What We Know About Neighbourhood Change: A literature review

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### Bibliography
Introduction

This report was jointly commissioned by the Neighbourhood Renewal Unit (NRU) in the Office of the Deputy Prime Minister (ODPM) and the Economic and Social Research Council. It contains both full and summary reports of a literature review of neighbourhood change, undertaken with the primary aim of establishing what is known about neighbourhood change in the UK and identifying gaps in that knowledge, in order to inform the future research agenda and, ultimately, the development of policy.

The work was carried out in tandem with a parallel review (undertaken by the Social Disadvantage Research Unit at Oxford University) of the challenges and potential involved in using and combining data to address questions at the neighbourhood level. Both reviews were presented at a seminar of the ODPM Urban and Neighbourhood Studies Research Network on 30th March 2004, and will in due course be published via the ODPM website.

The review followed the traditional approach used in the social sciences. Books, articles and reports were searched for, initially with a broad focus on the concept of neighbourhood change and developing to explore more specific topics and ideas such as ‘gentrification’ and ‘neighbourhood renewal’ and ‘concentrated poverty’. There was no strict delimitation of space or time, although initial searches concentrated on more recent literature, from the 1990s, partly on the understanding that these would often summarise or refer to other work, and on UK evidence, although sources from other countries in the developed world were investigated where these appeared to provide evidence particularly relevant to the UK context. The review was also informed by the contributions of participants at a workshop on neighbourhood change held at the LSE in January 2004 and by a limited consultation within the academic community. While no small-scale review of this kind can claim to be completely comprehensive, we hope that the report will be a useful summary of the state of knowledge at the current time, and that it will help to point the way for the future development of research in this field.
SUMMARY REPORT

Introduction

This summary report was written for participants at the ESRC/ODPM ‘Understanding Neighbourhood Change’ seminar on 30th March 2004. It aims to provide an overview of ‘what we know about neighbourhood change’ and to stimulate debate about outstanding issues and questions in neighbourhood research.

Scope of the Review

The literature review was carried out using traditional social science methods\(^1\), starting with a broad search around the terms ‘neighbourhood’ and ‘neighbourhood change’ and developing to explore more specific topics and ideas such as ‘gentrification’ and ‘neighbourhood renewal’ and ‘concentrated poverty’. We drew on four broad strands of work:

- Community studies, focusing on small numbers of neighbourhoods, using mainly qualitative methods, and aiming to understand the processes of change.
- Studies of the geography of urban and regional systems, of the spatial patterning of race or class, and of mechanisms for segregation and polarisation.
- Policy evaluation studies and ongoing monitoring.
- Quantitative studies of the effects of neighbourhood characteristics on outcomes for individuals, sometimes known as ‘neighbourhood effects’ research.

Given the context for the review, we concentrated on recent and UK literature, and on disadvantaged neighbourhoods, although we referred to other studies where relevant inferences could be drawn. In an attempt to tap into ongoing as well as published work, we also held a workshop on neighbourhood change at the LSE in January 2004, and conducted a limited consultation within the academic community.

In this summary, we:

- Outline conceptual issues important to an understanding of neighbourhood change.
- Give an overview of theories about the causes and effects of change.
- Assess what we know about how neighbourhoods are changing, currently, in Britain, and identify gaps.
- Make suggestions about further development of research into neighbourhood change.

Understanding Neighbourhood Change: Conceptual Issues

Our starting point was to understand how people conceptualise neighbourhood change, and how concepts of neighbourhood and of change can be operationalised in research designs. We identified four key issues of debate:

\(^1\) In other words, this was not a systematic literature review of the kind increasingly being used to inform policy.
the concept of neighbourhood itself. What are neighbourhoods and what do they consist of? Most writers agree that neighbourhoods are both physical and social, with attributes that include environmental, location and infrastructural characteristics, demographic characteristics, social interactive characteristics and the characteristics of local politics and services (Galster 2001). A crucial area of investigation is to examine the relationships between these. Policy also demands composite indicators, such that we can answer questions such as “are poor neighbourhoods getting relatively worse or better?”, but these also problematic, because they inevitably obscure the different importance and meaning of different characteristics in different places, such as between urban and rural areas (Midgley et al. 2003).

issues of space and time. How should neighbourhoods be spatially delineated for the purposes of analysing change? How big are they? For many purposes ‘neighbourhood’ is often used synonymously with ‘electoral ward’, as the smallest measurable unit for social statistics, but wards can vary in size from about 1000 in some rural areas to about 30,000 in big cities, and only very roughly correspond to any intuitive conception of neighbourhood. If we think of neighbourhoods as overlapping social networks (Massey 1994) or as operating at different levels for different purposes, such as employment or social support (Suttles 1971, Kearns and Parkinson 2001), any physical boundary is likely to be inadequate, and risks taking too local a focus for wider change processes, such as economic restructuring, but too broad a focus to pick up within-neighbourhood changes, such as creeping levels of empty housing in certain streets, or settlement patterns of different ethnic groups in certain streets or blocks. Yet some bounding of neighbourhood is necessary for the generation of statistical data and we need to be able to translate theoretical understandings of the way in which neighbourhood change processes operate into boundaries that can be used for analysis (Lupton 2003a). Similar issues arise over the timescale over which change should be measured. Different aspects of neighbourhood change at different rates. There may be critical moments in neighbourhood trajectories, perhaps when certain thresholds or tipping points are reached. We need to understand whether neighbourhood change is sustained and to obtain a long view of causes and consequences as well as a short view.

