between the most and least deprived neighbourhoods, in the case of mortality rates and violent crime is a cause for concern – especially given for example the potential implications for inflated rates of work-limiting illness and carers benefit claims and increased pressures on health services
- the differences in the degree of change that has taken place in areas of different types of population movement, and differences between NRF and non-NSNR areas. The reduction in worklessness in isolate and transit areas in NSNR areas is significantly greater than in non-NSNR areas; and
- the analysis is largely limited to a period when there was a benign economic climate. There are signs that towards the end of the period, slowing economic growth was beginning have a negative effect.

# Chapter 4

## Factors influencing change in deprived neighbourhoods

### 4.1 Introduction

This chapter provides an overview of the processes that influence conditions within neighbourhoods and, using results derived from an econometric model specifically developed for this evaluation, identifies those factors that appear to be of greatest significance in influencing change.

#### Summary

Neighbourhood conditions are affected by a complex array of factors including areas' internal characteristics and functional roles, external factors and their own internal change dynamics.

Econometric modelling has been used to identify (and quantify) factors associated with change – improvement or decline of a neighbourhood (LSOA) – in terms of its relative position on worklessness.

Significant factors that have been identified to influence an area's performance include:

- Housing tenure;
- Skills – especially at Level 3+ but also Level 1/2 in the most deprived areas;
- Population churn
- GVA growth performance in wider sub-regional economy
- Accessibility to local lower-level skilled jobs

The availability of NRF is also revealed to have been a significant factor – especially (but not just) in limiting decline.

When different factors combine they have a profound cumulative effect on an area's potential for improvement – or its probability of further decline.

## 4.2 Overview

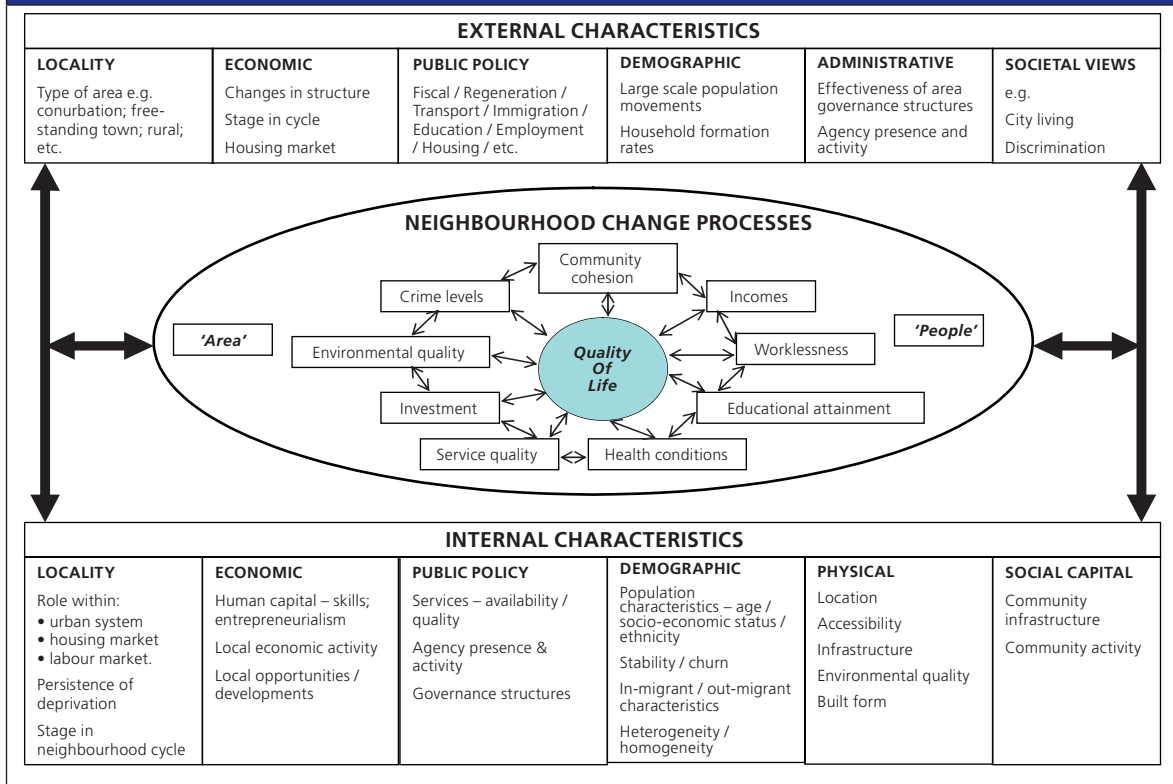
The drivers and process of neighbourhood deprivation are complex. Figure 4.1 provides a theoretical representation of the extensive range of factors that can affect conditions in a neighbourhood or other small area. They include:

- the characteristics of the neighbourhood itself – such as its physical location and characteristics; its land uses and facilities; its demographics and the socio-economic profile of its residential population; its housing and labour market role
- the characteristics of the wider area, policy and cultural context within which the neighbourhood sits; and
- the dynamics of change processes within the neighbourhood. These include changing conditions affecting both a neighbourhood's population (e.g. trends in worklessness, health, skills, etc) and the area itself (e.g. environmental quality, crime levels, new investments, the quality of service provision, etc.).

These factors influence a range of processes within areas and interact in a highly complex way in different types of area in different ways and with varying consequences over time. This complexity presents a major challenge for policy makers seeking the most appropriate way to influence changing neighbourhood conditions in specific areas. Key questions that need to be addressed include:

- Which factors should be the primary focus for interventions?
- At what spatial level and scale are interventions most appropriately delivered?
- Is coordinated and comprehensive action at a neighbourhood level required?

**Figure 4.1: Theoretical overview of factors influencing neighbourhood conditions**



### 4.3 Modelling neighbourhood change

As part of this evaluation, an econometric model has been developed that seeks to identify those factors that are most significant in influencing the performance of deprived small areas. The model examines the process of 'area transition', that is the improvement or decline of an area relative to other areas. It seeks to isolate those factors that are statistically most closely associated with the process of change in areas and, for those that are significant, quantify the extent to which their presence (at different levels, where appropriate) increases the probability of an area's relative improvement or decline. It should be emphasised that the results do not, by themselves, prove the direction of causality – which in many instances may well be two-way.

The modelling analysis is inevitably limited by the availability of robust local level information on change over a sufficient period of time (ideally the structure of the model would incorporate data quantifying a similar range of factors to those represented in Figure 4.1). This gap has been in part addressed by the provision of LSOA-level information by the Social Disadvantage Research Centre (SDRC) at Oxford University. The datasets used cover both internal (LSOA) characteristics and external (wider area) characteristics.

A description of the model is provided in a separate report.<sup>27</sup> The dependent variable selected to measure area change (or transition) is worklessness. The model identifies the likelihood of an LSOA's worklessness position – improving or worsening between 2001 and 2006 relative to the average for its local authority district.<sup>28</sup>

LSOAs have been grouped into 20 bands according to their relative level of worklessness in 2001, (i.e. each band corresponds to 5 percentile points on the overall distribution with the bottom band having the 5 per cent of LSOAs with the highest relative level of worklessness in the district in 2001). The thresholds of each band (in terms of their ratios to the district value in 2001) are then applied to the 2006 worklessness figures. This enables analysis of the extent to which LSOAs remain in their original banding or move to higher or lower (relative) bandings between 2001 and 2006 – in other words, whether their 'gap' with the local average has widened or narrowed.

A range of datasets was then incorporated into the model as independent variables. The modelling seeks to examine the extent to which the likelihood of transition across bandings can be related to variation in each of these variables (while holding all others constant).

## 4.4 Factors identified as significant

### 4.4.1 Summary

Table 4.1 shows the variables or factors that the model has identified as being statistically significant in terms of neighbourhoods that either improved or declined between 2001 and 2006. For the variables that are statistically significant, a set of simulations has been used to examine the relative scale of the potential effect. The results need careful interpretation as they estimate the change in the probability of an area improving or declining into another band by artificially holding every other factor constant. They also examine each factor in isolation – whereas in reality where they co-exist they will often be mutually self-reinforcing (see para 4.4.8 for some further consideration of these effects).

The table summarises some of the changes in probability identified. A value of more than 1 indicates an increased probability and less than 1, a decreased probability. The first column relates to improvements in bandings affecting LSOAs originally in the most deprived 20 per cent; the second to LSOAs which have declined into a 'worse' banding within the most deprived 20 per cent. The full results are presented in the supporting technical report.<sup>29</sup> The remainder of this sub-section summarises each of the main factors identified.

<sup>27</sup> CLG (2010) Evaluation of the National Strategy For Neighbourhood Renewal: Econometric modelling of neighbourhood change.

<sup>28</sup> The reasons for selecting the ratio with the local authority average lie in (a) the view that narrowing the gap is, in part, a relative concept and is thereby better viewed in a 'local' context and (b) the fact that the ratio is statistically robust.

<sup>29</sup> CLG (2010) Evaluation of the National Strategy for Neighbourhood Renewal: Econometric modelling of neighbourhood change.

**Table 4.1: Factors of significance associated with improvement or decline of relative worklessness rates in deprived LSOAs**

	<b>Improvement</b>	<b>Decline</b>
<b>Internal Factors</b>		
Length of residence	Areas with greater proportion of population resident for 1-3 years more likely to improve (1.47 at highest levels). Areas with greater proportion of population resident for 4-10 years less likely to improve (0.57 at highest levels).	Areas with high residential churn more likely to have deteriorated – (2.66 times more likely at highest levels of proportion of population resident for less than a year)
Ethnicity	Some areas with larger ethnic cohorts appear to have performed better – black African (1.64 at highest levels); Indian (1.64); Chinese (1.59)	Mostly the reverse of the improver picture – black African (0.50 at highest levels); Indian (0.36); Chinese (0.33). Black Caribbean more likely to decline where at highest levels (increased probability of 2.23)
Skills levels	Strong positive role for skills at levels 3/4 (1.90 at highest levels).	Areas with high skills at level 3/4 are significantly less likely to decline (0.33 at highest level).
Housing tenure	Areas with substantial rented sector are significantly less likely to have improved – 0.18 at highest levels of public renting and 0.30 at highest levels of private renting.	There is strong evidence of association with decline for areas with substantial rented sector – 5.05 at highest levels of public renting and 3.64 at highest levels of private renting
Other domain conditions (crime, health and education levels)	Little evidence of impact except for association with mortality rates – 1.36 for low SMR areas; 0.89 for high SMR areas.	Association of decline with high SMR areas (1.14); low house prices (1.25); and low KS2 attainment (1.10).
Policy interventions (NRF, NDC)	Some evidence of impact – NDC (1.25); NRF (1.08).	Stronger indication of potential policy role in limiting deterioration – NDC (0.48), within NRF local authority (0.51), an identified NRF-targeted area (0.52)

**Table 4.1: Factors of significance associated with improvement or decline of relative worklessness rates in deprived LSOAs (continued)**

	Improvement	Decline
<b>External factors</b>		
Region	Some evidence of relatively greater improvement in East region (1.16)	LSOAs in East (but not London) less likely to decline (0.77); LSOAs in Yorkshire & Humber more likely to decline (1.53).
Local authority district type	Significant positive effects evident in London conurbations (1.35), other conurbation cores(1.23), industrial conurbations (1.19) and large free-standing cities (1.26) <sup>29</sup>	Significant effect in limiting decline evident in London conurbations (0.32), conurbation cores 0.64), industrial conurbations (0.87) and industrial/mining local authority districts (0.78).
GVA growth	Positive benefits from being located in a high GVA growth area (1.08)	Being located in a high GVA growth area likely to reduce likelihood of decline (0.89); being in low GVA growth area significant in increasing probability (1.05)
Low skills job access	Moderately strong benefits from availability of low skilled jobs within 5km (1.08)	Proximity of low skilled jobs (within 5km) significant in limiting decline (0.77)

#### 4.4.2 Area demographics

As referred to earlier in section 2.4, the nature of population flows into, and out of, deprived areas will impact upon their characteristics. This is particularly the case where such residential churn is asymmetric i.e. in-movers are more deprived than out-movers or vice versa. Over and above these effects however, the econometric modelling demonstrates that there is a consistently increased chance of areas declining where churn is high and a large percentage of the population has been resident for less than one year. This is particularly acute for areas declining into the bottom 5 per cent of areas.

High churn in deprived areas can exacerbate the spiral of decline. It can put pressure on local public services. In addition to the potential direct administrative costs there are a number of indirect costs, such as special housing support and disruption to class learning in schools. The more deprived and dependent in-movers are, the higher the associated costs.<sup>31</sup>

<sup>30</sup> These terms reflect a classification of areas comprising London core; London dormitory; non-London dormitory; conurbation core; conurbation industrial; large free-standing city; large free-standing town; industrial and mining; seaside resort; and rural. See: Robson, Lymperopoulou and Rae (2008) People on the move: exploring the functional role of deprived neighbourhoods. Environment and Planning, pp.2693-2714.

<sup>31</sup> Travers, T., Tunstall, R., Whitehead, C. and Pruvot, S. (2007) Population mobility and service provision: a report for London councils. LSE: London.

However the reverse does not appear to hold. In other words there is no discernible significant relationship between low residential churn and improvement. This suggests that low churn in already deprived areas may reflect the fact that households can become trapped in areas in which they would prefer not to live (for example, in the 'isolate' areas identified in the earlier typology).

There is an indication that higher concentrations of some ethnic groups (e.g. Indians, black Africans, Chinese) may be associated with an increased probability of improvement, but the results suggest that this is more likely to be the case when concentrations rise substantially above the average for these groups (possibly reflecting increased levels of social capital).

### 4.4.3 Housing

There is a very high association of social rented housing with the decline of areas. The probability of an LSOA in the lowest 25 per cent, with the highest levels of social rented housing, declining into the lowest 5 per cent is over seven times greater than the average (base) probability for such an area. Equally the probability of such an area already in the most deprived 5 per cent improving is less than a fifth of the average. The direction of causality in this relationship is complex. People who are already workless often have limited housing choice and high levels of social housing will tend to restrict mobility.

Certain recent trends in the housing market – for example, reduced affordability, limited availability of social housing and increased demand for 'buy to let' accommodation – have contributed towards the greater polarisation of areas, as a consequence of, for example:

- restricted opportunities to move for people from deprived backgrounds, which can lead to deteriorating conditions within the most disadvantaged areas as a result of the increased residualisation and homogeneity of the resident population (in effect 'trapped households').<sup>32</sup> These areas will include in particular the 'isolate' areas (as identified in the area typology in Chapter 2) which tend to have higher levels of social housing and more restricted mobility (i.e. they have the highest proportion of moves limited to the same type of area); and

<sup>32</sup> See CLG (2009) Understanding the different roles of deprived neighbourhoods: a typology – research summary ([www.communities.gov.uk/documents/communities/pdf/1152906.pdf](http://www.communities.gov.uk/documents/communities/pdf/1152906.pdf)) for more detail.



- increased population churn in certain areas arising from, for example, an increase in private renting, increased housebuilding and demographic changes. This can result in the most vulnerable being restricted to sub-standard accommodation increasingly concentrated in areas of low desirability/demand, because of either issues of affordability or waiting lists for social housing. The model identified high churn areas as significantly more likely to deteriorate.

There is thus a danger that certain areas will become increasingly remote from 'mainstream' housing markets, and others increasingly transient and lacking in stable (or sustainable) communities.

#### **4.4.4 The economic context and the availability of jobs**

GVA growth performance in the surrounding area is shown to have positive effects both in promoting the chances of improvement and in limiting the probability of decline; the probability of the lowest 5 per cent of LSOAs improving is increased by 35 per cent in a high GVA growth area. Conversely a high GVA growth area can reduce the likelihood of decline into the lowest 10 per cent or 5 per cent.

While few regional effects are evident, (with the exception of LSOAs in the bottom 5 per cent in London) LSOAs which are at the core of a conurbation, in London or elsewhere, are indicated to have a much increased probability of improvement, especially from the bottom 5 per cent of LSOAs. There is a link between access to low-skilled jobs and the probability of transition, but the scale of impact appears modest in comparison with other factors.

The (until recently) strong economic performance of many sub-regions may have restricted spatial divergence. It is not possible to model more recent trends, but it may be that the impact of economic recession will result in further strengthening of pressures leading to a widening of the gap with the more deprived areas. In this context the model's other findings – that accessibility to local lower level skilled jobs increases the probability of improvement and reduces the probability of decline – are particularly relevant.

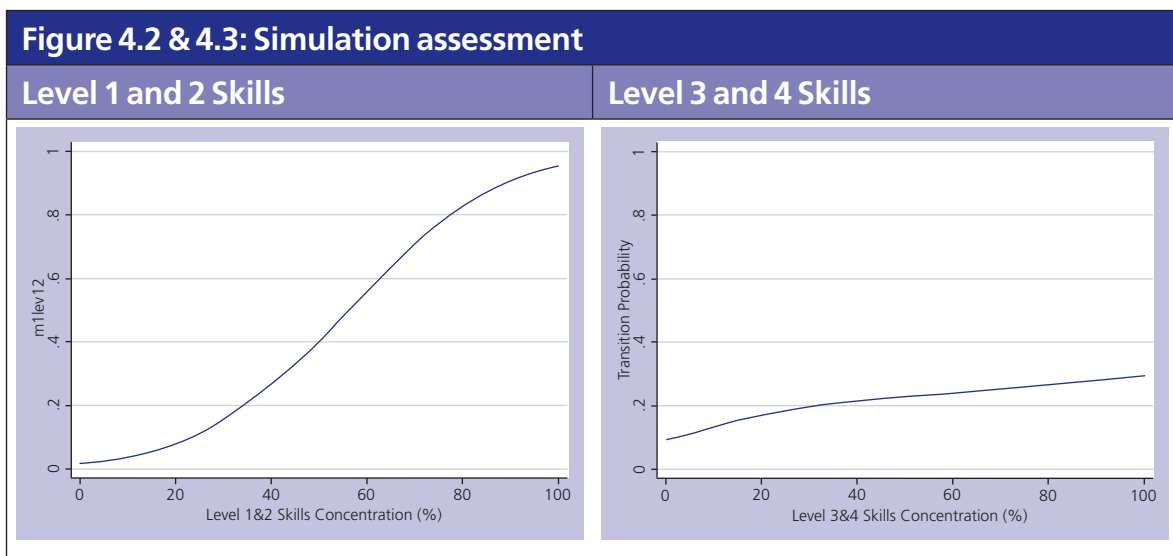
#### **4.4.5 Education and skills**

There is a substantial increase in the probability of an LSOA improving from the bottom 5 per cent as the percentage of the population with Level 1 and 2 skills increases. The importance of Level 1 and 2 skills are however less significant as a factor for improvement in other (but less) deprived areas.

This difference between the most deprived and other deprived LSOAs is less evident at Levels 3 and 4 where the model indicates a strong positive association between skills levels and both improvement and the prevention of decline in all areas. There is also a suggestion that the, more deprived the area, the more it needs to achieve above-average levels in order to improve.

These variations in impact of skills levels for improvement from the bottom 5 per cent are shown in Figures 4.2 and 4.3. The horizontal axis shows the level of skills concentration and the vertical axis the predicted probability of transition.

The figures indicate a sharp rise in the probability of improvement as the proportion of the population with Level 1 and 2 skills increases from 30 per cent to 70 per cent, with a flattening out at about 80 per cent. However, at low levels of concentration Level 3 and 4 skills appear to be more important than Levels 1 and 2 skills; if up to about 30 per cent of the population have skills at Levels 3 and 4 this is more likely to lead to improvement than if their skills were only at Levels 1 and 2.



There was, however, no identifiable corresponding significant association with levels of educational attainment. This may, however, simply be a consequence of the limited time series (i.e. 2001-06) for which most data is available – for example improvements in Key Stage 2 educational performance will not be fully reflected in the labour market for at least a decade.

#### 4.4.6 Changes in internal conditions

The model results fail to identify conditions in other domains as strong factors on the probability for either decline or improvement in an area's worklessness status.

However, the extent to which the model can define and quantify changes in local conditions and their impact is constrained by the limited time duration for which data is available. The full impact of, for example, educational improvements on employment or reduced worklessness on health will take time to become apparent. Moreover it is too early to draw conclusions about the direction of causality, which can often be two-way, for example improving education will improve employment chances for residents and vice versa (by, for example, improving motivation).

Notwithstanding the above, a high SMR appears to be associated negatively with improvement and positively with decline. There is also weaker evidence of an association of high crime levels and low KS2 levels with the decline of areas.

#### 4.4.7 Policy interventions

For NSNR areas the model's initial results showed that the probability of an LSOA improving may be increased by 25 per cent and the likelihood of decline reduced by as much as 50 per cent. This provides some independent evidence of the impact of policy intervention. It is also worth noting that the model may well underestimate these impacts given in particular:

- the relatively short time period over which the model has been run
- evidence that effective approaches to NSNR and the deployment of resources took a number of years to develop; and
- the inherent time-lag between interventions being undertaken and full impacts becoming manifest.

Following this positive initial finding the model was subsequently re-run to consider the effects of different levels of NRF intervention. The results are considered in more detail in Chapter 5 and the full report on the model.<sup>33</sup> They show that where there are high levels of intervention<sup>34</sup> the probability of improvement is increased substantially, particularly in the most deprived 5 per cent of LSOAs, where the probability of improvement is up to two and a half times the base probability.

#### 4.4.8 Factors in combination

All the above simulations are based on a single variable. They isolate the impact of a particular variable by assuming that all other variables are held constant. In practice this is unlikely to be the case. It might be expected, for example, that an LSOA where there was a low level of skills might also be an area of low GVA growth.

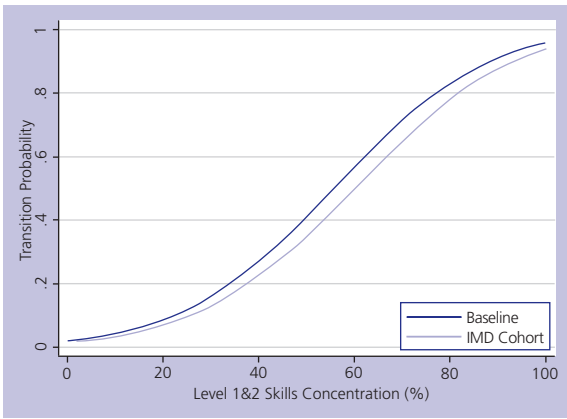
Accordingly, simulations have been generated to examine the impact of combining factors. In the first instance, certain continuous variables are combined with those that are binary, i.e. either 'on' or 'off'. Figure 4.4 repeats Figure 2.1, but also includes simulation for the probability of transition if LSOAs are in the lowest IMD decile.

<sup>33</sup> CLG (2010) Evaluation of the National Strategy for Neighbourhood Renewal: Econometric modelling of neighbourhood change.

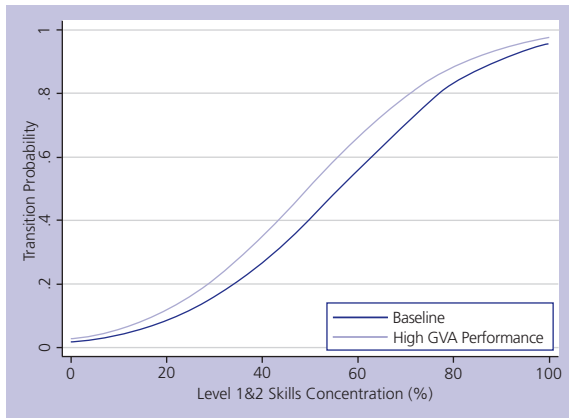
<sup>34</sup> Defined for the purposes of the model as being above £300 spend per capita working age population in the period 2001-06.

**Figures 4.4 and 4.5: Simulation assessment: Level 1 and 2 Skills**

**Baseline and bottom 10 per cent IMD cohort**



**Baseline and high GVA performance**

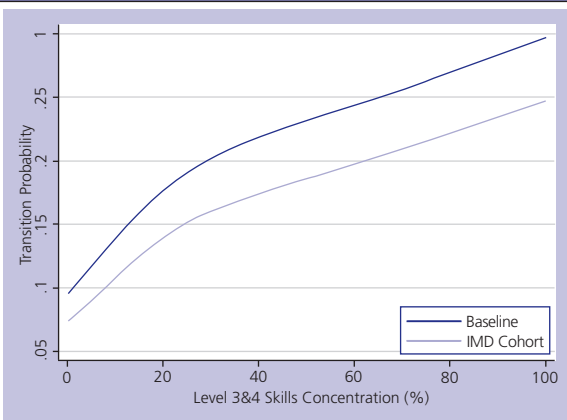


The lower of the two lines on the graph represents LSOAs that are in the lowest IMD decile, indicating that the probabilities for improvement are reduced, and particularly so for those areas with relatively high proportions of the population with Level 1/2 skills. Figure 4.5, on the other hand, shows the probability of improvement for LSOAs located in a high GVA growth area. Significantly, the probabilities of improvement are shown to increase in such areas.

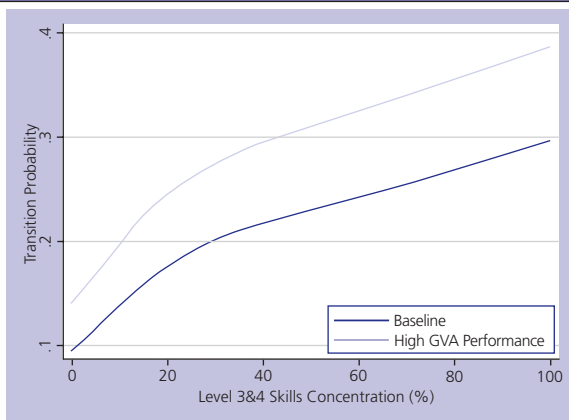
Figures 4.6 and 4.7 demonstrate for skills Levels 3/4 the even greater impact on the probability of improvement that an LSOA's position in the bottom IMD decile – or conversely in a high GVA growth area – can have.

**Figures 4.6 and 4.7: Simulation assessment: Level 3 and 4 Skills**

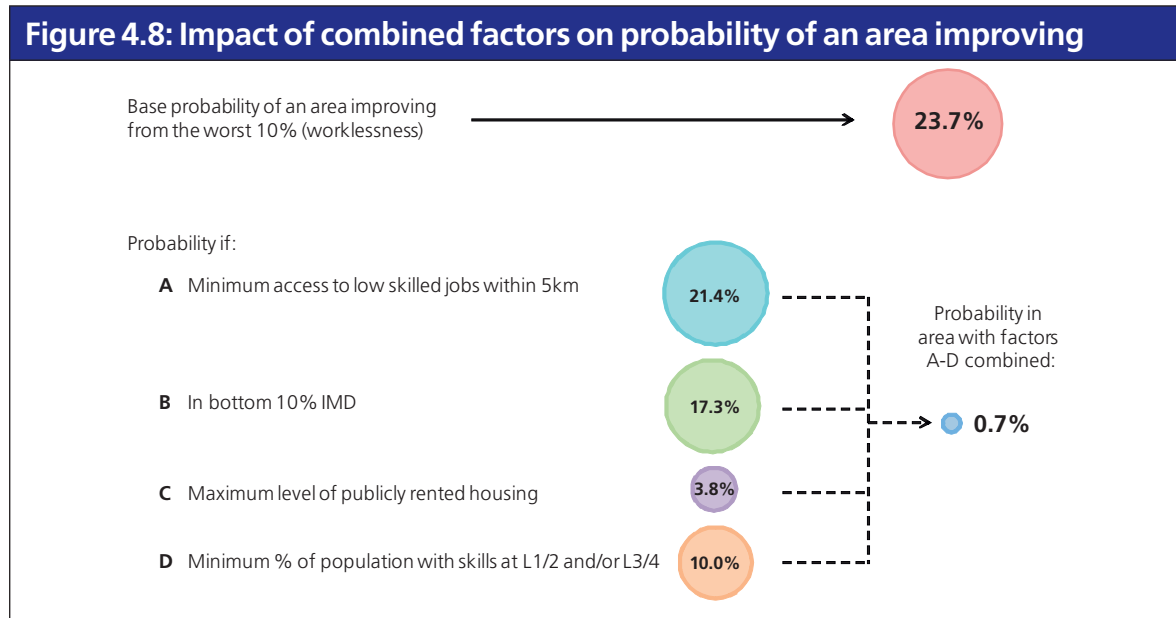
**Baseline and bottom 10 per cent IMD cohort**



**Baseline and high GVA performance**



The coincidence of factors can therefore have a powerful effect on the probability of an area improving or declining. Figure 4.8 takes these examples further by considering how four factors co-existing in an area can fundamentally affect the chances of improvement in a hypothetical LSOA in the most deprived 10 per cent. The base (or average probability) of an area improving out of the most deprived 10 per cent is 23.7 per cent. The factors included in the simulation are access to low skills, an LSOA in the bottom 10 per cent according to the IMD, proportion of social renting and skill levels of residents (the values used for each are the 'worst case' scenarios found in practice). The diagram indicates the simulated transition probabilities of improvement if each factor is modelled independently – these are all lower than 23.7 per cent. However, where all four exist in combination (at the specified values), the model shows that there is a cumulative impact and that a neighbourhood with all these characteristics might be expected to have no real likelihood (0.7 per cent compared to an average of 23.7 per cent) of improving.



# Chapter 5

## The impact of NSNR on deprived neighbourhoods

### 5.1 Introduction

As shown previously, NSNR's period of operation has coincided with the arrest of previous long-term trends towards greater polarisation of deprived areas. Moreover the results of the econometric modelling suggest that NSNR has had a positive effect. This chapter now explores further the impact of NSNR and considers both the 'top-down' (e.g. analysis of area change data and econometric modelling) and 'bottom-up' evidence (e.g. local case study research including evidence from the Local research project).<sup>35</sup>

#### Summary

'Top-down' modelling of change has been undertaken in two domains – worklessness and education – and suggests a significant association of NSNR with positive change. There is also some evidence that this effect has increased with time.

It is estimated that over the period 2001-2007 NSNR was associated with a reduction in worklessness of almost 70,000 in local authority areas in receipt of NRF – half of which was in the most deprived LSOAs. This represents a 'permanent', albeit relatively modest, reduction of some 3-4 per cent.

Similar 'top down' analysis of education data also suggests a positive NSNR effect. As with worklessness, impact would appear to have been most significant in the most deprived areas – for example, an estimated average improvement per pupil in the most deprived 15 per cent LSOAs of about 6 points (equivalent to a GCSE grade) at Key Stage 4.

These findings may be understated because of the loss of some benefits as a result of population churn. They also do not capture the full range of other and consequential benefits (e.g. health).

The qualitative bottom-up evidence of impact is also generally positive, albeit slightly less so, possibly as a result of its more limited coverage. It suggests some differences between domains. The impact appears greatest in the domains of crime and the environment – where local benefits of interventions are often more immediately apparent. Health outcomes are the weakest but this may reflect the time-lag in benefits becoming evident.

<sup>35</sup> CLG (2010) Evaluation of the National Strategy for Neighbourhood Renewal: Local research project..

Although evidence is limited, beneficial outcomes for black and ethnic minority groups seem to have been delivered – particularly in terms of educational attainment. There have been no significant differences in impact in terms of gender.

The bottom-up evidence on additionality and, in particular on, value for money is limited. That which is available however suggests that levels of both have been good. This is supported by the top-down assessment.

## 5.2 Assessing impact

Impact has been assessed using both ‘top-down’ statistical analyses and ‘bottom-up’ (mostly qualitative case study) evidence.<sup>36</sup> The top-down analysis incorporates:

- a simple analysis of change at neighbourhood level for comparable groupings of LSOAs within NSNR and non-NSNR areas and ranked according to their levels of deprivation. This is limited, for reasons of data availability, to worklessness and education; and
- two new and important pieces of modelling work which analyse the impact of NSNR in the domains of worklessness and education – the transition model based on worklessness, described in Chapter 4; and a ‘difference-in-difference’ analysis of changes in educational attainment levels.<sup>37</sup>

Some ‘bottom-up’ evidence on impact is available from the Local research project (LRP), the NRF Project Review and the NDC Evaluation. The LRP was specifically undertaken to provide largely qualitative evidence about NSNR at neighbourhood level, drawing on case studies of two neighbourhoods in each of nine NSNR districts (plus three comparator non-NSNR neighbourhoods). Secondary research on the areas supported a programme of qualitative primary research including in-depth interviews and focus groups with a broad spectrum of stakeholders to draw out different perceptions of neighbourhood change. The NRF project review<sup>38</sup> was also an integral part of the NSNR evaluation, comprising interviews with managers of over 150 individual NRF-supported interventions. Findings were cross-checked and subject to rigorous review with the assistance of judgements of LSP coordinators and the evaluation team. The NDC evaluation has similarly involved extensive research across the 39 NDC areas and has also been supported by regular household surveys during the course of the evaluation.

<sup>36</sup> Ultimately the Strategy is aiming to improve areas as places that provide a minimum quality of life for residents and where, consequently, people wish to live. Residents’ perceptions of areas can therefore provide an important indicator of progress being made in neighbourhood renewal. While our assessment is largely focused on measurable impacts in terms of key domain indicators, it is worth noting that, although evidence is limited, that which is available suggests (e.g. through the NDC and Neighbourhood Management Pathfinder Evaluations) an increase in satisfaction.

<sup>37</sup> Undertaken on behalf of the Evaluation Team by the Social Disadvantage Research Centre at the University of Oxford. See: CLG (2010) Evaluation of the National Strategy for Neighbourhood Renewal: Improving educational attainment in deprived areas.

<sup>38</sup> The project review was undertaken in two phases. The first undertaken in 2006 informed the CLG 2008 report ‘Impacts and Outcomes of the Neighbourhood Renewal Fund’. The results of the second follow-up review are summarised in Annex 7.

The assessment of the full impact of NSNR on conditions in deprived neighbourhoods is complicated by a number of factors, which means that an association of NSNR with change, rather than a direct causal link, may be the most that analysis can achieve.<sup>39</sup> Moreover the ways in which NSNR has attempted to influence change can give rise to particular issues in terms of attribution. These relate in particular to the fact that NSNR is a multi-faceted strategy and seeks to generate impacts in a multiplicity of ways including:

- Direct change within specific domains within which activity has been focused and expenditure incurred. This will entail either:
  - a) direct investment of funds, e.g. through a particular component funding stream such as NRF (or now Working Neighbourhoods Fund – WNF); and/or
  - b) influence on mainstream investment, in terms of, for example, the scale or form of services, their targeting to specific groups or the way in which they are delivered.

The Strategy, with its emphasis on influencing the mainstream, also envisages that these two approaches will be combined, with the tool of additional funding being used to test or effect new and improved methods of mainstream delivery.

- Indirect change within domains stemming from the basic tenet of area-based regeneration that collective impact will be greater than the sum of the individual domain activity. Reduced rates of worklessness could be expected, for example, to have an impact on educational attainment, residents' health and crime levels (as well as vice versa).
- Change generated by interventions which have been assisted by NSNR but which are non-domain-specific. NSNR-related funds have, for example, been invested extensively in interventions which assist community development. The consequent increase in the social capital of an area may lead to a diverse range of benefits.

Sections 5.3 to 5.5 assess the activity which the Strategy has prompted or influenced in each NSNR domain and the extent to which change (again by domain) may be associated with this. Differences between the 'top-down' and 'bottom-up' evidence are discussed. In section 5.6 the extent to which 'cross-cutting' or synergistic impacts may be generated is considered. Section 5.7 discusses the extent to which impacts may have varied by different groups of residents, while 5.8 reviews evidence on additionality and value for money.

<sup>39</sup> These factors include the fact that:

- the analysis focuses on conditions in the most deprived LSOAs as a 'proxy' for areas targeted under the NSNR
- the availability of data at LSOA level is limited
- the time period over which NSNR has been operating is limited and, as a consequence, its benefits are not yet fully evident; and
- neighbourhood change processes are complex and there are inherent difficulties involved in differentiating the effects of a single factor.



## 5.3 Worklessness

### 5.3.1 Progress in narrowing the gap?

As described in Chapter 3, there has been consistent improvement against key worklessness indicators in NRF local authority districts, not just in absolute terms, as would be expected in a period of relatively benign economic conditions, but also relative to the national average. Conditions have also improved in a greater proportion of LSOAs in NSNR areas than in non-NSNR areas. However, there is evidence that within some NSNR areas the 'internal' gap (i.e. the relative gap between the most deprived areas and the rest) has widened.

A similar picture emerges from the areas studied by the Local research project (LRP). The majority of NSNR case study districts have narrowed the gap in relation to employment. However, while at neighbourhood level the gap in relation to the (JSA) unemployment rate has tended to narrow, the gap in take-up of benefits relating to work-limiting illness has increased in the majority of neighbourhoods.

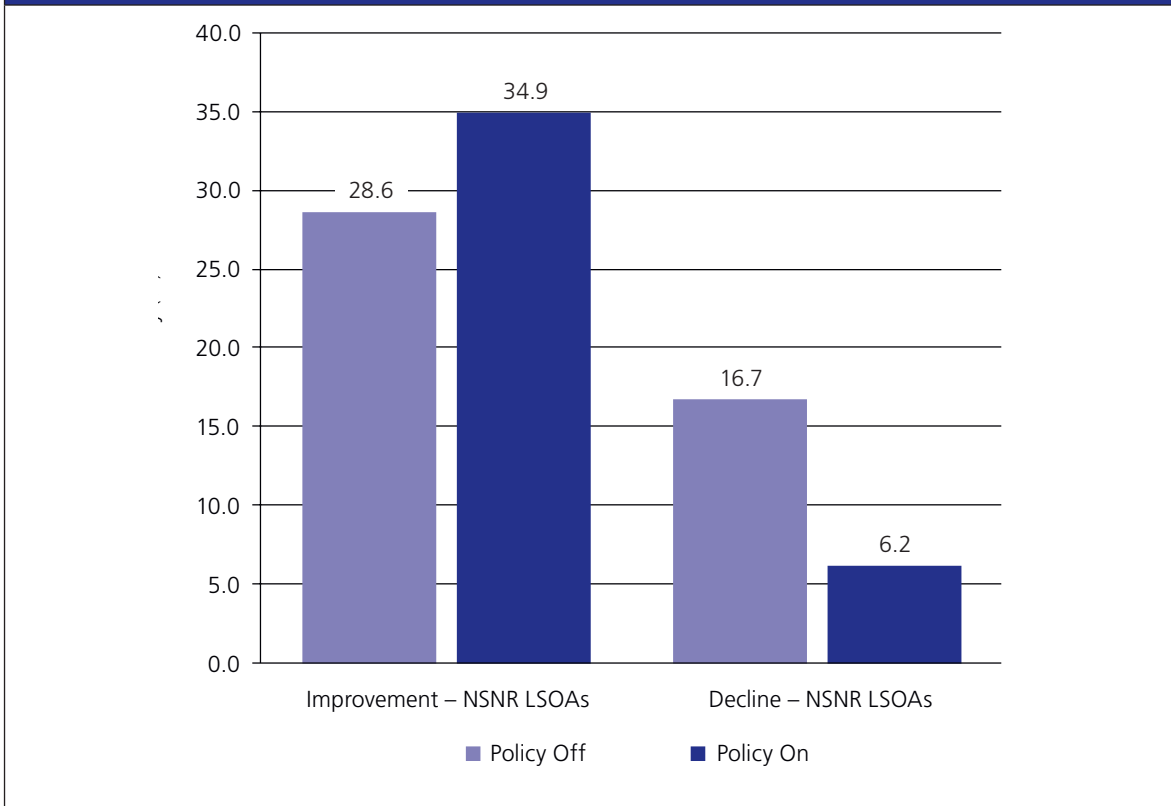
### 5.3.2 What has been the impact of NSNR on worklessness?

#### *(a) The top-down evidence*

The transitions model (as described in Chapter 4) can be used to generate a top-down assessment of the level of reduced worklessness associated with NSNR. By holding constant all other factors that might be at work, the model can be used to isolate the degree of change that can be attributed to NSNR status of an area.

The first run of the model found that NSNR status increased the probability of an area in the most deprived 20 per cent LSOAs improving (to another banding) from a base probability of 28.6 per cent to 34.9 per cent. Moreover, while NSNR appeared to have had positive effects in promoting improvement, it appeared to have been still more prominent in limiting decline. The probability of a NSNR LSOA declining within, or into, the most deprived 20 per cent LSOAs was reduced from 16.7 per cent to 6.2 per cent (see Figure 5.1).

**Figure 5.1: Probability of change in NSNR neighbourhoods (with and without NSNR)**

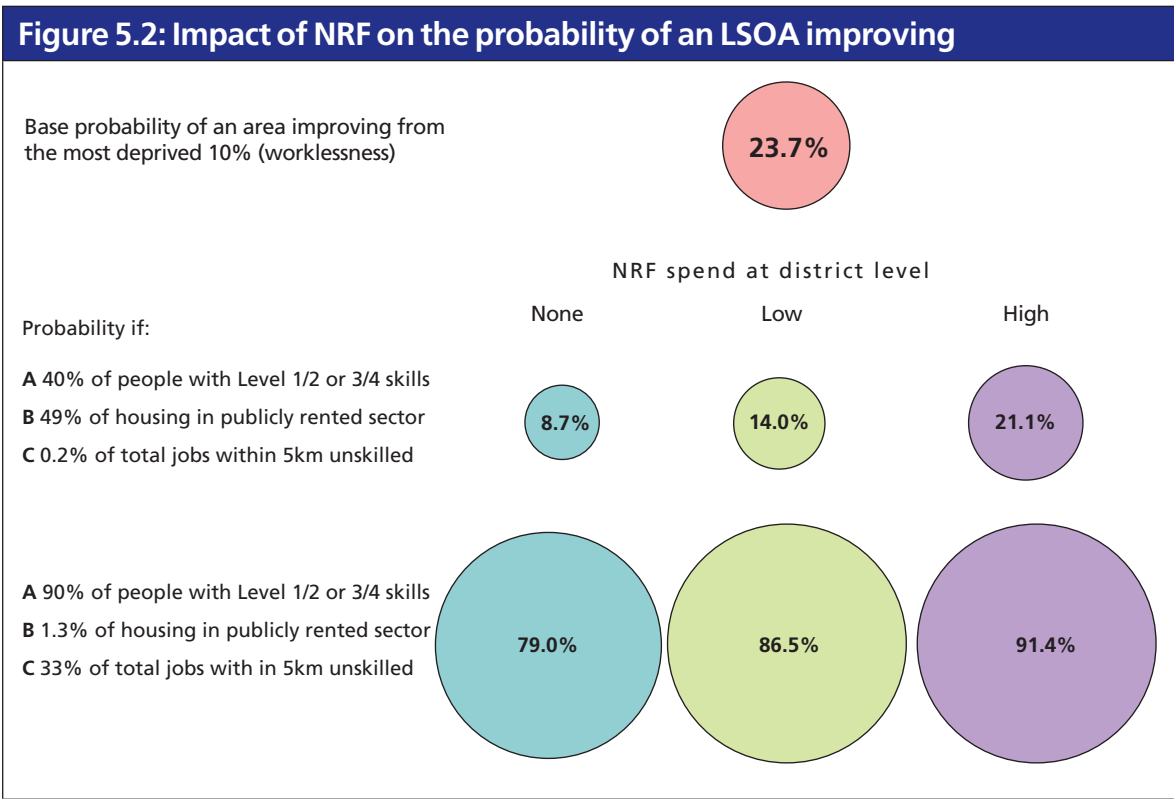


To explore these effects further the model was re-run using estimates of NRF spend per head by LSOA to segment the policy areas according to whether they were 'high' or 'low' intervention areas.<sup>40</sup> The detailed results are in Annex 7.