Issues about the interpretation of change and the need to take on board different perspectives, arising both because people have different levels of involvement in and stake in their neighbourhoods (Ellen and Turner 1997, Forrest and Kearns 2001), and also because their overall interests and values may differ. Gentrification offers perhaps the best example of conflicting views of neighbourhood change, both among those experiencing it and the wider policy community. Housing quality and services tend to improve in gentrified neighbourhoods, but these benefits may mainly accrue to gentrifiers, while low income residents may be displaced or find themselves priced out of local facilities and services. Long standing communities may be broken up. The interests of different resident groups may thus conflict.

The question of whether relative or absolute change is most relevant to measure. On the one hand, it may be argued that relative change is always important, because what matters for equity purposes is the difference between neighbourhoods. On the other, it may be argued that it is absolute improvements that make a difference to people’s lives. Absolute improvements may matter more for some indicators and relative improvements for others.
Reviewing these debates leads us to conclude that neighbourhood research needs to:

- find a balance between using composite indicators in order to be able to identify patterns and generalise about neighbourhood types and trajectories, and illuminating the nuances of change within these overall patterns.
- be underpinned by a theoretical understanding of which changes should be measured at which spatial levels and over which timescales, and to incorporate different tiers of measurement of space and time.
- evaluate changes and outcomes for different groups of people within neighbourhoods, and also ensure that different perspectives are considered in making evaluative judgments of ‘good’ or ‘bad’ change.
- be clear about whether absolute or relative change is being measured and why.

**Causes and Effects of Neighbourhood Change**

We then considered what is known about why neighbourhoods change and what impacts these changes have on individuals and on other neighbourhoods.

There are many different explanations of neighbourhood change. Some are theories of change in urban systems, for example that neighbourhoods have life cycles as different ethnic or social class groups ‘invade’ and establish themselves, causing other residents to move out and neighbourhood characteristics to change. Other theories are specific to certain kinds of neighbourhoods, such as the debates over whether gentrification is driven by the movement of capital back to the inner city or by the movement of people, and the debates over whether decline in poor neighbourhoods is precipitated by the development of cultures of poverty, by economic restructuring, by lack of human capital or by inadequate services.

In our longer report, we describe these theoretical positions in more detail. Here we note two critical distinctions that can be made between different approaches. One is whether they focus primarily on changes that occur because the circumstances of the population change as they remain in situ, or on the effect of changes in population composition. A second is the importance they give to place and space. Some theorists focus very much on localised explanations, on within-neighbourhood causal links; emphasising issues such as levels of social capital, local economic development, and the effectiveness of services. Others play down the local and see neighbourhood change as a manifestation of much wider social and economic movements, such as changes in economic structure, or in ideology and taste, or patterns of racial discrimination. A middle position is taken by theorists who look at neighbourhoods as related elements within urban and regional systems, focusing on the changing functions of types of neighbourhoods and the relationships between them, within a broader context of societal change.

These distinctions are useful if only because it is important to note that the theoretical approach taken to determining causality will largely determine the explanations produced. If we look for explanations of change within neighbourhoods, for example, we are unlikely to conclude that causes are driven by economic forces at the global, national or regional level. If we look only at changes in aggregate indicators and not at movements in and out of neighbourhoods, we may risk misunderstanding why neighbourhoods are changing, and whose circumstances are changing.
In relation to effects of neighbourhood change, two issues have been of interest to researchers. One is the extent to which neighbourhoods (and thus neighbourhood change) impact on individuals, although most of the research on neighbourhood effects has not concentrated on neighbourhood change, but on comparisons between neighbourhoods, partly because there is very little longitudinal neighbourhood data. The other is the extent to which change in one neighbourhood impacts on change in another. A number of mechanisms have been identified in relation to specific situations, including direct displacement of low income residents from one neighbourhood to another through demolition or compulsory purchase, spillover of economic growth or ‘leakage’ of benefits of regeneration schemes and other public investment to people outside regeneration areas.

Reviewing this literature, we conclude that neighbourhood research needs to:

• Explore and understand processes that occur at different levels, but also examine the connections between levels, determining which characteristics of neighbourhood are driven by local influences and which by wider changes, and the interaction between them.
• Understand which changes are caused by movements of people and which by the changing circumstances of people in situ.
• Look at the impacts on individual outcomes of neighbourhood changes, not just at the differential impacts of different neighbourhoods, measured at a particular moment in time.
• Understand the relationships between change in one neighbourhood and change in another, and how these mechanisms work.