The main lessons of the previous modelling were confirmed. In addition, it was found that the probability of improvement increased significantly with higher levels of spend. This appears to be particularly the case in the most deprived areas – the probability of an LSOA in the most deprived 5 per cent improving was between 2 and 2.5 times greater in a high intervention NSNR area than in a non-NSNR area. However the availability of NRF in low intervention areas was not found to be statistically significant in generating improvement (although it was a factor in limiting decline). The significance of levels of intervention is discussed further in Chapter 6.

To illustrate how these changed probabilities can impact in practice, two contrasting scenarios have been considered. Figure 5.2 takes the example of an LSOA in the most deprived 10 per cent, where the average probability of improvement out of the most deprived 10 per cent in terms of worklessness is 23.7 per cent.

<sup>40</sup> For the purposes of the model these were defined as above or below NRF spend of £150 per capita working age population.



The first scenario takes a hypothetical LSOA where the conditions on three key indicators – the percentage of people with skills, the percentage of housing in the publicly rented sector and the percentage of total jobs within 5km that are unskilled – are assumed to be at the level of the 10 per cent most deprived LSOA for each. The probability of such an LSOA improving without NRF would be 8.7 per cent. With NRF at a low intervention level it would increase to 14.0 per cent and at a high intervention level to 21.1 per cent (i.e. making improvement some two and a half times more likely).

The same set of conditions in the hypothetical LSOA in the second scenario, are set at the 90 per cent point in the range i.e. only 10 per cent of LSOAs (in the most deprived 10 per cent on the IMD) have better conditions for each indicator. Here the probability of improvement is already high – 79.0 per cent. The availability of NRF again improves this probability – to 86.5 per cent if at a low level and 91.4 per cent at a high level – but the marginal proportionate impact of NRF availability is substantially less.

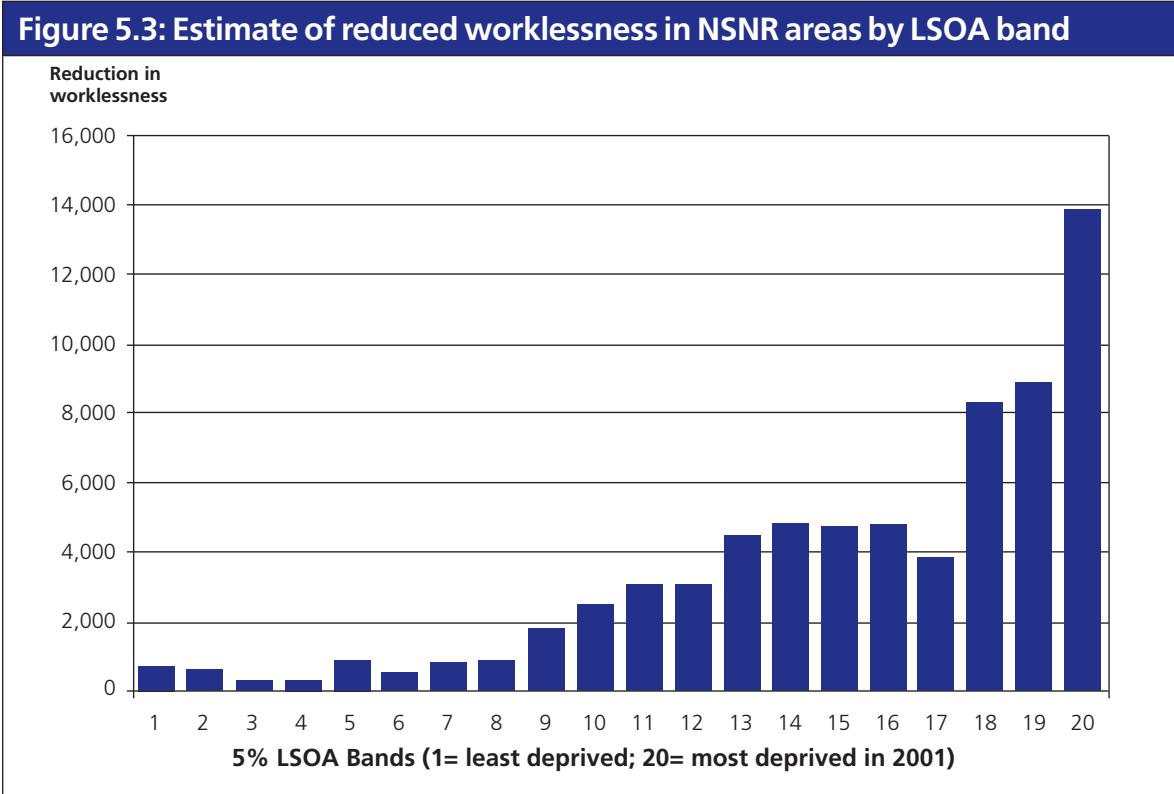
These differences in the probability of an area changing can also be used to derive estimates of what worklessness levels in NSNR areas would have been in the absence of the policy, all other characteristics of the area being unchanged. For example, if an NRF area was 20 per cent more likely to improve and the actual number of individuals who were no longer workless was 50, then we can say that the policy effect had led to 10 fewer people being workless.<sup>41</sup> Applying this approach to actual changes in worklessness in the most deprived 20 per cent LSOAs (the focus of the modelling) in the period 2001-2006, results in an estimated policy impact of 31,362 fewer workless residents (an average reduction of some 12 persons per LSOA).

To assess the plausibility of this result, an alternative 'top down' assessment has been undertaken using non-NSNR areas as comparators for the performance of NSNR areas with similar levels of worklessness at the start of the policy period. This analysis ranks LSOAs according to their worklessness rates in 2001 and groups them into 5 per cent bands with each band sub-divided into NSNR and non-NSNR areas. It then identifies how rates for each sub-divided band changed over the period until 2007 and calculates by how much rates in the NSNR areas would have been higher or lower should non-NSNR change rates have applied. This is then used to provide an estimate of the increase (or decrease) in the workless count that appears to be associated with NSNR status.

The results suggest that in 2007 there were over 69,000 fewer workless people in NSNR districts than there would have been in the absence of the policy (equivalent to some 750 persons per district). Moreover, as Figure 5.3 demonstrates, the greatest impact on numbers would have been in those areas with the highest 2001 rates – with over 13,500 fewer workless people in the most deprived 5 per cent of NSNR LSOAs. Within the most deprived 20 per cent of NSNR LSOAs in 2007 the calculation suggests that there were just over 34,200 fewer workless people than would have been the case without NSNR – compared with the earlier modelling estimate of 31,362 by 2006.<sup>42</sup> Again therefore there is statistical top-down evidence that NSNR has led to a sustained – albeit modest – reduction in worklessness of some 3 to 4 per cent.

<sup>41</sup> CLG (2010) Evaluation of the National Strategy For Neighbourhood Renewal: Econometric modelling of neighbourhood change includes a description of the approach adopted. As the model only operates for transitions across bandings, and there exist instances where areas improve their relative standing but do not cross bands, it has been assumed that the policy effects that apply for transitions across bands also apply for improvements within bands.

<sup>42</sup> It should be noted that the '20% most deprived LSOAs' are defined differently under each approach. The comparative analysis relates to those LSOAs which had the highest 20% worklessness rates in 2001 and were in NRF areas; whereas the model examines the 20% of LSOAs with the highest worklessness rate in each NRF area. Nevertheless there will be substantial overlap between the two. Moreover, the reasonably close correspondence of the resulting 'impact' figures provides some confidence in the robustness of the results.



**(b) the bottom-up evidence**

Bottom-up evidence is predominantly concerned with the impact of directly-funded worklessness projects. Stakeholders’ perceptions will inevitably often largely reflect their views on the direct, immediate and discernible impacts and effectiveness of local interventions with which they are familiar. By way of contrast the top-down evidence is potentially reflecting the full range of means whereby NSNR may have influenced conditions in areas. Notwithstanding this, the evidence from ‘bottom-up’ research presents a generally positive picture, broadly in line with the top-down estimates. It is summarised in Figure 5.1.

In some areas<sup>43</sup> activity explicitly targeted on worklessness does not appear to have been given a particularly high priority. The ability (or willingness) of mainstream providers to engage fully in the case study areas may have contributed to this. Moreover, while many interventions can point to positive outcomes, there appears to be relatively limited project case study evidence of significant direct employment outcomes. This may partly be a consequence of many of the interventions having focused on those who are furthest from the labour market. Much of the benefit to date may be in the form of ‘distance travelled’ for individuals and therefore not yet apparent in worklessness data.

<sup>43</sup> The LRP reported, for example, very low spend on employment/worklessness in Bolton and Sheffield, with relatively low spend (in comparison with other themes) in Leeds and Hastings.

The NDC evaluation provides some evidence that those who gain employment often move to better-off areas.<sup>44</sup> As a consequence population churn may be disguising some of the impacts of NSNR – which will consequently not be picked up by either the bottom-up or top-down evidence. The evidence shows that out-movers (71 per cent of those of working age) from NDC areas are more likely to be employed than in-movers (47 per cent) and stayers (55 per cent). Moreover those who move into the areas are likely to be more deprived than those who are already there – who in turn are more deprived on average than those who leave. In other words population dynamics are both reinforcing area deprivation and disguising some of the impacts of regeneration activities.

<sup>44</sup> CLG (2007) The moving escalator? Patterns of residential mobility in New Deal for Communities areas. NDC Research Report 32. <http://extra.shu.ac.uk/ndc/downloads/reports/The%20NDC%20moving%20escalator%5B1%5D.pdf>;  
CLG (2005) New Deal for Communities 2001-2005: An interim evaluation. Research report 17. [http://extra.shu.ac.uk/ndc/downloads/reports/New\\_Deal\\_for\\_Communities\\_2001-2005\\_An\\_Interim\\_Evaluation.pdf](http://extra.shu.ac.uk/ndc/downloads/reports/New_Deal_for_Communities_2001-2005_An_Interim_Evaluation.pdf)

**Table 5.1: Worklessness – summary of the ‘bottom-up’ evidence**

	<b>Activity</b>	<b>Evidence of local change</b>	<b>Evidence of added benefit of NSNR?</b>
Local research project	Emphasis on use of NRF to provide supplementary funding of local authority-led worklessness programmes targeting hard-to-reach clients	Majority of case study NSNR districts narrowed their employment and enterprise gaps.  Progress in case study neighbourhoods was offset by an increase in long-term claimants. Ethnic minority employment rate also declined.	Overall finding was of variable rates of improvement and relatively limited but positive impact of NSNR.  Other factors associated with improvement included the national economy, existing funding streams and (NRF-funded) supplementary employment services. Barriers to improvement included cultural and demand side factors, diversity, churn and organisational barriers
NRF Project Review	Mainly advice, guidance and support to targeted groups, plus some transitional employment schemes and support to business and enterprise	Main outcomes of interventions – people accessing employment or training, or obtaining qualifications. Evidence of improved outcomes for people furthest from the labour market.	High levels of net additionality of case study interventions (overall 66 per cent).

## 5.4 Education

### 5.4.1 Progress in narrowing the gap

Chapter 3 showed that between 2001 and 2005, there have been improvements in educational performance at Key Stage (KS) 2, KS3 and KS4 in NSNR districts and the gap with the national average narrowed, except at KS2 level. However, at LSOA level, the most deprived 10 per cent LSOAs in NSNR areas showed greater improvement at KS2 and KS4 level than did the districts as a whole – in other words the local gap narrowed. There has been considerable direct investment, with an estimated 19 per cent of NRF expenditure dedicated to education projects in the years up to 2005-06.

### 5.4.2 What has been the impact of NSNR on education?

#### *a) the top-down evidence*

Extensive analysis of pupil attainment data has been undertaken to provide a 'top down' assessment of whether there has been a positive improvement in pupil attainment in educationally disadvantaged schools in areas receiving NRF.

'Difference-in-difference' estimation has been used to compare changes in outcomes for children in specified 'treatment' schools against changes in outcomes for children in matched 'control' schools. Data has been analysed at individual pupil level and a wide range of explanatory factors included in the model to control for individual, school and neighbourhood level effects. As well as considering the changes in pupil attainment occurring in the selected schools in the NSNR areas as a whole, the work has involved testing whether there is evidence of differential impact by time, gender, ethnicity and by region.<sup>45</sup>

The findings are broadly positive. The average points score at Key Stage 3 (KS3) level in the selected schools in NRF areas was between 0.3 points and 1.4 points higher than would be expected in the light of the other characteristics included in the model. As a change of 10 points is equivalent to an improvement of one level at KS3, the results represent average improvements of about one-tenth of one level in each subject.<sup>46</sup>

Similarly, at KS4 consistent and significant improvements in attainment were observed in each year of analysis. In terms of pupils' total point score for their best eight grades at this (GCSE) level, a significant and positive change was also seen. For example, in 2005 there was an improvement equivalent to between one half to one whole GCSE grade in a single subject.

Importantly, at both KS3 and KS4 there is evidence that the positive impacts increase in size over time; there are several instances where positive impacts are apparent in the later years studied but not in the earlier years.

<sup>45</sup> CLG (2009) Evaluation of the National Strategy for Neighbourhood Renewal: Improving educational attainment in deprived areas.

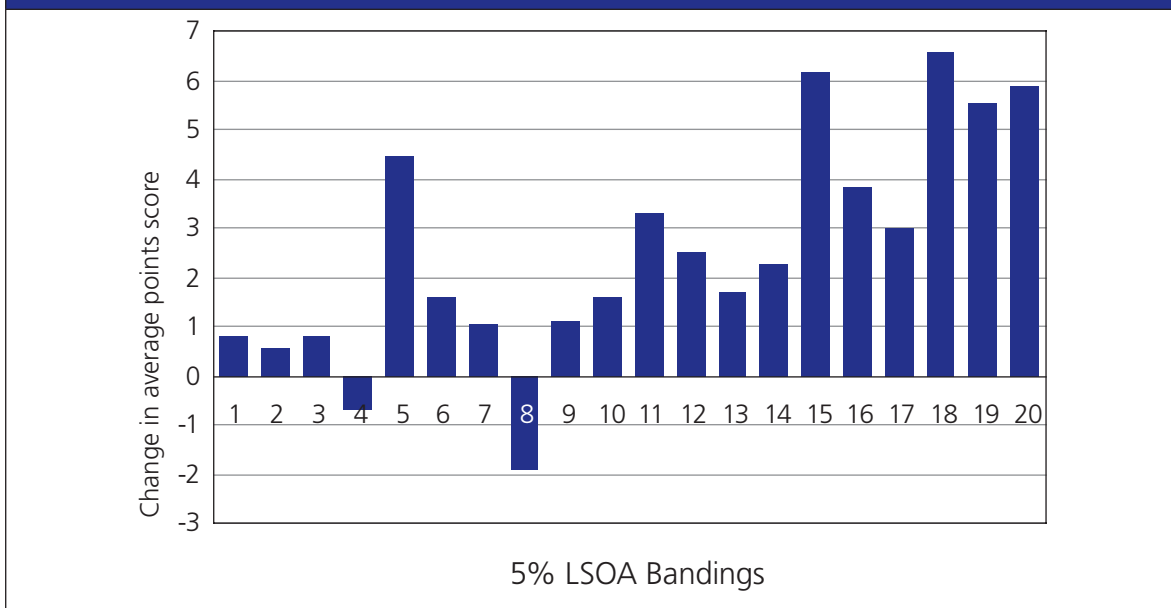
<sup>46</sup> This appears to be a relatively marginal change, but it is statistically significant.



This evidence that NSNR status for areas has been associated with improvements in educational attainment is confirmed by analysis of the comparative performance of different bandings of LSOAs. The results are shown in Figure 5.4. As with the previous ‘top down’ comparative analysis of worklessness (para 5.3.2), the analysis ranks LSOAs according to their performance at the start of the time period (in this case 2002-03) and groups them into 5 per cent bands with each band sub-divided into NSNR and non-NSNR areas. It then calculates how performance in each NSNR area band would have been different had non-NSNR rates of change applied.

The results suggest that across all but two (i.e. the fourth and eighth best performing in 2002/03) of the 5 per cent LSOA bandings (‘vingtiles’) performance was better in 2007 in NSNR areas than would have been expected had trends in non-NSNR areas (with similar performance levels in 2002-03) pertained. Moreover the greatest impact has tended to have been in the most deprived areas. – across the poorest performing three vingtiles (i.e. the poorest performing 15 per cent in 2002/03) the ‘additional’ average improvement per pupil was about 6 points (equivalent to a GCSE grade).

**Figure 5.4: Estimate of change in KS4 average points score in NSNR areas by LSOA band – 2002-03 to 2006-07**



**b) the bottom-up evidence**

The bottom-up picture of the impact of NSNR on education – taken from the same sources as for worklessness – is summarised in Table 5.2. There is some evidence of improvement at the level of individual interventions, and there is some case study area data to suggest a modest improvement in NSNR case study areas compared with other (non-NSNR) case study areas. However the LRP reports a variable impact, with regional and local factors, and wider contextual issues, perceived to be at least as important. Overall the perception of an association of improvement with NSNR is not strong, with the dominant factors for change including broader national policy objectives supported by targeted initiatives such as Sure Start.

There appears therefore to be a slight inconsistency between the quantitative top-down analysis of NSNR impact on educational change and the more qualitative picture emerging closer to the ground. However, as for worklessness, this discrepancy may be partially explained by the nature of the bottom-up research, which gives weight to the views both of providers and of local residents, and is inevitably skewed towards the impacts of directly-funded NRF 'projects'. Broader research (including that from the NDC Evaluation) on neighbourhood renewal suggests that the main concerns of local residents tend to be focused on community safety and the environment (domains where, moreover, improvements tend to be more immediate and visible). When combined with the views of providers who will be aware of the very considerable monies that the mainstream has targeted on poorly performing schools, this may lead to a more sceptical view as to the positive impact of NSNR.

**Table 5.2: Education – summary of the 'bottom-up' evidence**

	<b>Activity</b>	<b>Evidence of local change</b>	<b>Evidence of added benefit of NSNR?</b>
Local Research Project	Additional targeted interventions within schools, e.g. literacy assistants, mentors, support for behavioural problems and those at risk of exclusion.	Positive progress at case study district level in narrowing the gap with national average, outperforming the non-NSNR case study districts. More mixed progress at case study neighbourhood level – overall better performance at KS 4 than at KS2 and KS3.	Variable rates of improvement and impact of NSNR. Improvements attributed to the national drive to improve educational standards, the quality of specific schools and leadership and the use of NRF to support additional learning provision. Mixed progress at neighbourhood level attributed to cultural factors, diversity and churn and schooling quality.
NRF Review	Mainly raising attainment (generally and of targeted groups); also some focus on reducing exclusions, out of school activities, parental involvement, basic skills	Many examples of impact at individual intervention level, e.g. in improved attainment, reduced exclusions, parents gaining qualifications or jobs	NRF-funded interventions believed to be contributing to improved area level attainment results at e.g. KS2 and KS4 level. High levels of net local additionality found in case studies (estimated at 66%).

**Table 5.2: Education – summary of the ‘bottom-up’ evidence (continued)**

	<b>Activity</b>	<b>Evidence of local change</b>	<b>Evidence of added benefit of NSNR?</b>
NDC	Creation of educational partnerships; raising attainment levels; enhancing parental and community involvement; boosting lifelong learning; widening participation in higher education; addressing minority ethnic attainment levels	Modest improvements in educational attainment at KS2 and KS4, but in line with other deprived areas	Limited evidence of programme-wide change over and above that in comparator areas.

## 5.5 Other domains

The top-down analysis undertaken for worklessness and education is reliant on the availability of robust data at LSOA level. For the other three domains – crime, the environment (including housing) and health – such data is not available, and consequently the evidence of NSNR impact is limited to bottom-up sources only. These include the evaluations of the Neighbourhood Management Pathfinders and Neighbourhood Wardens as well as the LRP, NRF review and NDC evaluation.

The case study evidence available tends to be more positive in the areas of ‘crime and grime’, where there appears to be a strong association between a marked improvement in conditions and the influence of NSNR (including the two early Neighbourhood Wardens and Neighbourhood Management Pathfinder programmes). There is however variation between different areas in the perceived influence of NSNR and the degree of additionality of activities associated with it.

### 5.5.1 Crime

For crime, as shown in Chapter 3, progress in narrowing the gap has been mixed. There has been improvement in NSNR districts in terms of theft and burglary, but a deterioration of the situation for criminal damage and violent crime. The gap with the national average has narrowed (except for violent crime). A similar picture applies at the LSOA level. Moreover, the performance in NSNR LSOAs (both in terms of absolute change and narrowing of the gap) has been significantly better than in non-NSNR areas.

There have been substantial direct interventions as a result of NSNR, reflecting the priority given by local communities to addressing high levels of crime and fear of crime. Almost 20 per cent of the total NRF budget between 2002 and 2006 was estimated to have been spent on interventions in this domain. Overall, as summarised in Table 5.3, the evidence, especially from the LRP, is that there has been strong association of NSNR with improvement.

**Table 5.3: Crime – the bottom-up evidence**

	<b>Activity</b>	<b>Evidence of local progress</b>	<b>Evidence of added benefit of NSNR?</b>
LRP	Target hardening; introduction of neighbourhood based policing, in particular wardens and PCSOs; environmental and security improvements.	Relatively positive progress in narrowing the crime gap between case study districts and the national average, with more positive figures for vehicle crime, burglary and for robbery. Similar trends at the level of case study neighbourhoods.  More progress in narrowing the gap in NSNR areas than in case study non-NSNR neighbourhoods.	Positive levels of improvement and strong NSNR impacts.  NSNR has made an important contribution through the use of NRF to help target certain types of crime, top-up police services within deprived neighbourhoods and/or pilot neighbourhood policing and wardens, and through encouraging partnership working, underpinned by NSNR-related strategies. But impact of NSNR on helping to contain rising levels of violent crime has been limited.

<b>Table 5.3: Crime – the bottom-up evidence (continued)</b>			
	<b>Activity</b>	<b>Evidence of local progress</b>	<b>Evidence of added benefit of NSNR?</b>
NRF review	Main activities: increased presence of police, support officers and wardens; youth diversion; target hardening. Also some support to offenders and victims.	Many interventions believed to have contributed to a reduction of crime in the district or local area.	Very high levels of additionality of funded interventions (72%). Significant effects on mainstream delivery e.g. roll-out of neighbourhood policing accelerated by NRF support
Neighbourhood Management Pathfinders	Involved strong engagement with police leading to, e.g., improved multi-agency working, establishment of local police teams, more neighbourhood-dedicated resource and innovative working practices.	2003 – 06 satisfaction with the police rose from 47% to 53% in Round 1 areas, with faster rises than in comparator areas in 14 of 20 areas, and by 7% points in Round 2 areas  Crime data more variable with only one third of round 1 areas narrowing the gap with LA on overall crime rates.	Pathfinders have contributed to lower crime, lower fear of crime and higher satisfaction with police, but in a number of cases wider changes in policing have been more significant in scale
NDC	Enhancing the quality and quantity of policing, increasing surveillance to protect areas and dwellings; interventions targeted at young people; drug projects	NDCs have experienced more positive change than comparator areas across a range of crime indicators, including perceptions of drug-use and dealing; perceptions of car crime; vandalism, graffiti and damage to property; abandoned and burnt out cars; and household burglary.	Expenditure on crime and community safety is a significant contributory factor in explaining different rates of change in relation to fear of crime.

**Table 5.3: Crime – the bottom-up evidence (continued)**

	<b>Activity</b>	<b>Evidence of local progress</b>	<b>Evidence of added benefit of NSNR?</b>
Neighbourhood Wardens	Neighbourhood-level uniformed, semi-official patrolling presence, offering flexible approaches and involving both police and communities.	Significant reductions in reported crime and satisfaction with neighbourhoods in target areas	Significant reduction in crime and fear of mugging compared with comparator areas

### 5.5.2 Housing and environment

It is difficult to measure progress in the housing and environment domains because of a lack of comprehensive LSOA-based data. The only overall indicator is that of house prices, which is an ambiguous measure of improvement. Otherwise, the evidence is limited to local data and case study material.

Although NRF expenditure on interventions in housing and the environment was initially low, at only about 9 per cent in 2002-03, it had risen to over 14 per cent in 2005-06. Evidence from the LRP suggests relatively positive progress has been made in narrowing the 'liveability' gap between the LRP case study areas and the national average. At neighbourhood level many residents considered that the streets were cleaner, that the quality of parks and open spaces had improved and that environmental crime (e.g. illegal dumping, graffiti, etc) had diminished. NDC evidence similarly points to improvements in residents' perceptions of the general quality of areas as a living environment. The evidence is summarised in Table 5.4. Overall, it suggests a strong association of NSNR with improvement in local environmental conditions – but a weaker link with housing improvements.

**Table 5.4: Housing and the environment – the bottom-up evidence**

	<b>Activity</b>	<b>Evidence of local change</b>	<b>Evidence of added benefit of NSNR?</b>
LRP	Piloting and funding more responsive mainstream services; additional resources for improving environmental quality.	<p>In majority of case study districts and neighbourhoods quality of local environments has improved, closing gap with the rest of the country. Survey data suggests relatively positive progress in narrowing the gap between case study Districts and the national average. Qualitative evidence also predominantly positive in case study neighbourhoods.</p> <p>At District level, there were similar house price trends in case study NRF and non-NSNR areas. At neighbourhood level, most neighbourhoods experienced increased average house prices, and at a faster rate than nationally, resulting in a reduction in the house price gap.</p>	NSNR appears to have played a catalytic role through the impact of NRF (and local strategies) on the adoption of area-based models of service delivery, the use of NRF to fund targeted environmental projects wardens and encourage community ownership and the encouragement of multi-agency working through LSPs and neighbourhood structures, improving intelligence and service responsiveness. Some evidence that NSNR has influenced improvements in areas without NRF.

**Table 5.4: Housing and the environment – the bottom-up evidence (continued)**

	<b>Activity</b>	<b>Evidence of local change</b>	<b>Evidence of added benefit of NSNR?</b>
NRF review	Main activities – environmental initiatives (including clean-ups, recycling, wardens), environmental enforcement; action planning for local area improvements; neighbourhood management support costs)  Housing improvements and other initiatives.	Occasional recording of increase in community satisfaction resulting from individual interventions	Not possible to identify an impact contribution at a wider level
NDC	Improving the physical environment; neighbourhood and housing management housing rehabilitation and redevelopment; devising local housing strategies	Marked improvements in relation to a range of environmental indicators, including satisfaction with local area, reduction of concern about environmental problems (in most cases greater than in comparator areas); little change in satisfaction with accommodation and its repair; no evidence that house prices increased above what would have been expected	Increases in the proportion of individuals who think NDC has improved the area, over and above those in comparator areas



**Table 5.4: Housing and the environment – the bottom-up evidence (continued)**

	<b>Activity</b>	<b>Evidence of local change</b>	<b>Evidence of added benefit of NSNR?</b>
NMP	<p>Strong engagement with local authority environmental services leading to, e.g., more integrated and responsive environmental services and “Charters” setting out both rights and responsibilities of residents.</p> <p>Some work with local authorities, private and social landlords to raise issues and promote consultation</p>	<p>Satisfaction with street cleaning increased from 60% to 68% (2003 – 2006) in round 1 areas, with a fall in comparator areas. Proportion of residents feeling that litter/rubbish in the streets and vandalism and graffiti are a problem fell by 5% and 10% respectively (2003 – 2006), both outstripping comparator areas.</p>	<p>Field work and analysis suggests links between improved outcomes and NM activity. Resident perceptions supported by case study work and some LA survey data</p>
Neighbourhood Wardens	<p>Neighbourhood-level uniformed, semi-official patrolling presence with focus on environmental improvement</p>	<p>Over 25% increase in resident satisfaction with their neighbourhoods.</p>	<p>Resident perceptions of their neighbourhood environment improved more in warden areas than in comparator areas; resident perceptions also that wardens have helped make neighbourhoods cleaner.</p>

### 5.5.3 Health

Measuring changes in health conditions is difficult due to the time-lag between intervention and change in the relevant indicators. In absolute terms there has been marginal improvement in NRF districts for illness rates, though not for all causes mortality and low birth weight indicators. In terms of relative performance, the gap with the national average narrowed for illness and low birth weight but not for mortality (this data must however be treated with caution given the relatively small changes in mortality rates over the short time period for which data is available). Similarly, there was improvement in terms of low birth weight and illness in a greater proportion of LSOAs in NSNR areas than in non-NSNR areas – but again not for mortality. In terms of low birth weight the extent of the improvement relative to the national average is less for the most deprived 10 per cent LSOAs in NSNR areas than in their local authority districts as a whole i.e. the gap within districts widened.

About 15 per cent of the total NRF budget has been devoted to health interventions. The evidence on impact is mixed. There is however a strong relationship between perceptions of positive health impacts and evidence that Primary Care Trusts have pro-actively engaged with NSNR structures. In certain areas NRF resources have been used strategically to pilot new approaches – particularly in the fields of prevention and health promotion. Evidence on impact is summarised in Table 5.5.

<b>Table 5.5 Health – the bottom-up evidence</b>			
	<b>Activity</b>	<b>Evidence of local progress</b>	<b>Evidence of added benefit of NSNR?</b>
LRP	Preventative interventions, targeted to meet gaps in provision and the needs of at risk groups.	Absolute improvements in levels of health, but case study districts demonstrated mixed to poor levels of progress in narrowing the gap. Mixed progress also at case study neighbourhood level.	Limited improvements and difficult to attribute impacts.  Attributed to contingent nature of health outcomes upon contextual factors such as income and education, churn and ethnic diversity, as well as silo working within PCTs. Positive change perceived to have been driven by (NRF-funded) targeted public health interventions, as well as increased accessibility to mainstream health facilities in some neighbourhoods.
NRF review	Main activities: preventative interventions (focusing especially on children and young people); reducing teenage pregnancies; enhanced access to services; advice to groups at risk	Time-lag between interventions and outcomes makes impact very difficult to identify	Some interventions, e.g. increased preventative activity or innovative pilot projects, have subsequently been introduced into mainstream provision by PCTs.

<b>Table 5.5 Health – the bottom-up evidence (continued)</b>			
	<b>Activity</b>	<b>Evidence of local progress</b>	<b>Evidence of added benefit of NSNR?</b>
NDC	Promoting healthy lifestyles, enhancing service provision, developing the health workforce, working with young people	Small improvements in some lifestyle indicators; small improvements in indicators of self-reported health	Changes have not always been greater than in comparator areas, or nationally
NMP	Engagement with PCTs, leading to more local needs assessment, increased accessibility and take-up of preventative measures and “social prescribing”.	Not possible to measure either by survey or administrative data	But clear that pathfinders are exerting positive influence on this wider range of services and that this is producing benefits

## 5.6 The combined impact of NSNR activities

NSNR is a spatially-based strategy, focussing on collective activity across a number of domains. It therefore anticipates that improvements in one domain (e.g. education or health) will eventually impact upon another (e.g. worklessness) – and vice versa. It also involves a considerable amount of activity that does not fall neatly into one of the domains – it may cut across a number of domains or be focused on community development. Both of these were considered by the NRF study and the resulting findings are considered below.

### 5.6.1 Inter-domain impact

The review of over 150 NRF-funded projects highlighted the, often significant, level of impact in one domain resulting from interventions in another. Figure 5.4 for example gives an example of the extent to which worklessness interventions were perceived by project managers to impact on change in other domains (shown on the right hand side of the diagram) and similarly the extent to which interventions in other domains impacted on worklessness (on the left hand side). It is based on interviewees’ responses when asked to rate impacts on other domains on a scale from 0 (zero impact) to 5 (very high impact); the figure shows the average score.

The impact of worklessness interventions was seen as being strongest in education and health -for example through increased take-up of FE courses and a contribution to mental health and well-being. The perceived impact of activity in other domains on worklessness was generally smaller.

**Figure 5.4: Perceived impact of worklessness activity on other domains and of other domain active on worklessness**

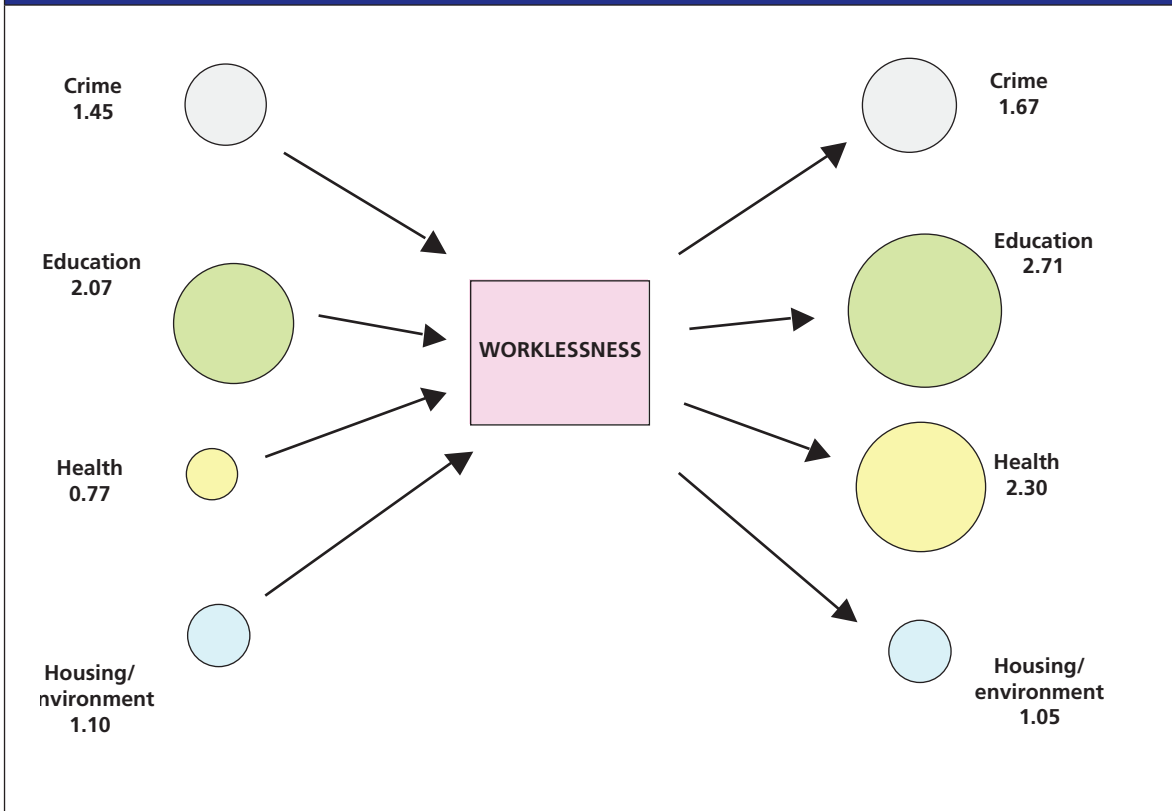
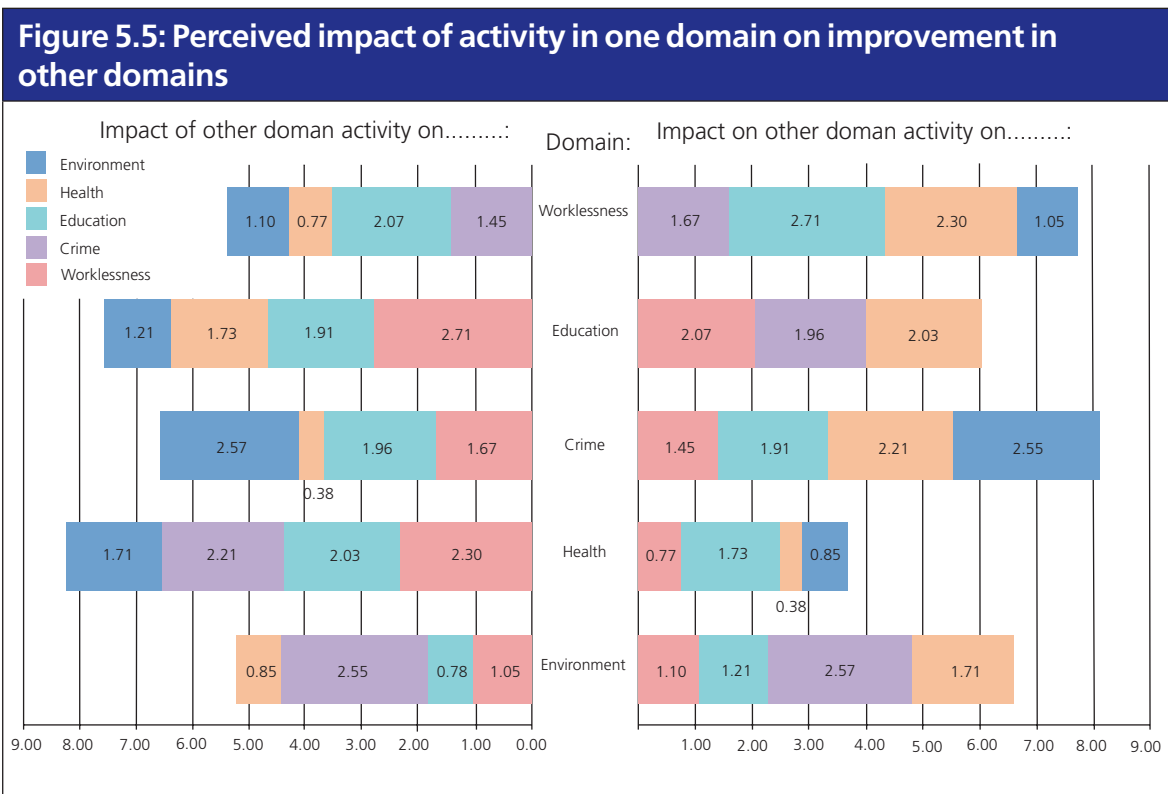


Figure 5.5 compares this cross-domain impact across all five domains. Crime and worklessness are seen as the domains in which interventions have most impact on other domains. However, worklessness is (together with environment) the domain upon which activity in other domains impacts least. Health interventions, by way of contrast, are perceived to have the lowest impact on change in other domains, but health is thought to have been impacted on to the greatest extent by interventions in other domains.



While the evidence base for this analysis is small (and based on project manager perceptions), it does suggest the multi-faceted nature of outcomes across domains – and that some interventions may be of more strategic importance than others. This in part (at least) reflects the nature of the interventions being supported. To take worklessness as an example – where NSNR interventions appear to be having a significant impact on change in other domains – activity appears to have focused predominantly on clients furthest removed from the labour market. This is not only those without qualifications but those with, for example, mental or physical health, or language, problems. Interventions focused on and tailored towards these clients are likely to have a wider impact than the standard provision for “mainstream” clients.

### 5.6.2 Cross-cutting and community interventions

A very significant amount of activity that has been undertaken within the NSNR does not fall within any one domain but either cuts across a number of domains, such as the general provision of advice on a number of issues, or focuses on increasing community engagement and inclusion. About 16 per cent of NRF expenditure is estimated to have been spent on this type of activity.<sup>47</sup> Activity in both these areas can be expected to enhance the overall prospects of improvement in an area. While there is no way of quantifying the direct contribution that such activities can make to change (moreover such effects often develop over time), the NRF survey work suggests that it is significant in enhancing impact across all domains.

<sup>47</sup> CLG (2008) Impacts and Outcomes of the Neighbourhood Renewal Fund.

## 5.7 Has the impact of NSNR varied in terms of different groups of people?

As identified earlier (section 2.4) disadvantaged groups are disproportionately represented within the most deprived areas. There is, however, limited evidence on the extent to which NSNR has managed to improve conditions for such groups. The limited quantified evidence available is from top-down analysis but is supported by some data on the types of interventions that have been supported. The main group for which data is available is ethnic minorities, on which the original strategy placed specific emphasis.

### 5.7.1 Groups targeted by NSNR

There has been some targeting of specific groups – a survey of LSP coordinators<sup>48</sup> suggested that 68 per cent considered ethnic groups a priority. While explicit targeting of specific groups at a strategic level has however been less apparent, there is more evidence of targeting through individual interventions. Over two-thirds of NRF-funded interventions studied explicitly identified target groups. Over half of these focused on children. Smaller numbers were targeted on the workless or ethnic groups.

The LRP has suggested that some providers (including the police, PCTs and children's services) have tended to be more proactive than others in targeting specific groups. Interventions appear to have been particularly effective at targeting groups where they have involved partnership working with third sector organisations – e.g. to provide alternative educational opportunities, youth provision and employment support. However, the LRP also reported that efforts to address group deprivation issues did not appear on the whole to be fully integrated within core neighbourhood renewal delivery.

In terms of ethnicity, the NRF study<sup>49</sup> provided anecdotal evidence of a tendency during the course of the Strategy for local policy makers and providers to move away from an explicit focus on particular groups to avoid any suggestion of preferential treatment. However this may not have made a significant difference to outcomes, as, in addition to interventions that are expressly targeted at specific groups, there have been many more that have focused on specific groups by virtue of the population characteristics of an area – for example where the population, and hence beneficiaries, are predominantly from ethnic communities.

### 5.7.2 What impact has this had?

Evidence of a differential impact by NSNR on the improvement of conditions for different groups of people is very limited, but there is some available for ethnic groups, and for the conditions experienced by these groups in the education domain. The picture is a broadly positive one in terms of achievement levels for black and minority ethnic groups.

<sup>48</sup> CLG (2008) Impacts and Outcomes of the Neighbourhood Renewal Fund. [www.communities.gov.uk/publications/communities/nrfimpactsoutcomes](http://www.communities.gov.uk/publications/communities/nrfimpactsoutcomes)

<sup>49</sup> CLG (2008) Impacts and Outcomes of the Neighbourhood Renewal Fund.

In education, results from difference-in-difference modelling suggest that, at KS3 level, there have been greater improvements in the performance of ethnic minorities attending selected schools in NSNR areas than in the performance of white children in the same schools. There is also evidence of a positive improvement in pupil attainment outcomes in schools in NSNR areas across all (minority) ethnic groups – with the exception of Indian pupils for pupils. However, at KS4 evidence of a positive improvement in the percentage of pupils gaining five or more A\* – C grades is concentrated amongst black Caribbean, and white pupils attending schools in NSNR areas.

The analysis of educational attainment also covers gender, where there is a mixed picture. At KS3 level females attending selected schools in NSNR areas show consistent positive improvements in the percentage achieving level 5 in maths in all four years studied, while males only show positive improvements in later years. Males, but not females, show consistent evidence of improvements in English. In contrast females, but not males, show evidence of improvements in science. At KS4 level there is consistent evidence of a positive improvement amongst boys, though only limited evidence for girls.

## 5.8 Additionality and value for money

This chapter has considered the evidence concerning the impact of NSNR within deprived neighbourhoods. The evaluation has also attempted to examine the extent to which the costs of, and the additional impacts generated by, the Strategy represent value for money.

Additionality can be defined as the benefits derived from an intervention over and above those that would have occurred in the same time period in its absence. The nature of NSNR however makes it difficult to assess additionality (and value for money) in the same way as for a conventional 'programme'. Particular issues include the diversity of the benefits potentially generated, the multiple and 'soft' outcomes generated by individual interventions and problems of attribution arising from the emphasis of the Strategy on influencing mainstream activity. In addition, given the Strategy's themes of local autonomy and flexibility, there is an inevitable underlying lack of agreeable and consistent data and, indeed, definitions – of, for example, the extent of targeted areas, outputs and targets. Moreover, as referred to previously, there is the problem of quantifying 'lost' benefits arising from population churn.

In addition, in a Strategy which focuses on influencing the mainstream, the additional costs (or indeed savings) associated with re-directed or re-configured mainstream activities influenced by NSNR are difficult to identify. Such costs will also include 'transaction' costs e.g. those associated with participation in the structures designed to ensure a more "joined up" approach to planning and delivery of interventions and services in disadvantaged neighbourhoods;

Within these constraints, a two-fold approach has been undertaken to the assessment of additionality and value for money:

- a review of information contained in other NSNR (and related) 'programme' evaluations – such as the Neighbourhood Management, NDC and Neighbourhood Wardens programmes. This evidence base has been enhanced by our own review of 155 NRF-funded interventions – which involved addressing a number of key questions for each intervention in order to draw aggregable findings (see Annex 7); and
- 'top-down' analysis – including applying the results of econometric modelling. As described earlier in this chapter, the model has been used to estimate the impacts attributable to the Strategy in terms of worklessness levels. Due to the way in which the model is constructed, the identified estimated impacts are by definition 'additional' i.e. by holding the influence of all other factors constant, they implicitly take into account the counterfactual.

### 5.8.1 Evidence from the review of NRF

Although intended to provide information on how NRF was being used, rather than provide detailed project evaluations, a key part of this review (of 155 NRF-funded projects in 14 local authority districts in 2006 with follow-up in 2007) was the assessment of the additionality and value for money of the purposes to which NRF was being applied. The analysis was based largely on the judgement of the evaluation team, drawing on information from project and programme managers, and supported, where possible, with the views of NRF coordinators as well as beneficiary and other information (where available).<sup>50</sup>

It is worth noting that the interventions reviewed were principally those that were operational between 2004 and 2006. Consultees felt that interventions in this period showed improved levels of additionality and value for money compared to those earlier in the NRF programme. More recent interventions may have shown further improvements as a result for example of accumulated experience, the dissemination of good practice and, in particular, development of a more strategic approach to the allocation of NRF (and, subsequently, WNF).

Overall, the case studies presented a positive picture. They suggested that the NRF interventions achieved a high level of additionality – they appeared (in the opinion of the researchers) to have kept leakage, displacement, substitution and deadweight to a low level. In other words NRF was generally being used to fund additional activities that were delivering benefits in target areas and communities that would not otherwise have occurred. This may be a consequence of local flexibility. There appeared to be more variation in additionality between case study areas than there is between domains,

<sup>50</sup> Evaluators scored each individual project in terms of each of the core components of additionality and value for money. These scorings were then analysed to identify any evidence of consistent bias and subject to a process of peer review.



indicating that specific local factors may be more important. Based on an assessment of effectiveness, economy and efficiency, overall value for money appeared to be good for the majority of the interventions.

In terms of additionality, it was estimated that, on an un-weighted basis (i.e. without allowing for the relative number of outputs and outcomes), some 67 per cent of the outputs/outcomes were 'net additional local' (i.e. they would not otherwise have occurred in the target area). This proportion is high and significantly above, for example, that previously identified for Single Regeneration Budget project outputs.<sup>51</sup> For example, net additionality with regard to community safety and crime prevention has in the past ranged from 44 per cent to 63 per cent. In comparison, the gross direct to net additional local ratio for the NRF case studies under the crime domain was assessed at 72 per cent.

There was little variation between domains, with the gross direct to net additional local ratio ranging from 62 per cent in the housing, environment and community development domains to 72 per cent for crime (with the average at 67 per cent). There were differences in the levels of additionality between case study areas, with two areas having an unweighted average gross direct to net additional local ratio of 84 per cent, compared with 47 per cent in the lowest rated area.

The approach to assessing value for money involved a systematic assessment of:

- effectiveness – i.e. the extent to which projects met or were likely to meet strategic and project-specific objectives
- economy – i.e. whether the same benefits could have been achieved for less NRF/public sector resources; and
- efficiency, – defined as the relationship between inputs (public sector costs) and benefits and expressed in terms of public sector pounds spent to generate a unit of output or outcome.

Some 63 per cent of interventions were rated as highly effective or effective, with only 3 per cent being of limited or no effectiveness. In 93 per cent of cases the opportunities for savings were considered to be low or very low. In terms of efficiency, 30 per cent of interventions were rated as high, 40 per cent medium, and 30 per cent low efficiency.

There appeared to be some difference between domains:

- Interventions in the crime domain were rated as the most effective on average in meeting their objectives; interventions in the housing and environment domain were rated as least effective;

<sup>51</sup> The findings of the SRB evaluation are available at: [www.communities.gov.uk/archived/general-content/citiesandregions/221393](http://www.communities.gov.uk/archived/general-content/citiesandregions/221393)

- In terms of economy, significant differences between the domains were limited, with the exception of the housing and environment domain, where a relatively high level (22 per cent) of interventions were assessed as having a medium level of opportunity for further savings to be made.
- In terms of efficiency, the picture by domain (for only 103 interventions) was somewhat different. A relatively high number of the crime interventions were rated as of low efficiency (i.e. they involved a relatively high unit cost), compared to only 6 per cent of the health interventions. The proportion of interventions rated as of high efficiency was highest in the worklessness domain, at 50 per cent.

### 5.8.2 Evidence from the NDC evaluation

Interim findings based on 1999-2007 expenditure in NDC areas are as follows:

- Total spend in the 39 NDC areas between 1999-2007 has been £2.02bn, of which £1.34bn represents NDC Programme spend by Communities and Local Government. The average spend for an NDC has been £34.3m and average per capita spend £3,823.
- NDCs have been successful in drawing in financial contributions from other agencies with match funding of 51p for every £1 spent.
- Detailed assessments have been made of project-level additionality (the extent to which NDC projects can be attributed to the NDC intervention and wouldn't have happened anyway). This found the highest levels of additionality were for community, education and worklessness projects with ratings of over 80 per cent. Housing and physical environment projects had the lowest additionality rating of 57 per cent.
- NDC outputs illustrate the impact of the programme on the NDC areas with 547 new or improved community facilities benefiting up to some 130,000 people; more than 14,000 community and voluntary groups receiving support; improved security to more than 38,000 homes and 35,664 qualifications obtained as a result of training sponsored by the NDC.
- Patterns of outcome change suggest that NDCs have been more successful in delivering 'place-based' outcomes (reflected in changes in experiences of and attitudes to housing, the physical environment, crime and community) than those relating to people (such as health, education and worklessness outcomes). There were substantial increases between 2002-2008 in the proportion of people thinking their area had improved and expressing satisfaction with the area as a place to live. These kinds of improvements were over and above changes seen in comparator areas whereas, whilst indicators for the people-based outcomes also showed improvements and, in many cases, a narrowing of the gap with the national average, these changes tended to mirror changes occurring nationally making it hard to identify an 'NDC effect'.

### 5.8.3 Evidence from the Neighbourhood Wardens Evaluation

The Neighbourhood Wardens evaluation also made a calculation of value for money. Survey work indicated a reduction in crime rates of 27.6 per cent in scheme areas compared with an increase in comparator areas of 4.7 per cent. This translated to 286,000 fewer offences being committed within the programme area. Home Office figures at the time costed offences at £2,000 an offence. Consequently if the presence of wardens had contributed to just 10 per cent of the crime reduction measured, this would represent a net cost saving of £32m (based on the £29.2m cost – ODPM/CLG and match funding – of the programme over 2.5 years).

### 5.8.4 The ‘top-down’ evidence

The earlier top-down analysis of impact of NSNR with regard to changes in the numbers of workless residents in areas in receipt of NRF took two forms – a comparative analysis and use of the econometric modelling simulations to derive estimates of the net effect on worklessness counts. Both approaches sought to measure the additional and attributable impacts of the policy (i.e. both aimed to discount or neutralize other possible causal factors). The results are summarised in Table 5.6

<b>Table 5.6: Results of ‘top-down’ estimates of NSNR impact on worklessness in NSNR areas</b>		
<b>Reduced worklessness in:</b>	<b>‘Comparative approach’ (2001-2007)</b>	<b>‘Modelling approach’ (2001-2006)</b>
All NRF area LSOAs	69,035	N/A
20 per cent most deprived NRF area LSOAs	34,212	31,362

Deriving a true estimate of the costs associated with the delivery of these outcomes presents some acute methodological difficulties. A range of approaches can be used to produce indicative costs per person reduction in the worklessness count:

- a) Total NRF spend in the period up to and including 2006/07 was £2.4bn. Evidence from the NRF study would suggest that about 13 per cent of expenditure was on direct ‘worklessness’ interventions – equivalent to a total figure of £312mn. Using the estimates in Table 5.6 this would equate to a narrow (direct worklessness project) NRF spend unit cost figure of some £4,630 across the NRF areas as a whole and £4,550 in the 20 per cent LSOAs with the highest worklessness rates<sup>52</sup>

<sup>52</sup> Within the 20 per cent LSOAs with the highest 2001 worklessness rates, it is estimated that total NRF spend was some £1.2bn

- b) The NRF study suggests that for every £100 of NRF spent on 'projects' a further £35 of other public money was spent. An estimated public spend on NRF-supported worklessness projects over the period would therefore be some £420m – equivalent to an estimated public sector unit cost of £6,250 in all NRF areas and £6,140 in the most deprived 20 per cent LSOAs
- c) However as discussed earlier, the impacts on worklessness that are apparently associated with NSNR derive from a wider range of actions and activities than just direct 'worklessness' interventions. An alternative maximum unit cost could therefore be applied using total NRF spend – based on the premise that reductions in worklessness will occur as a consequence of overall area improvements as well as direct interventions. This produces an estimated unit cost of £35,600 across NSNR areas as a whole and £35,000 in the 20 per cent LSOAs with the highest 2001 worklessness rates. However, this figure obviously excludes all the other benefits – for example in the education, health, crime and environment domains – that stem from NRF spend.

Assessing how such unit costs compare with other policy interventions also presents difficulties. Some 'comparator' data is available, but it focuses on the cost of getting someone into a job. DWP data<sup>53</sup> shows that the cost per job outcome on existing (and recent) employment programmes varied from £1,800 (New Deal for Young People) to £4,400 (Employment Zone for people aged 25 or more) while the Flexible New Deal was originally targeting a unit cost target of £2,320.

However these figures predominantly relate to JSA claimants – who as a group tend to be nearer the labour market than (for example) IB claimants. More fundamentally, they are for the cost of helping someone into work. In other words when aggregated they provide a 'gross' figure, whereas the NSNR estimate is a 'net' figure i.e. the net cumulative sustained reduction in workless numbers over the period analysed – which (given inevitable labour market churn) will be the result of multiple movements onto and off benefits.

An alternative approach is to quantify the value (or the estimated exchequer benefit) of reduced worklessness in deprived areas. The Freud Review for DWP<sup>54</sup> estimated the annual net exchequer benefit of a reduction in IB claimants as £8,000 per person and JSA claimants as £9,000 (not including wider consequential savings on for example health services). Figure 5.7 disaggregates the estimate of reduced worklessness in all NSNR areas<sup>55</sup> by year and by whether the reduction affects the IB or the JSA count. The methodology calculates savings by year and assumes that those made in each year will apply per annum

<sup>53</sup> Flexible New Deal Performance Expectations and Funding, Andrew Thomas DWP Jobseeker's Division. <http://dwp.gov.uk/docs/fnd-event-sllides.pdf>

<sup>54</sup> DWP (2007) Reducing dependency, increasing opportunity: options for the future of welfare to work.

<sup>55</sup> Due to statistical rounding the figures do not total exactly to the same figure as that in Table 5.6.

thereafter (i.e. the reduction in worklessness is sustained). Applying the Freud estimates, this results in an estimated total (undiscounted) benefit of £1.64bn for the period 2001 to 2007.

**Table 5.7: Estimated NSNR impact on worklessness in NRF areas and associated exchequer savings by year**

Year	JSA reduction	IB reduction	Total reduction	Savings to 2007
2002	0	0	0	0
2003	2,060	5,400	7,460	£309m
2004	4,400	11,540	15,940	£528m
2005	5,100	13,360	18,460	£458m
2006	4,100	10,750	14,850	£246m
2007	3,410	8,930	12,340	£102m

### 5.8.5 Conclusions

The value of the net reduction in worklessness in deprived areas that can be associated with NSNR is an estimated £1.6bn. This calculation can only be crude. It clearly underestimates certain costs (e.g. diverted mainstream expenditures) and takes no account of displacement at a national level (e.g. increased worklessness in non-deprived areas). Equally it excludes benefits lost as a result of population movements. However, it appears to imply good value for money. It represents:

- Over five times the direct cost (c £312m) of NRF interventions specifically focused on worklessness; and
- About two-thirds of the total cost of NRF (£2.4bn) over the period.

The second of these calculations excludes the many other significant and wide-ranging benefits derived from NSNR. These include not only those in other domains, e.g. community safety and education, where some quantification is possible, but also non-quantified 'process' outcomes (including some of those reviewed in the next section – such as the Strategy's role in leading to the establishment of new tools and structures such as LSPs and LAAs) as well as wider 'non-monetarised' benefits. The latter relate in particular to the extent to which the Strategy has impacted upon long-term processes of neighbourhood decline and laid the basis for future self-sustaining improvement. Such processes, if not addressed, will lead to wide-ranging costs in the future – from additional service delivery costs within such areas through to, for example, the costs of making replacement housing and other provision elsewhere.

# Chapter 6

## The effectiveness of NSNR arrangements

### 6.1 Introduction

The previous chapter drew a largely positive picture concerning the extent to which NSNR appears to have impacted upon deprived areas. This chapter now looks at some key individual components of the Strategy and attempts to draw conclusions concerning their effectiveness. It focuses primarily on three elements of the Strategy – the first two of which are new or have, in comparison with previous regeneration initiatives, been given increased emphasis. They are:

- a) new structures and tools for planning and delivery, with a focus on achieving a much more joined-up approach
- b) the emphasis, which has been reinforced in the course of the strategy, on ‘bending’ the mainstream; and
- c) the additional investment (almost £3bn from NRF) which has, in common with earlier initiatives, been made available. Whilst this funding represents only one element of the Strategy, it has been a central driving force in its implementation.

#### Summary

NSNR was instrumental in establishing a number of new elements or emphases in local renewal activity including:

- LSPs – which have become a crucial new element in the planning and delivery of neighbourhood renewal. They have delivered a range of outcomes in terms of partnership working and strengthening local governance. Indirectly they are likely to have contributed to the delivery of service improvements. LSPs should provide an effective mechanism for the delivery of initiatives in the future.
- A framework of targets to reflect the goals of the Strategy. This is now embodied in Local Area Agreements (LAAs). LAAs are increasingly recognised by strategic stakeholders as the key driver of service provision at the local level<sup>52</sup> and views on their usefulness are generally positive. But they may be insufficiently detailed to address neighbourhood issues.<sup>53</sup>

<sup>56</sup> Evaluation of the National Strategy for Neighbourhood Renewal: Local research project (Section 4.3.2).

<sup>57</sup> Evaluation of the National Strategy for Neighbourhood Renewal: Local research project (Section 3.1).

### Summary (continued)

- An emphasis on the spatial targeting of the most deprived areas – although there is wide variation in the extent to which NSNR has been explicitly and exclusively targeted within local authorities on the most deprived areas. Spatial targeting of resources has tended to be most evident in those districts where deprivation is concentrated in a relatively small number of LSOAs
- The use of neighbourhood management as a ‘joining-up’ mechanism at the local level. Its benefits seem clear, if difficult to quantify and the concept has been widely taken up across the country. To roll out a simple neighbourhood management arrangement in the 10 per cent most deprived LSOAs in the more deprived local authority areas, would cost over £20m a year.
- The NSNR had a strong focus on community engagement, and evidence from the LRP suggests that the strategy has helped create “a greater number of opportunities for residents to get involved in the process of neighbourhood regeneration than ever before”. However, while stakeholders generally consider that the engagement of local residents remains important and the benefits outweigh the costs, there has been some confusion as to its purpose and a lack of involvement in meaningful decision-making.

There is a mixed picture on mainstreaming, despite relatively high numbers of interventions funded by NRF being taken forward by mainstream providers. There is evidence that NSNR has acted as a catalyst in the adoption of new modes of delivery by mainstream provider, but the extent to which this has happened varies significantly across the domains, with greatest impact in the domains of the environment and crime/community safety, and least impact in the areas of worklessness and housing. To a lesser extent NSNR can be seen to have resulted in the redirection of discretionary mainstream funding to deprived neighbourhoods and in the investment by mainstream providers in new and/or innovative activity.

NRF is the principal funding source introduced by NSNR – principally as a tool to facilitate changes in the way mainstream budgets are used to improve services. A lack of strategic guidance at the beginning may have led to some wastage of funds, but overall a positive picture of NRF effectiveness emerges. It has given increased flexibility to spend – and experiment – across thematic areas. It also appears to have played a key role in bringing partners together, in increasing the visibility of neighbourhood renewal as a priority for service providers and encouraging greater bending of the mainstream towards deprived areas. NRF has contributed very significantly to the impact of the Strategy as a whole. Evidence suggests that impact increases roughly in relation to spend, with particular impact above £300 per capita working age population (measured over the period 2001-07).

**Summary (continued)**

Mainstreaming is the key to the sustainability of most NRF-funded interventions. There has been a relatively high level of continuation of funding, in whole or in part, of activity that has been funded by NRF and of this a relatively high level of funding by the mainstream. But mainstreaming is not relevant to all successful NRF interventions and there may be a need for a continuing source of less domain-specific regeneration monies.

## 6.2 Planning and delivery

The Strategy introduced a number of new elements or emphases, including:

- the use of LSPs as the key vehicle at local level for implementing and leading neighbourhood renewal
- the emphasis on a framework of domain-specific targets
- the targeting of specific geographic areas
- the concept of neighbourhood management as a model for joining up at the neighbourhood level; and
- renewed emphasis on the importance of involving local people in the regeneration of their area.

This section considers each of these in turn, while recognising that they are inter-related and inter-dependent. It draws, in particular, on evidence from the LRP as well as the evaluations of LSPs, Neighbourhood Management Pathfinders, the NDC Evaluation and the review of NRF projects.

### 6.2.1 Local Strategic Partnership

The NSNR was the key catalyst in the establishment of LSPs which have become a crucial element in the planning and delivery of neighbourhood renewal as well as, over time, assuming a central strategic role in coordinating activities at a local authority level. They are non-statutory, non-executive and non-elected organisations, working alongside local representative democracy.

#### ***How effective have LSPs been?***

Generally, perceptions of the LSPs are positive. They have been viewed as a strong link in the NSNR delivery structure, particularly in terms of their leadership and coordination role, and as having successfully raised the profile of the neighbourhood renewal agenda in their localities.



There seem overall to have been few lasting issues over representation on the LSP, although there is a perceived need for the private and business sector to be engaged more substantively in many LSPs. The involvement of the private sector has decreased since 2006. However, this limited engagement is perhaps not surprising. Successful area-based regeneration cannot be divorced from broader economic development, but the narrower perspective of neighbourhood renewal linked to the improvement of public services may often seem less immediately relevant to private sector employers. It was noted in the context of the Single Regeneration Budget<sup>58</sup> that the appropriate role for the private sector varied widely according to the type of regeneration scheme being undertaken, and that this had to be taken into account in considering the desirable or optimum involvement of private sector in local partnerships.

Government was keen to ensure that there was a level playing field for third sector representation on LSPs. As a result funding was provided for the establishment of Community Empowerment Networks (CENs), which supported networking between voluntary and community sector organisations and helped to strengthen their role within service delivery. However, the third sector is considered to have had generally a limited impact on LSP decision-making. There remains a concern that it remains stretched and under-resourced – and that new and expanding remits for LSPs, such as their responsibilities for Local (and Multi-) Area Agreements, have sometimes marginalised the role of the sector. The CENs in the LRP case study districts were found to have been particularly affected since the end of NRF (and of ring-fenced funding for their costs). Some had their funding withdrawn and were forced to close, whilst others, despite receiving interim funding for 2008-09 (through the LAA) faced an uncertain future. This may have further limited third sector involvement.

LSPs are generally seen to have acted as successful vehicles for encouraging greater partnership working, although this has varied between domains as has the willingness or ability of relevant partners to engage. Crime and Disorder Reduction Partnerships are seen as being particularly effective – possibly due to their having predated LSPs and having had effective working arrangements already in place, but also because of the often highly-localised nature of the issues that they are seeking to address. LSPs are considered to have provided effective structures and mechanisms for high-level scrutiny of progress against agreed plans, local targets and national Floor Targets.

As has been the case in previous initiatives, 'leadership' is regarded as an important contributor to an effective partnership. In the initial years the chair of LSPs was taken, in a majority of cases, by the local authority. There was then something of a shift away from local authority chairs, but since 2006 the proportion of LSPs chaired by a senior elected member has risen and views about the roles played by councillors are largely positive –

<sup>58</sup> ODPM (2007) The Single Regeneration Budget Evaluation: Final evaluation. [www.landecon.cam.ac.uk/research/reuag/uars/projects/urgsrb.html](http://www.landecon.cam.ac.uk/research/reuag/uars/projects/urgsrb.html)

despite the complex issues surrounding the community leadership role of local authorities and the risk of a perception of council dominance.

### ***What have LSPs delivered?***

Many of the outcomes of LSPs are linked to process – in terms of their leadership, support for partnership working and the planning and coordination of activity. They have provided a vehicle for aligning voluntary and statutory sector services – although the ‘compartmentalism’ of many LSP structures may have sometimes hindered the achievement of synergy between domains and the overall prioritisation of problems.

There has also been only limited evidence (e.g. through the LRP) of LSPs having developed links between NRF and non-NSNR **regeneration activity** (including wider economic development initiatives). There have been variable levels of engagement within LSPs from economic development and regeneration teams (as well as from RDAs and housing providers). Overall, there were a lack of sufficient incentives for specific providers to participate while the primary early focus of the NSNR tended to be on the social aspects of deprivation and improving associated **mainstream services**.

However links with other regeneration activities appear to have strengthened in recent years (possibly linked to the introduction of WNF with its greater focus on worklessness). Moreover there are examples of areas where links are strong. For example Knowsley where the LRP found evidence of strong synergies between the LSP and wider regeneration strategies. This was driven in particular by strong buy-in to the LSP from the major housing provider, which used NRF to provide revenue support to existing housing regeneration programmes, and a strong local authority commitment to tackling worklessness and forging links with employers and external agencies (such as Jobcentre Plus).

LSPs have also generated a range of local governance outcomes, including the development of a collective vision and agreed strategy; widening the range of interests involved in local decision-making, creating a stronger local voice, improving the perceived legitimacy of local governance and exercising more effective influence locally and nationally.

LSPs can of course also claim to have contributed to the delivery of mainstream service improvements – by ensuring that partners’ policies and plans reflect their Local Neighbourhood Renewal Strategies (LNRS) and Community Strategies (CS) and that services are consequently delivered better to meet community needs (sometimes supported through the allocation of NRF resource. Evidence from the NRF local authority case studies suggests that both CS and LNRS have had an impact in terms of ‘focusing the minds’ of service providers on local priorities, and raising the profile of the ‘narrowing the gap agenda’, thereby generating increased buy-in to NSNR.

These strategies were also felt to have provided an appropriate framework for partnership working and delivery. However, their effectiveness varied between the case study districts. One example of good practice in local strategies leading to effective neighbourhood level change was seen in the Bolton case study. Its LNRS, CS and LAA have all incorporated robust measures of success and appropriately targeted interventions (neighbourhood and borough-wide), coverage of all Floor Target domains, the prioritisation of specific neighbourhoods and groups, some attempt to prioritise issues and identify links and opportunities at wider spatial levels, and the specification of joined-up/partnership-led interventions. Stakeholders considered that the LNRS (and subsequently LAA) visions, evidence base and targets had helped to provide a greater focus for delivering neighbourhood renewal in Bolton.

### **Costs**

There has been an assumption that about 5 per cent of NRF allocations could be used to finance administration, including the costs relating to the establishment and operation of LSPs, and in practice this seems to have been taken up. The level of NRF contribution to the budget for management and operation of NRF LSPs, including staffing, has varied widely, from 36 per cent of LSPs (in 2004) contributing £0 – £49,000 to 17 per cent contributing over £1m.<sup>59</sup> LSPs have also had access to other public sector funding for management and administration costs – in 2004 the mean level of financial resource available to an NSNR LSP for these purposes was £112,000 (excluding NRF and other government funds).

There are also significant costs in terms of the time that partners devote to LSP process. It is impossible to assess what the full cost of this might be. A rough, probably conservative, estimate of the time spent in meetings by members of the LSP Board, its thematic sub-groups and ad hoc groups in a local authority district with an annual NRF allocation of about £8.5m amounts to about 3,500 hours a year. If this were to be costed at £25 an hour, the resulting cost would be over £80,000 a year. Although this does not include all the time spent in neighbourhood meetings, where many of those present may have been giving their time freely, it does suggest only a relatively modest addition to the core management cost of an LSP in an area with a large NRF allocation.

There may also have been expectations that there would be political costs associated with the setting up of LSPs, i.e. in setting up non-elected and unaccountable bodies alongside local, elected, councils. In practice there seems to be little evidence that this has been a significant problem, with the establishment and role of LSPs apparently having been successfully accepted.

### **The future**

The biggest challenge for LSPs is the pivotal role that they are playing in the ongoing development and delivery of Local Area Agreements (LAAs). This represents a challenge in terms of LSP capacity and may highlight tensions between rapid and efficient decision-

<sup>59</sup> CLG (xxxx) Local Strategic Partnerships: final evaluation (Section 3.44).

making and wide participation. Equally, LAAs represent an opportunity for LSPs to show that they can add value in improving outcomes, by enhancing their role as the forum within which partners come together to agree and deliver on local priorities. LAAs may also lead to enhanced accountability of government agencies to local people. The nature of the targets incorporated within LAAs is considered in the next section.

### 6.2.2 A framework of targets

The goals of the Strategy have been translated into a framework of more specific targets, which has developed in the course of the years since 2000 and has been able to build on the increasing availability of small area data. Figure 6.1 provides a summary of this evolution of targets – from Floor Targets through Local Public Service Agreements to Local Area Agreements (LAAs).

2000	Introduction of floor targets as part of Public Service Agreements
2001	Introduction of first round of Local Public Service Agreements
2004	Piloting of Local Area Agreements
2007	Local Area Agreements rolled out to whole of England
2008	LAA (and Working Neighbourhood Fund) monies included in Area Based Grant

The introduction of targets represented a move to a more robust evidence basis for neighbourhood renewal. However, the absence at the beginning of the Strategy of data at LSOA level undermined the usefulness of locally-defined targets at neighbourhood level. The relevance of Floor Targets to the neighbourhood level was also doubtful, given that only the target relating to an increase in the employment rate of disadvantaged areas and groups (added to the list in 2004) focused on narrowing the gap between the more and the less deprived areas.

In the pilot stages of LAAs the floor targets in the five key NSNR domains were mandatory in NSNR areas and LAAs are now increasingly recognised by strategic stakeholders as the key driver of service provision at the local level. Views on their usefulness are generally positive. Although they often lack an explicit 'neighbourhood' dimension, it is felt that on the whole the targets selected are appropriate to neighbourhood renewal and the requirement for key partners formally to sign up to them will make them a powerful driver of improvements in services and outcomes. There has, for example, been evidence that LAAs are influencing the spatial focus of worklessness programmes which target hard-to-reach clients, through focusing efforts on specific deprived neighbourhoods. Moreover, the increased pooling of discretionary funding within an LAA, and now incorporated into Area Based Grant (ABG), is a powerful incentive for service providers to work in partnership. There is, however, some concern that LAAs are not as relevant to districts in two-tier authorities, for whom LAAs are a much lower priority and where they have had less impact on LSP working.

The national standard indicators for LAAs do not immediately appear to give priority to narrowing of the gap between the most and the least deprived neighbourhoods. Only one of the standard indicators directly relates to the improvement of the most deprived areas. This is in the worklessness domain (working-age people claiming out-of-work benefits in the poorest performing neighbourhoods) and is an indicator which has been selected by 61 authorities, of whom only about half are now in receipt of the Working Neighbourhood Fund (WNF). There is the opportunity for authorities to set local as well as national targets; many local authority districts have opted to do this and about 25 have chosen targets which make reference to a local narrowing of the gap. Only eight of these districts are in receipt of WNF.

The effectiveness of the LAA targets will therefore depend on the level at which they are monitored. If progress can be (and is) monitored at the LSOA level, a target can effectively become a floor or minimum target, and for the most deprived areas to achieve it may well result in a narrowing of the gap – though not inevitably so. However, there is still a continuing issue around the availability of relevant and up-to-date data at small area level and the capacity of LSPs to access it and provide appropriate analysis.

### 6.2.3 Targeting geographical areas

From the start of the Strategy the intention was that LSPs should identify and focus on the most deprived areas. In practice there is wide variation in the extent to which this has happened.

About half of the original NRF authorities have not spatially targeted at all – often on the grounds that deprivation is widespread across the area and that it would be inequitable to explicitly discriminate spatially. Moreover, even where formal spatial prioritisation has been adopted, the degree to which NSNR – and NRF in particular – has in practice focused on those areas which have been identified as priority areas is difficult to assess. Where neighbourhood management structures have been set up, there has been a tendency for greater geographical targeting of NRF-supported interventions. Conversely, where districts have chosen not to target specific areas, funding has been more directed to borough-wide interventions.

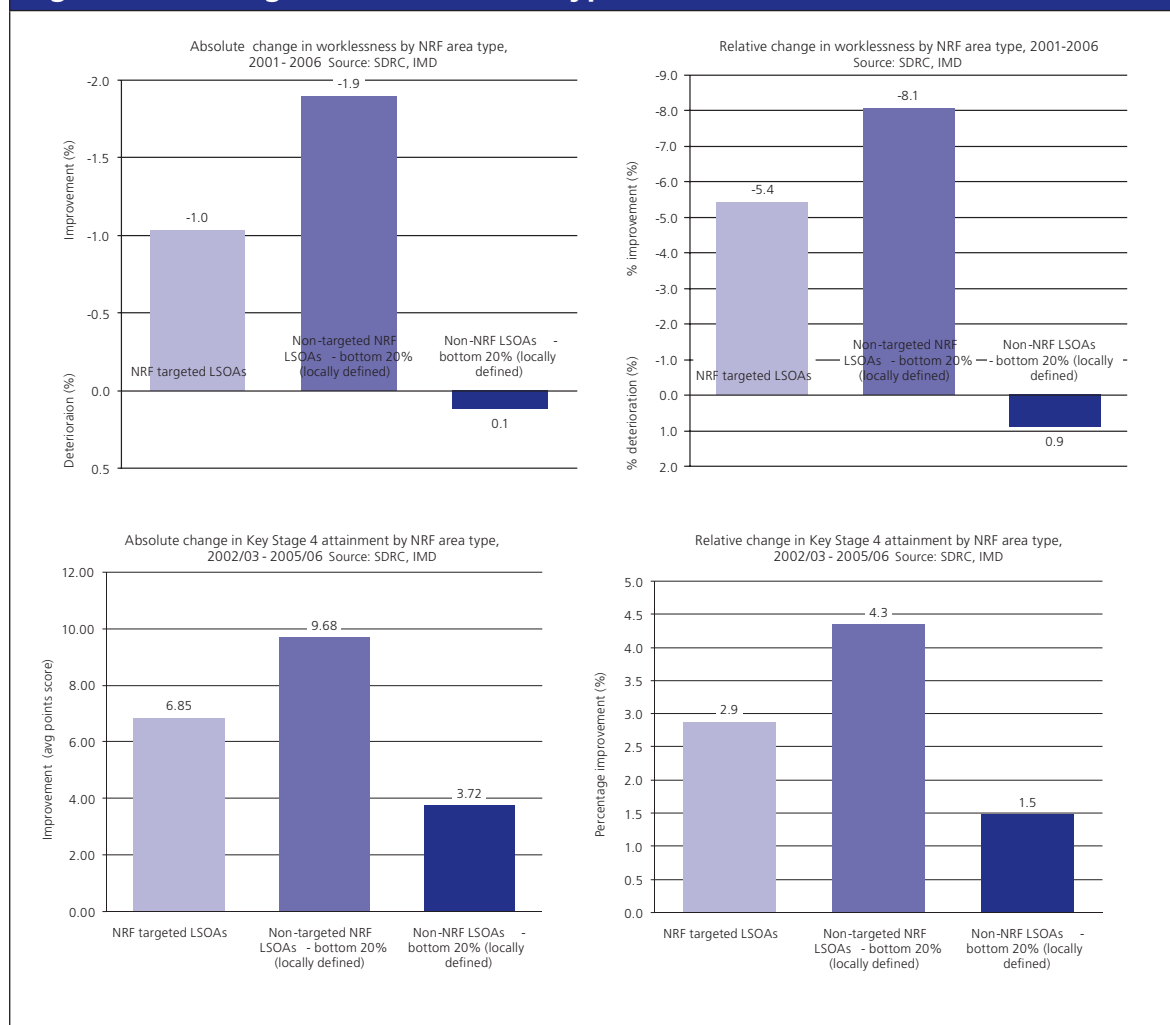
The extent to which geographical targeting has in practice had local impact has been explored by comparing change in targeted and non-targeted areas. Figure 6.1 compares the level of absolute and relative change that has occurred in the LSOAs identified by the 43 local authorities as having been targeted for NRF support<sup>60</sup> with the change that occurred in the most deprived 20 per cent of LSOAs of each of the (45) NSNR districts which have not identified spatially-targeted areas. Change has also been compared with that occurring in the most deprived 20 per cent LSOAs within each of the 266 non-NSNR districts.

<sup>60</sup> 1,654 LSOAs are identified as spatially targeted across 43 local authority districts.

As shown in Figure 6.1, the absolute and relative improvement in conditions in the targeted LSOAs is less for worklessness and KS4 attainment. There appears therefore to be better performance in the most deprived 20 per cent LSOAs in those LADs which have chosen not to target specific areas than in the targeted areas in those LADs where there has been geographical targeting. While this may be partly accounted for by slightly lower average levels of deprivation in the targeted areas than in the most deprived 20 per cent non-targeted areas,<sup>61</sup> the results are also supported by the economic modelling. This showed that the base probability of an LSOA in the most deprived 5 per cent improving was doubled if it was an NRF targeted area, but, if it was in a district which did not target, the probability of improvement increased still more – by a factor of 2.5.

While performance in both ‘types’ of NRF area comfortably exceeded that in the most deprived non-NSNR areas, it is perhaps surprising that the ‘non-targeted areas’ performed the better. Spatial targeting of resources has however tended to be most evident in those districts where deprivation is concentrated in a relatively small number of LSOAs. At a time of relatively strong economic performance, such LSOAs are perhaps more likely to be ‘left behind’ than those in areas with a more uniform pattern of deprivation. In addition, it should be noted that the of support across the two categories of NRF area has been broadly similar. The estimated average level of spend per head in the targeted LSOAs is only slightly higher than in LSOAs throughout the districts which have not targeted (£145 per head compared to £130 per head).

<sup>61</sup> For example, the overall worklessness rate in 2001 in targeted LSOAs was 19.1% compared with 23.1% in the 20% most deprived LSOAs in NSNR areas that did not target.

**Figure 6.1: Change across NSNR area types**

## 6.2.4 Neighbourhood management

Following the introduction of New Deal for Communities (NDC) in 1998, the Strategy recognised the potential importance of neighbourhood management arrangements, but launched pilot arrangements for a related model – the Neighbourhood Management Pathfinder (NMP). This was established to develop and test the model of a small professional team supported by an accountable body. The size of the population of the areas was about the same as an average NDC (a population of about 10,000) but the resource made available was largely limited to the management of the scheme.

In practice the picture that has emerged in the course of the Strategy is diverse. Alongside NMPs the LRP identifies two other main approaches for involving communities in taking decisions about local services – local authority-led forums, designed like NMPs to bring service providers and residents together to tackle neighbourhood issues – and residents' associations. However, substantive involvement in decision-making appears to have been limited to areas with neighbourhood management structures. NMPs have been most closely aligned to NSNR, while residents' associations have tended to be the most independent. Neighbourhood structures have on the whole been found to be most effective where they build on existing structures or are led by the communities themselves.

Given that neighbourhood management seeks to add value to partnership working, the benefits are particularly difficult to quantify and measure. Most of the benefits flow from influence on service providers – resulting in improved quality or quantity of service, or enhanced take-up of a service, or possibly cost savings from greater efficiency and the prevention of future problems and costs.

However, household survey data can provide some quantification of benefits. The NMP evaluation<sup>62</sup> points to positive measurable impacts across Pathfinder areas, with for example, residents' satisfaction rising faster than in comparator areas. The scale of activities and changes in domain specific outcomes – housing, education, health and employment – were not such that they could be measured either with a household survey or through systematic, comprehensive small area administrative data, although it was considered that Pathfinders were exerting a positive influence. Wider benefits included improved working cultures and innovative practices within the service provider organisations involved and the building of social capital.

Alternative structures (e.g. a local authority-led forum or a residents' association) have been considered as successful as NMPs. The former were thought to have had difficulty attracting resident engagement, due in part to a perceived lack of independence from the local authority and its agenda. The effectiveness of the latter tended to be constrained by limited resources (although some received NRF support).

In terms of cost, the evaluation of the NMP showed that the Pathfinder model of neighbourhood management, with a full multi-sector partnership, a neighbourhood manager and a team of 4 or 5 people based in a local office, could be delivered for £200,000 per year, although a similar model with fewer staff could be delivered for less, perhaps £150,000 per year. Assuming an average population of 10,000 in the target neighbourhood, the cost would be £15–20 per head per year. It was felt that although a project fund could improve the impact of a partnership, this was not essential and longer-term achievements and impact were more likely to be determined by the influence of the partnership on mainstream services. In Round 1 areas of the Pathfinder, and including all of their project funding, improvements in resident satisfaction were achieved on average with costs of about £50 per head per year.

The concept of neighbourhood management has been widely taken up – a survey<sup>63</sup> of local authorities identified neighbourhood management initiatives operating in 2008 in at least 27 per cent of England's unitary or district level authorities, covering 4.2 million people (8 per cent of England's population) across nearly 500 neighbourhoods. It is difficult to assess the extent to which the growth of neighbourhood management has been influenced by the NMP and to what extent it builds on earlier models, but the clear majority of neighbourhood management initiatives have been dependent (at least in their

<sup>62</sup> CLG (2009) Neighbourhood Management Pathfinders: Final Evaluation Report, People, Places, Public Services: Making the Connections. [www.communities.gov.uk/publications/communities/neighbourhoodmanagement](http://www.communities.gov.uk/publications/communities/neighbourhoodmanagement)

<sup>63</sup> [www.sqw.co.uk/nme](http://www.sqw.co.uk/nme)



initial stages) upon short-term discretionary funding such as NRF and the Neighbourhood Element of the Safer and Stronger Communities Fund.

The arrangements piloted by NMP therefore seem to represent an effective and relatively low cost model. If the ‘simple’ option described above were adopted throughout all the 10 per cent most deprived LSOAs in WNF local authority areas, the cost would be just over £20m per year (or some £15 per head). Alternatively a more selective approach could be adopted, allowing discretion for LSPs to encourage and fund neighbourhood management where this appears to them to offer real advantage.

### 6.2.5 Involvement of local people

The engagement of those living in the neighbourhood has long been accepted as a key ingredient of successful area regeneration. It was an important element of earlier programmes such as City Challenge and SRB and has been made a main element in NSNR. The LRP assessment is that “over the Strategy period there have been a greater number of opportunities for residents to get involved in the process of neighbourhood regeneration than ever before”.<sup>64</sup>

However, while the engagement of the local community seems to have been generally accepted as a pre-requisite to successful neighbourhood renewal, there has been less clarity about the precise objectives. The NDC evaluation suggests four distinct sets of associated with attempts to introduce community engagement – more responsive public services, improving the outcomes from public services, deepening representation and participative democracy and developing social capital and social cohesion.

This lack of clarity about the precise objectives of community engagement can be an issue, reflected perhaps in the fact that the most prevalent forms of engagement have been – in common with the experience of previous regeneration programmes – of the informative, consultative and formal representational varieties, as opposed to more interactive and empowering methods involving residents in the design and delivery of neighbourhood services and projects. Table 6.1 indicates the extent of different types of engagement in the LRP case study local authority districts:<sup>65</sup>

<sup>64</sup> Evaluation of the National Strategy for Neighbourhood Renewal: Local Research Project (Section 4.1).

<sup>65</sup> Evaluation of the National Strategy for Neighbourhood Renewal: Local Research Project (Table 4.1).

**Table 6.1: Mode and extent of resident engagement (LRP Case Study NRF Districts)**

Mode of Engagement (NSNR's 'ladder of participation')	Extent of Engagement		
	Low	Medium	High
Direct delivery of services	XXXXX	XXX	X
Engagement in the design of services	XXX	XXXXX	X
Representation on borough or neighbourhood partnerships/boards	XX	XX	XXXXX
Engagement in consultation exercises (e.g. strategy development)	X	XXXX	XXXX
Provision of information	X	XXX	XXXXX

Source: ECOTEC Research and Consulting, 2008

This suggests high levels of engagement in some areas, including representation on decision-making bodies. In practice however only a small percentage of the population can be engaged in this way – with voluntary sector organisations and community networks often used as proxy vehicles – and wider resident involvement tended to be limited to information sharing. In general the LRP concluded that only a small minority of residents had been involved in neighbourhood renewal processes (with a particular lack of representation in some local authority districts from young people as well as residents of ethnic minority groups) and that residents were rarely involved in formal decision-making.

There may be a number of reasons for the apparently limited level of engagement, despite the opportunities offered. These may include the focus of NSNR on supporting the services of statutory service providers or district-wide interventions, thus limiting the scope for innovative community sector projects, especially as the thrust of NRF has moved towards a more strategic approach. For example, while the LRP found that the VCS often provided LSPs with specialist knowledge of, and access to, deprived communities and groups, the longer-term influence of the sector on mainstream service delivery (as a result of NRF) was generally low. One exception to this was in the delivery of employment services, where through NRF activity the benefits of partnering with the VCS have become apparent to some local authorities.

In addition the technical nature of some projects may have precluded resident involvement and a lack of resources may have been a constraint in some areas. It is likely also that there have been poor levels of motivation amongst residents. People may have had reservations about getting involved, partly because of a preference for personalised opportunities rather than formal groups, partly because of the relevance and timing of consultation exercises. Particularly in the most acutely deprived areas, often with a history of previous initiatives, there will also be an understandable cynicism and lack of trust in relation to likely outcomes.

Resident engagement tends to have been most successful where there is engagement in individual projects and initiatives rather than at strategic or general consultative level. The success of consultation exercises has also been heavily dependent on an existing history of participation and on the homogeneity, integrity and sense of community within the neighbourhood.

There is evidence of difference in the successful achievement of engagement between the domains, with examples of in-depth engagement within the environment, crime and health domains, but the local community tending not to get involved in planning and shaping worklessness interventions – at least in part because worklessness is generally seen as being something that local communities are less able to influence.<sup>66</sup> The involvement of residents in more interactive forms of engagement seems to have been generally dependent on the availability of additional funding (e.g. NRF or SRB) to support the delivery of additional neighbourhood processes and services through which they could be involved. However this was less evident in the crime and housing domains, where it is likely that a level of resident engagement and positive outcomes would have been achieved in the absence of NSNR and that NRF has enhanced rather than driven processes within these domains.

Outcomes and impacts in this area are difficult to assess and views differ. On the whole service providers believe that resident engagement has delivered positive benefits, and that these benefits outweigh the costs, whilst the voluntary sector and residents themselves tend to be less positive. The key benefits are felt to have included:

- a more informed community
- more relevant and responsive programmes and services
- increased accountability in decision-making
- greater buy-in from residents to projects and services
- increased level of understanding of local views by service providers and trust between residents and service providers
- an increased sense of community belonging, and
- development of confidence and new skills among residents

However, evidence that goes beyond the views of stakeholders is limited. The NDC evaluation reports that indicators of social capital (e.g. feeling part of the community) have generally risen and levels of trust in public agencies generally increased. Generally local people feel more able to influence decisions that affect their area, but there has been little change in the numbers involved in voluntary organisations (with levels of involvement in NDC areas substantially below the national average). Whilst there is a widely-shared and

<sup>66</sup> CLG (2009) Understanding and tackling worklessness: Lessons and policy implications. Evidence from the New Deal for Communities Programme.  
[www.communities.gov.uk/publications/communities/worklessnesslessons](http://www.communities.gov.uk/publications/communities/worklessnesslessons)

optimistic view by stakeholders that NDC interventions have resulted in stronger and more capable communities, this is not entirely reflected in the results of the local household surveys.

In terms of influencing programme outcomes, there appears to be a positive relationship between NSNR programmes and projects that were perceived to be successful and the involvement of residents in their design and delivery. This is supported by the NDC Evaluation<sup>67</sup> which suggested that where community influence has helped shape both the broad strategy – and in some cases the detail of NDC interventions – it must follow that community influence has contributed to whatever outcomes those interventions generate. The NMP evaluation also reported a perception of a direct relationship between the involvement of local people and the improvement of services. The engagement of residents is said to have benefited service providers by providing them with access to local ‘intelligence’ on needs and views on services, better access to ‘hard to reach’ groups and improved consultation processes. The largest single area of influence has been in relation to community safety and environmental services (the ‘cleaner, safer, greener’ agenda).

Even more difficult to identify and assess are the very real costs of community engagement. A considerable amount of expense and time – on the part of local authorities, LSPs and service providers – has been devoted to meeting and consulting with local people. It is not possible to identify the costs with any accuracy, but the scale of investment in NDC areas in community development and community engagement activities varies from 1.2 per cent to 26 per cent of the total funding (this includes a range of community-related activities).

In addition, as with LSPs and neighbourhood management arrangements, there are potential non-financial costs. There is, for example, scope for friction between consultation with ‘residents’ and with their elected representatives. There is also a risk of disillusionment if promised benefits of engagement do not materialize, and of residents failing to prioritise the most significant issues, or focusing on single issues. Ongoing management support from skilled public sector individuals appears to be a critical factor within successful examples of engagement.

### 6.3 Influencing the mainstream

Although ‘mainstream’ and ‘mainstreaming’ were terms rarely used in the 2001 NSNR Action Plan, the underlying emphasis of the Strategy was clearly on improvement in the services of mainstream providers and this has become more explicit in the course of the Strategy. The objective has been that mainstream services should better address the needs of deprived neighbourhoods, whether by introducing additional or more appropriate services, or making changes to the way in which current services are delivered.

<sup>67</sup> CLG (2009) Improving outcomes? Engaging local communities in the NDC programme. Some Lessons from the New Deal for Communities programme.  
[www.communities.gov.uk/publications/communities/improvingoutcomesndcp](http://www.communities.gov.uk/publications/communities/improvingoutcomesndcp)

This section looks at the extent to which NSNR has resulted in change across three dimensions of 'mainstreaming':

- a) the redirection of relevant discretionary mainstream funding streams to target the most deprived areas. These comprise monies that do not automatically follow need (the latter would include for example Department of Work and Pensions (DWP) benefits expenditure)
- b) the use of mainstream spending either as support for new and innovative projects in NSNR areas or to provide continued funding once other funding (such as NRF) is no longer available; and
- c) the adoption of new modes of delivery and building on examples of good practice from NSNR- funded activity in NSNR areas.

### 6.3.1 The redirection of discretionary mainstream funding streams

At a strategic level there is little quantitative evidence as to whether mainstream service providers are redirecting funds into priority neighbourhoods as a result of NSNR, although it is possible that in some domains this has in practice taken place. For example, it is likely that increased police resource is being channelled into many target areas – but whether specifically as a result of NSNR or as a result of increased focus on neighbourhood policing and increased mainstream resource made available for that it is difficult to say. Similarly, there may have been increased education spend in deprived areas, but possibly more as a result of poorly performing schools being situated within them and Departmental initiatives being introduced to focus on poorly-performing schools. In other domains, such as health, there has been a shift to more community-focused or community-based delivery of services, although this may not always mean more resource for target neighbourhoods. The same applies to the environment, although in this case the situation is different, given that the local authority is the mainstream provider, with a level of decision-making already much more devolved than in other domains.

At the level of the individual project or intervention, there is a mixed but broadly positive picture. There is some evidence that NRF projects have levered in additional mainstream funding. In other words that the mainstream funding made available to match NRF has been greater than the mainstream provider would otherwise have provided for the activity. More significantly, it has been suggested<sup>68</sup> that in about 60 per cent of the NRF projects where there was already, or was expected to be, an element of mainstream funding after NRF funding had ceased, the mainstream would be putting in more resource than it would have done in the absence of the project. Education was the domain where it was thought that the mainstream was investing most additional expenditure.

<sup>68</sup> Annex 7.

### 6.3.2 The use of mainstream spending for new and innovative projects, and/or to provide continued funding once such resources are no longer available

There is a fair amount of evidence that NRF has supported projects that are new or innovative. About a quarter of all NRF-funded interventions were considered by the project managers<sup>69</sup> to be testing new approaches – including both interventions that are innovative in themselves and also approaches that are new to the area concerned. There are many examples, such as preventative approaches in health care and new forms of youth diversion activity and these were often led by the third sector. However, a critical observer might suggest that, although displaying a number of innovative features relative to their mainstream counterparts, few represent genuinely radical departures from traditional models of service delivery.<sup>70</sup>

There is insufficient data available to assess the extent of the contribution made by the mainstream to innovative interventions. NRF has been an essential element in enabling such projects to go ahead, and perhaps more so than for other types of project as a result – at least in part – of a lack of flexibility in the ways that mainstream funds can be used, or simply the pressure of acute services on the mainstream resource available. Again, it is difficult to establish to what extent the mainstream is providing continuing funding once resources are no longer available. There will be some instances where a new way of working or a new activity will not in itself require additional funding on a permanent basis; there is, for example, anecdotal evidence of health projects where the payback of prevention in terms of the reduced costs of acute care is relatively quick.

More generally, the LRP reported that NRF had been vital to the establishment of some innovative projects which then continued with alternative funding. Overall, there has been a relatively high level of mainstream providers making continuation funding available for interventions initially funded by NRF, and there is no reason to believe that this has been any lower in the case of innovative projects.

<sup>69</sup> CLG (2008) Impacts and Outcomes of the Neighbourhood Renewal Fund.

<sup>70</sup> CLG (2009) Understanding and tackling worklessness: Lessons and policy implications. Evidence from the New Deal for Communities Programme. [www.communities.gov.uk/publications/communities/worklessnesslessons](http://www.communities.gov.uk/publications/communities/worklessnesslessons)

### 6.3.3 New modes of delivery by the mainstream

There is considerable evidence of new ways of delivery being adopted by the mainstream, either as a result of improved partnership working and networking, or as a result of investment by NSNR in change, or both. The extent to which this has occurred has however varied across domains, as summarised in the following paragraphs.

The LRP reported limited impact on mainstream modes of delivery in the worklessness domain – primarily due to organisational barriers. Jobcentre Plus has traditionally been driven by national policy priorities and targets, resulting in a relative lack of local flexibility. The role of NSNR has often been limited to match funding additional employment brokerage services delivered by local authorities (and third sector partners), which have mixed rates of success, are resource-intensive and difficult to mainstream. There is however some evidence of closer partnership working with JCP developing over the course of the Strategy (helped by the development of new more flexible funding arrangements in certain areas e.g. the Deprived Areas Fund – which was subsequently incorporated into the Working Neighbourhoods Fund). There is also evidence of greater partnering between local authorities and voluntary sector organisations in order to access particularly marginalised communities.

The overall impact on education has been mixed and relatively marginal. There have been some positive impacts, as a result of NRF helping to fund additional services targeting struggling pupils, some of which (e.g. mentoring) have been absorbed into the mainstream. There have also been instances, albeit on a small scale, where NRF has been used to fund the costs of change, for example in management of schools where improvements are expected to reap eventual returns and savings in terms of higher achievement and fewer problems with pupils. However, the influence of NSNR on education has been constrained by nationally-defined policy and the LRP found that the impact of NSNR has been heavily dependent on the quality of existing mainstream services.

There have been major changes in approaches to crime and community safety over the past decade. These have included an increased focus by police on the problems of deprived neighbourhoods (including a more visible presence) as well as the introduction of a more sensitive and joined-up approach through neighbourhood policing. These changes were largely driven by national priorities and are likely to have gone ahead in the absence of NSNR (although it may be that the introduction of Neighbourhood Wardens in 2000 had some influence). NSNR could therefore be said to have effectively been supporting – rather than influencing – existing nationally-driven strategy. However there is some evidence that NSNR has made an additional contribution, particularly through the use of NRF to accelerate the roll-out of neighbourhood policing.

NSNR has had a positive impact on the delivery of more tailored and targeted health services in some areas. Strategically, the influence of the NSNR delivery chain has encouraged PCTs to adopt an increased focus on neighbourhoods, align with wider

priorities and engage in partnership working. NRF has also contributed by piloting and subsequent mainstreaming of successful preventative interventions and improving access to health care services within deprived neighbourhoods. The LRP reports a strong correlation between perceptions of positive health impacts and evidence of PCTs' proactive engagement with NSNR structures.

While in theory many NRF-supported health projects could have been funded fully by the mainstream, in practice the pressure on acute services in deprived areas is likely to have meant that Trusts could not have found the necessary resource. Similarly local authorities are in any case engaged in promoting healthier lifestyles but have found NSNR-related funding a boost to the scale of their activities. NSNR is also considered to have had an influence on the direction in which Departmental policy has moved, particularly towards a greater focus on health inequalities.

The LRP has suggested that the biggest changes to mainstream delivery have been achieved in environmental services, where NSNR has been a key catalyst for a more area-based and community-focused approach to the delivery of services. There has been pump-priming by NRF of the restructuring of mainstream environmental services around area-based models and greater prioritisation of needs of deprived neighbourhoods through LNRs and LAAs. Examples include the piloting of wardens' services which have led to mainstreaming by local authorities. It is also suggested that NRF has been used to test innovative partnerships with the third sector, thus building capacity to sustain improvements delivered by NRF capital interventions and/or deliver more localised services in the longer term.

NSNR is considered to have had little direct impact on the delivery of housing services. Improvements in housing are driven by national policy influences, though some housing providers may have been influenced by NSNR through the introduction of innovations in other service areas (e.g. wardens) and more responsive environmental services which have tended to engage housing providers in increased partnership at the neighbourhood level. There is limited evidence that housing providers have engaged proactively in NSNR, either at strategic or delivery level.

## 6.4 Investment – NRF

### 6.4.1 How has NRF been used?

NRF is the principal funding source introduced as an integral part of NSNR. The intention was that it should be regarded as a tool to facilitate and underpin changes in the way mainstream budgets are used to improved services rather than as a new funding stream.



The amount of NRF resource has been significant. Between 2001 and 2006 £1.875bn was allocated to NRF; £1.050bn was added for the years 2006 to 2008. However, given the extensive population within the local authority districts in receipt of NRF, the size of the Fund appears modest in comparison with the £2bn that has been allocated over 10 years to the 39 NDC areas.

The approach to planning and allocating NRF has evolved since the introduction of the Fund. In the first two years there was a lack of strategic guidance from Government coupled to an imperative for funding to be spent quickly, and LSPs often took a funding or intervention-driven (rather than a strategic) approach to the allocation of NRF, resulting in large numbers of discrete and often disparate projects being funded. However, from year three, with an increased focus on floor targets, a more strategic approach to the planning and allocation of NRF was adopted in most areas, paralleled by a much increased emphasis on mainstreaming.

The more strategic approach to the allocation of NRF was reflected in the types of intervention funded. The NRF Study found the majority to have provided a new service or activity, with the bulk of the remainder providing an expansion of existing services. Very few provided a continuation of a service, suggesting that direct substitution was limited. Two-thirds were identified as being experimental and a quarter of all of these interventions were believed to be testing new approaches.

The degree of spatial targeting of interventions was mixed. The domains in which there was most geographical targeting were those of additional policing and education. In terms of targeting to specific groups, there has been a strong focus on children and young people and, to a lesser extent, workless people and ethnic minority groups.<sup>71</sup>

The LRP reported that many third sector organisations claimed that they had found it difficult to access NRF, due both to the bureaucratic processes involved in submitting applications and a perceived balance of power within LSPs in favour of the public sector. The focus of the NSNR in many areas on improving mainstream services is likely to have encouraged this. The principal exceptions have included partnerships with the VCS in the environment domain (for example to help encourage voluntary action and more creative use of spaces); in neighbourhoods with local partnerships (such as NMPs), which have brokered partnerships between VCS and statutory organisations across a range of domains (for example to help improve youth services); and in initiatives (e.g. worklessness interventions focused on particularly marginalised – or ‘hard to reach’ – communities).

<sup>71</sup> This data is limited to those interventions that were explicitly targeted on a specific group – it does not include those that may focus on a group by virtue of the population characteristics of the area.

### 6.4.2 Has NRF been effective?

NRF has been a popular fund. This is mainly because of the flexibility that it allows in terms of spend within and across thematic areas. This flexibility has been appreciated as a welcome departure from earlier renewal initiatives and stakeholders have been generally positive in their assessment of how NRF has helped to meet floor targets.

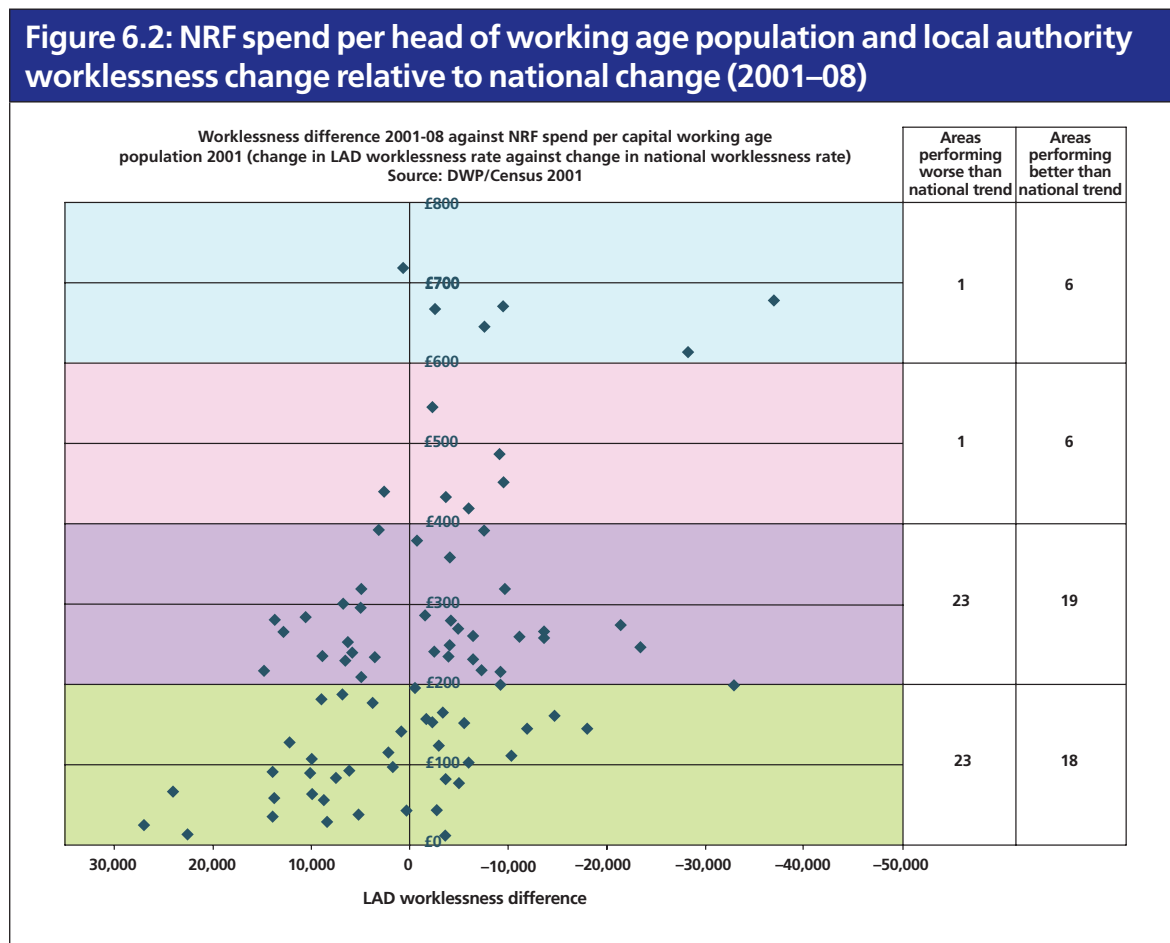
As referred to in Chapter 5, individual NRF-funded interventions also seem to have achieved high levels of additionality and low levels of leakage, deadweight and displacement and generally good value for money. However, measurable impact of projects at a domain or even local authority-wide level is less evident, not helped by the absence of robust information management systems and well-defined outputs. The LRP reports that NRF impact has been more significant in some domains than others. Typically, interventions in domains such as community safety, where immediately tangible results are possible, were seen by stakeholders as more successful than those such as health and education, where improvements are dependent on long-term changes in personal aspirations and behaviours. However, there is evidence that, while the impacts may not have been immediately apparent, interventions to effect such changes have been implemented and are likely to accrue benefits over a longer timeframe.

The LRP also identified that NRF projects had generated a range of wider impacts including:

- a) the development of strong and/or improved partnership working, both in terms of planning approaches to deprivation and delivering interventions or services
- b) an increased focus by service providers on deprived areas (although the degree to which NRF has been used to target specific neighbourhoods has been variable), an increase in the volume and accessibility of services and in the testing of new ideas and approaches to service delivery. NRF has enabled providers to take risks with untested approaches that would not have been justifiable using mainstream budgets; and
- c) increasing self-confidence, self-esteem, enhanced community capacity and infrastructures for individuals, organisations and communities within target areas.

Given the scale of the challenge posed by neighbourhood renewal however there is a major issue concerning whether (inevitably limited) resources have been sufficiently focused. NRF allocations by area have varied significantly across (for varying durations) 91 local authority districts. Top-down analysis of changing conditions across the areas can provide some indication as to whether a less extensive approach (assuming the same level of overall resource availability) might have been more appropriate.

Figure 6.2 plots, for each NSNR district (a) the difference between changes in absolute levels of worklessness between 2001 and 2008<sup>72</sup> and what would have occurred if national trends had prevailed and (b) NRF spend per head of working age population. Correlation analysis indicates a strong relationship i.e. the greater the spend the greater the improvement in anticipated performance.<sup>73</sup> 50 areas performed better than expected while the 41 areas that performed worse tended to be those that received a lower allocation of NRF per head. There is therefore some indication that a minimum level of intervention might be necessary to ensure improvement – with a stronger relationship apparent once spend levels are above about £400 per head of working age population.

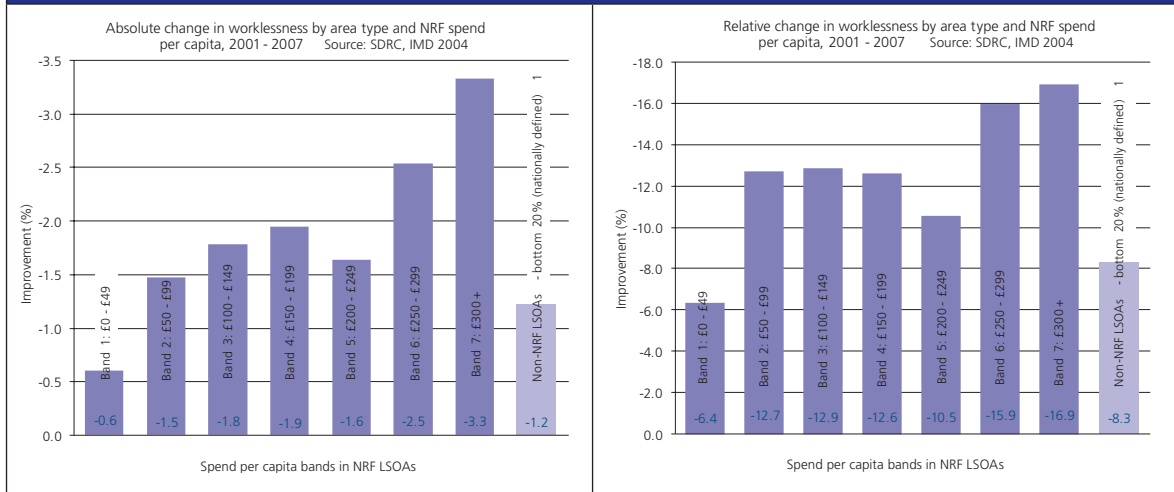


Further analysis has also been undertaken at LSOA level using banded estimates of NRF spend and examining both the absolute and relative changes in worklessness for each band. The results are shown in Figure 6.3. As might be expected, on average the NRF LSOAs that achieved the greatest absolute reductions in worklessness between 2001 and 2006 received the largest NRF spend per head allocations. Moreover, at the top end, the improvement in worklessness appeared to continue to rise in proportion to the amount invested, with the greatest relative change (-11.3 per cent) achieved by the highest band of NRF funding (over £300 per head). At the lower end the level of change for the lowest

<sup>72</sup> Data at local authority district level is available up to 2008.  
<sup>73</sup> The relationship is significant at 1 per cent with a correlation coefficient of -0.42.

NRF band (less than £50 per head) was disproportionately low – indeed performance in this band was worse than that for those LSOAs that received no NRF but were amongst the 20 per cent with the highest worklessness rates in 2001. This suggests that there is a level at which funding is spread so thinly as not to be effective.

**Figure 6.3: – change in worklessness in relation to NRF spend per capita**



### 6.4.3 Key factors in the success of NRF and barriers to its success

In addition to levels of allocation, a number of other factors have been identified as having contributed – both positively and adversely – to the effectiveness of NRF. Table 6.2 summarises those highlighted by the NRF Study that have been particularly important at a strategic level:<sup>74</sup>

**Table 6.2: Factors influencing effectiveness of NRF**

NRF has been most effective where there have been:	NRF has been least effective where there have been:
<ul style="list-style-type: none"> <li>• strategic programmes addressing local needs</li> <li>• good linkages to Floor Targets</li> <li>• focus on service re-shaping and influencing the mainstream</li> <li>• evidence-based design and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• incoherent and disparate programmes</li> <li>• poor linkages to Floor Targets</li> <li>• no evidence of service re-shaping and focus on the mainstream</li> <li>• poor use of evidence</li> <li>• poor partnership structures and inadequate leadership.</li> </ul>

At the project level, there are also a number of issues that may have impeded the success of an intervention. One that has been frequently cited is the short time-frame for delivery, which has affected the capacity of the intervention to deliver, especially where there was a need to recruit specialist staff where skills were in short supply. Other issues highlighted

<sup>74</sup> CLG (2008) Impacts and Outcomes of the Neighbourhood Renewal Fund.

have been the lack of joined-up thinking – whether within a local authority or between partners – a lack of understanding of the aims and objectives of NRF, with it being regarded in some areas as simply another source of funding, unrealistically high expectations in terms of outputs and outcomes and a lack of resources and capacity.

#### 6.4.4 Sustainability

Regeneration funding initiatives have in the past been subject to the concern that project funding will not be sustained and that the impact will therefore be short-lived. This can be of particular concern where funding has been invested in capital projects without any certainty of ongoing revenue income or support.

In the case of NRF, the situation appears in many instances to have been different. Relatively few of the projects funded by NRF were capital projects (and a small additional number were of fixed duration). For the majority, the emphasis on mainstreaming has from the early stages of the Fund focused effort on the need, where interventions have been successful, to ensure that they became sustainable by adoption or adaptation by mainstream providers. In some instances the potential for an intervention eventually to be mainstreamed has been a criterion for approval of NRF support.

Where NRF has been used to help restructure the delivery of mainstream services and encourage different ways of working (e.g. bringing together partners and the local community) there is likely to be greater potential for longer-term sustainability than where it has been used to support additional services and personnel (for example in third sector organisations or new partnership-based structures). However, although NRF has been used quite extensively to support the latter, there appear to have been high levels of commitment towards providing continuation funding for interventions originally funded by NRF. Of the 123 projects that AMION revisited:<sup>75</sup>

- in only 6 per cent of cases was activity not continuing because of a lack of funding
- where NRF had ceased but interventions were continuing, 68 per cent were being fully funded by the mainstream; and
- over 50 per cent of the projects which were still being supported by NRF anticipated that the activity would be mainstreamed, at least in part.

As public spending comes under increasing pressure there will be pressures for mainstream budgets to retrench and focus on what is perceived to be ‘core business’. The extent to which commitments to new, different and/or enhanced methods of service delivery in deprived areas can be sustained will come under inevitable pressure. However, continuing finance is not the sole requirement for sustainability of initiatives – the retention of skilled, committed and creative staff can be as important.

<sup>75</sup> See Annex 7 for a summary of the results of this follow-up survey.

# Chapter 7

## Lessons for the future

This final chapter considers implications for future policy – taking account of the fact that the economic climate in 2009 is different from that at the beginning of the Strategy in 2001.

### 7.1 Continuing commitment

The process of change in socio-economic conditions at neighbourhood level is complex. Reversing or stemming the concentration of deprivation and social exclusion must be seen as a long-term process. It was recognised from the start of NSNR that it would take 10 or 20 years to reach a position where “no-one would be seriously disadvantaged by where they live”.

On the evidence of the evaluation, NSNR has begun to make a valuable start in tackling area-based disadvantage. While the impact is not easy to assess, the headline findings of the evaluation are that:

- during the lifespan of NSNR there has been some narrowing of the gap between the most deprived neighbourhoods and the rest of the country. Particularly in terms of education and worklessness, the most deprived neighbourhoods are doing better than they were and the gap with other neighbourhoods has narrowed
- some of the improvement, or the prevention of continuing decline, can be attributed to NSNR. Without NSNR, conditions in deprived areas would be worse. Indeed, in the absence of NSNR, there might be a further 67,000 workless people in NRF areas (an increase of 3 to 4 per cent).

NSNR can thus be said to have made a significant contribution in helping to lay the foundations for positive change in the most deprived areas. However, there remain big differences between the least and the most deprived neighbourhoods. Moreover all previous experience suggests that economic recession impacts most severely on deprived areas. If the benefits achieved to date are to be further built on and not eroded by the economic downturn, it is vital that policy continues to address the needs of deprived neighbourhoods. NSNR needs to continue in some form in order to consolidate and build on the improvements made to date. There is therefore a compelling case for policy to continue to target the problems of disadvantaged areas.

However, not least given the limited resources that are likely to be available, the evaluation suggests that there are some key principles that should be incorporated into future policy for neighbourhood renewal.

## 7.2 More focused targeting of resources

The case has been made elsewhere, both in economic and social terms, for area-based interventions. In particular CLG Economics Paper No. 2 outlines reasons why place matters, and why a focus on spatial policy should be an integral part of the Government's overarching policies of efficiency, equity and environment. The evaluation suggests that there is a sound rationale for the continued spatial targeting of deprived areas. The high degree to which disadvantaged people, especially those with more than one social disadvantage, are concentrated in deprived neighbourhoods can often lead to self-reinforcing processes of decline. These concentrations also suggest that there is often a case simply on the grounds of administrative efficiency for an area-based focus to delivery.

However, areas vary, so policy needs to be tailored to the different circumstances facing different types of area. The evaluation has highlighted for example the need to have regard to the different functional roles that deprived neighbourhoods play – not least in terms of population movements and wider housing markets. NSNR introduced flexibility for local stakeholders within districts to identify target areas. It is still appropriate that targeting be at local discretion – thereby drawing on local experience and knowledge and securing the buy-in to the strategy at local level.

In addition, the econometric modelling has demonstrated the scale of the impact that external factors can have in affecting the outcomes of area-based regeneration and renewal policies and, by implication, therefore the need for such policies to be better integrated with policy operating at a broader spatial scale (e.g. economic development and housing policy).

However, if improvement is to be achieved, resources must not be spread too thinly. The evidence suggests that a critical mass of investment is needed in order to foster improvement – particularly in the most deprived areas (although lower levels of resource appear to have had some effect in limiting decline). There needs to be a minimum level of financial resource available within areas. Particularly, given the likely spending restraints arising from economic recession, this implies more selective targeting in the future.

More helpful guidance can now be provided to assist decision-makers in targeting<sup>76</sup>. Policy-makers are able to take into account the much more detailed statistics now available at LSOA level (though there are still no robust small-area data for crime or health). Moreover, if the aim of policy is to reduce relative disadvantage, it is important that monitoring is undertaken at a detailed spatial scale so that policy-makers can identify the degree to which neighbourhood-based disparities in economic and social conditions are genuinely narrowed. The initial scale at which NSNR measured such disparities – based on district averages – was clearly not well-judged. As our evidence shows, there is no necessary relationship between narrowing the gap between a district and the national average, on one hand, and narrowing at the scale of neighbourhoods within a district, on the other. The fact that a district may narrow its overall gap with respect to the national average does not imply that there will be a reduction in the disparities amongst its neighbourhoods. Hence, the importance of monitoring at a sub-district scale.

### 7.3 The nature of intervention

Our evidence does not suggest that there is a particular type of programme or project that guarantees success in turning around the prospects of poor neighbourhoods. Success depends critically on a variety of local factors, including the quality of local leadership and the support of local residents.

However, there is widespread recognition of the importance of employment as a cornerstone for regeneration, of the importance of worklessness as a driver of deprivation and of work as a solution to deprivation. For this reason the evaluation focused particularly on worklessness. There has already been a shift towards greater emphasis on worklessness in the Strategy through the change from NRF to WNF. Our review of NRF projects underlines the beneficial impact that interventions to reduce worklessness can have on change in other domains. There is a strong case that future neighbourhood interventions should have at their heart the challenge of reducing worklessness.

However, this does not mean that all interventions need to relate directly to worklessness. The evaluation demonstrates the indirect impact that intervention in other public services can have on worklessness. More generally, the economic modelling suggests a clear positive association between improving skill levels, especially at levels 3/4, with a reduction in worklessness. The goal of tackling worklessness needs to be addressed by coordinated intervention in a number of areas.

<sup>76</sup> The government's new regeneration framework outlined a targeting decision tree which drew in part on the results of the evaluation – see. CLG (2008) *Transforming places: changing lives – a framework for regeneration*.



## 7.4 The resourcing of neighbourhood intervention

There is firm evidence for the continuation of an additional ‘local regeneration’ fund, in the form of NRF or WNF, in order to tackle directly the improvement of conditions in local neighbourhoods. It could be argued that NRF has partly supported activity that should have been funded by the mainstream. That is not necessarily the view of the providers or other stakeholders, who consider that NRF activity has to a great extent been additional because the mainstream has other priorities and could not have found the necessary resource. This raises the question of whether mainstream budgets should be constructed to enable a greater degree of innovative or preventative measures to be funded.

However, regardless of this, there are persuasive arguments in favour of additional flexible ‘local regeneration’ resources. NRF/WNF has been tiny in comparison with mainstream budgets, but has been of critical importance to the success of NSNR – for three main reasons:

- it has provided a ‘pot of money’ not only to pilot innovative approaches to problems, but also to fund activity that does not fit neatly within a single domain
- it has provided a ‘carrot’ which has helped bring local stakeholders together in terms of both the planning and delivery of local services; and
- it has provided a degree of flexibility for local authorities and partnerships to develop tailor-made approaches matched to the needs of different areas.

Moreover, in terms of value for money, NRF appears to have performed well – demonstrably so with regard to reducing worklessness in particular.

Thus, while more flexibility in mainstream budgets and more focus on neighbourhood-based need is required, there will continue to be a core of regeneration work that does not fall neatly within a single domain, and that would benefit from joint delivery by partners. The impact that this can have is illustrated in Figures 7.1 and 7.2. Figure 7.1 shows the relationship that can exist (and often applied with earlier area regeneration and, in many areas, initially with NRF) between mainstream budgets and dedicated area resources in a deprived residential area. Mainstream budgets focused – to a greater or lesser extent – on specific aspects of local need, with an allocation of NRF funding sitting, sometimes in a rather disjointed way, in the middle.

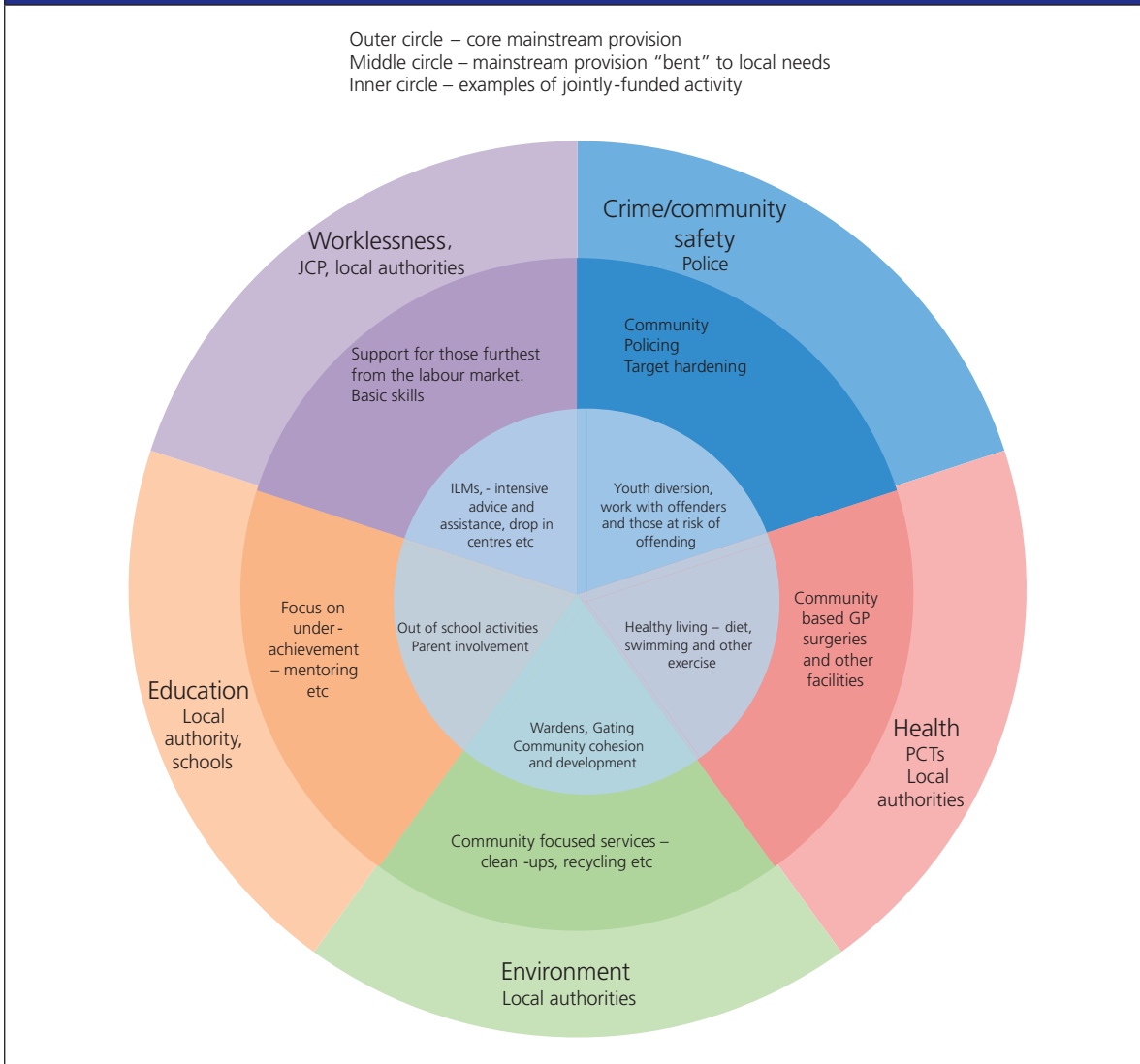
**Figure 7.1: Relationship between mainstream and are-based resources – Scenario A**



However during the period of NSNR a more integrated approach has developed which provides a model for the future (Figure 7.2). The outer circle indicates – with examples – the standard mainstream provision; the middle circle shows mainstream provision that is tailored to local needs; and the central circle represents activity that might be shared between partners in delivery as well as planning. Evidence from local research (including NRF and LRP studies) suggests that this shared activity requires separate regeneration funding to be made available, but also demands co-operation between partners. It should bring greater efficiency in terms of overall resource – not least at a time of retrenchment in public expenditure. It also provides a clearer mechanism for harnessing the role of the third sector, which has particular expertise and experience in some of the most demanding regeneration work, for example in tackling generational unemployment.<sup>77</sup>

<sup>77</sup> It would be for debate whether community development work should also fall within the “core” activity, or whether this should be identified as a local authority remit with provision within local authority finances.

**Figure 7.2: Relationship between mainstream and are-based resources – Scenario B**



## 7.5 People and place

Neighbourhood regeneration policy needs to develop approaches that are alert to the differences between deprived neighbourhoods. An innovative element of the evaluation has been its exploration of the implications of the flows of residential mobility and, in particular, the concept of a typology of deprived neighbourhoods based on the different functional roles that they play in the housing market. In developing regeneration strategies and programmes, policy-makers and practitioners at central and local level need to take much greater account of the importance of residential mobility.

The role of areas in the housing market has implications:

- for designing the most relevant types and level of intervention; and
- for assessing the success of interventions.

First, in selecting target areas, the typology suggests that some deprived areas play 'normal' functional roles in the housing market, acting as reception areas or transit areas through which many of their households flow. The Isolate neighbourhoods, are largely 'removed' from these processes and require particular policy attention. While the other area types are deprived, for many of their residents they appear to operate as staging points in the process of residential and social mobility. However, many people may be 'left behind' and intervention continues to be necessary across all types of area – especially with regard to 'people-based' activities.

Second, in the design of interventions, the mix and intensity of activities need to reflect these different functional roles of deprived neighbourhoods. Table 7.1 provides an indication of the range and intensity of interventions to improve residential neighbourhoods and suggests that they might vary according to different types of neighbourhood (where levels of deprivation are the same):

	<b>Transit</b>	<b>Escalator</b>	<b>Gentrifier</b>	<b>Isolate</b>
Place-based activity: environment and housing services	Low intensity	Low intensity	Low intensity	High intensity
Housing	Medium intensity	Medium intensity	Low intensity	High intensity
People-based activity: worklessness, education, health and community safety	Medium intensity	Medium intensity	Medium intensity	High intensity

Third, in assessing impacts, residential churn can be significant. If benefits that accrue to individuals as a result of policy interventions prompt or enable them to move from target areas the genuine impacts will not be captured by area-based measures of change. Furthermore, if the suggested neighbourhood typology is robust, the 'natural' functional roles of different neighbourhoods will be characterised by 'asymmetric' mobility in which there is an imbalance between the levels of deprivation of in-movers and out-movers. This means that it will be easier to achieve beneficial change in some types of deprived neighbourhood whereas others will present harsh and continuing challenges.

The relevance of mobility to each of these policy dimensions underlines the importance of developing a greater awareness of the impact of mobility. There is therefore a strong case for government to explore the feasibility of developing address-based information – possibly linked with taxation and benefit payments – in order to develop an annual database of linked records from which residential mobility could be tracked.

## 7.6 Wider policy links

Neighbourhood deprivation cannot be tackled effectively without an understanding of the broader economic context within which neighbourhoods sit. Spatially-based intervention at the neighbourhood level should only be one component of Government's approach to neighbourhood renewal. It is a necessary – but not a sufficient – condition to achieve the NSNR vision. As economic modelling has shown, external influences – as well as internal characteristics – play a significant role in influencing the prospects of neighbourhood change and neighbourhood-based policy needs to be coordinated with broader policies and programmes.

One of the most significant findings of the evaluation's modelling is the importance of wider economic and housing indicators in explaining changes in local neighbourhoods. Some of the most significant determinants of socio-economic improvement broadly relate to economic development, i.e. levels of regional GVA, access to low-skilled jobs and skills at levels 3/4. High proportions of social housing are also strongly associated with reduced likelihood of improvement and increased likelihood of decline. This finding is reinforced, for example, by the NDC evaluation which highlights the importance of good housing in relation to good health and well-being. Policy for neighbourhood renewal therefore needs to recognise the fundamental link between the 'internal' and the 'external' processes that determine the performance of deprived areas.

This evidence reinforces the argument that neighbourhood policy cannot be divorced from policies that address wider issues of economic development and of housing. Labour markets and housing markets both operate at a scale far greater than neighbourhoods. Economic development and housing policy are rightly determined predominantly at a national and regional (or sub-regional) scale. Yet both are fundamentally important in determining the prospects of deprived neighbourhoods and their residents – as is clear not only from the results of the economic modelling but also from the significance of the neighbourhood typology.

This has clear implications for the future integration of policy at Government level. Any strategy for neighbourhood-based renewal needs to be complemented by developing mechanisms that more effectively link economic and housing policies with the aim of neighbourhood regeneration. This would entail bodies such as RDAs, the Homes and Community Agency and Housing Market Renewal partnerships being encouraged or required by central government to incorporate into their strategies a conscious focus on

improving the prospects of deprived neighbourhoods. Within this context (and given the earlier findings regarding the importance of social housing as a key factor in area performance – see Chapter 4) the increased role that Social Landlords have undertaken regarding neighbourhood renewal in recent years is important and needs to be further strengthened in the future.

## 7.7 Conclusion

NSNR has had some valuable effects in narrowing the gap between deprived and less deprived areas, but such narrowing has occurred at different rates in different types of districts and neighbourhoods. Nevertheless, the Strategy has laid the foundations for future action. Much has been learned from NSNR. It has also created structures such as LSPs, and instruments such as LAAs which have proved their worth in helping to identify priorities and to deliver programmes for neighbourhood renewal. It would be unhelpful were these now to be changed or dismantled.

There are key principles that could usefully be incorporated into future policy so that the gains achieved by NSNR since 2001 can be built upon. In particular neighbourhood regeneration policies cannot be developed and implemented in a vacuum; they need to be linked with wider policies, particularly in the areas of housing and economic development. Interventions need to reflect and be tailored to the individual characteristics of areas and their roles within wider housing, labour and product markets.











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