Current Knowledge of Neighbourhood Change

With these issues in mind, we examined what is currently known about neighbourhood change in Britain. We draw three conclusions:

The first is that there is a very limited evidence base on current directions of change. Dorling and Rees (2004) note the extreme paucity of information available, talking about an “information vacuum” in which the debate about whether Britain is polarising is taking place. Specifically, we have no information about whether there are more poor neighbourhoods than previously, or fewer, and whether their populations are dwindling or growing, and we have no monitoring data covering a consistent basket of indicators for particular types of neighbourhoods over time. It is very hard to assess neighbourhood trends.

Such evidence as there seems to suggest that:

• There have been absolute improvements in the late 1990s in aggregate socio-economic indicators (such as employment rates, educational attainment and housing conditions) both across the board and in the poorest areas. However, data on most indicators is only available at local authority level and above, and it is hard to be sure of trends at the neighbourhood level.
• There remain very substantial differences between the poorest areas and others. For example, the gap between the employment rates of the 30 worst areas and the national rate was still 11.5 percentage points in 2003. In the Survey of English Housing, more than twice as many people (20%) were dissatisfied with their area in the most deprived
wards than in other wards. In relation to the government’s target that no-one should be disadvantaged by where they live, there is still a considerable way to go.

- There is some evidence of a widening gap between poor neighbourhoods and others. The absence of household income data at local level makes it difficult to assess the spatial distribution of income poverty, but other measures of deprivation can be used. Dorling and Rees (2003), looking at a range of Census indicators, reported increasing socio-economic polarisation between 1991 and 2001 at the local authority level. Dorling and Simpson (2001), using Income Support (IS) claims as a poverty indicator, reported that between 1996 and 1998, overall levels of claims fell by 14%, but that the fall was bigger in Conservative areas of the country than in the old Labour industrial heartlands. Evans et al. (2002) reported on ward-level benefit rates and also found that claim rates fell in all areas but fell less in the wards with higher claim rates than in the wards with lower claim rates.

- Different kinds of neighbourhoods may be changing in different directions. Our own research (Lupton 2003b) suggests that small peripheral industrial areas are continuing to lose jobs and people, and suffering declining house prices and demand. Economic inactivity rates are rising disproportionately and falls in unemployment are slower than the national average. By contrast, inner London neighbourhoods are experiencing within-neighbourhood polarization, with high housing pressure both from high-income gentrifiers and new immigrants. They are seeing a substantial economic revival, albeit that many of the new jobs being generated are low paid. Poor neighbourhoods in other large urban centres have mixed fortunes, with inner neighbourhoods showing some evidence both of gentrification and increasingly disadvantaged ethnic minority populations, although in the context of generally low housing demand. Inner city neighbourhoods are well connected to reviving central city economies and demonstrate more recovery potential than outer city neighbourhoods. These arguments are consistent with other local studies during the 1990s and early 2000s, which have looked at specific types of neighbourhoods and at specific issues, such as Bennett et al (2000) on coalfields, Mumford and Power (2003) on inner London neighbourhoods, and Power and Mumford (1999) on inner city areas and low housing demand in Manchester and Newcastle. Gwilliam et al.(1999) studied suburbs, and found a general pattern of deteriorating community facilities, declining local retail centres, increased reliance on the car, and a lack of housing variety. Lambert and Boddy (2002) focused on city centres, and described a growing scale of residential development, both through new development on vacant and under-used sites and through conversion and redevelopment of obsolete industrial and commercial buildings. They described these developments as “relatively modest in absolute terms” but “indicative of a major qualitative shift in the nature and location of new housing development in UK cities” (p8).

These studies give us indications of the processes at work in different types of neighbourhoods. However, their findings really need to be tested on a large sample, with neighbourhoods categorized into types depending on region, industrial base, housing type and tenure, location, and ethnicity, to establish whether clear patterns emerge with different kinds of neighbourhoods moving in different directions. Knowledge of the different trajectories of different types of neighbourhoods would assist in the application of differentiated policies for neighbourhood renewal. We are not aware of any UK study of this kind.

Our second conclusion is that we know a fair amount about the wider changes in society that are likely to impact at the neighbourhood level, and we often have case study evidence to illustrate local effects, but we lack large scale studies of neighbourhoods
that directly investigate impacts of wider changes. In part, the reason for this is that 2001 Census data has not yet been fully exploited.

For example, we know that there is continuing pattern of counter-urbanisation, with large cities, excluding London, in continuing decline, and smaller cities and towns and rural areas continuing to grow. Inter-censal studies (e.g. Power and Mumford 1999) show the impact of these trends on specific inner urban neighbourhoods, but mapping of the changes in population composition at a neighbourhood level has not yet been done on a wide scale. We know that nationally there have been significant increases in ethnic minority populations, but this growth has not yet been mapped at a neighbourhood level, nor has the changing ethnic composition of inner city neighbourhoods been charted on a wide scale. We need to understand more about the changing settlement patterns of ethnic minority groups. This has been undertaken in specific places (e.g. Dorsett 1998, Phillips, Ratcliffe et al. 2001) but the evidence base is still relatively small compared with the US where interest in ethnic settlement and segregation has formed a key element of the debate about urban poverty and neighbourhood change.

We know that economic restructuring is continuing and is having diverse impacts, including gentrification of inner London neighbourhoods, with some possible spillover effects to other cities (Dutton 2003), and continuing decline of traditional industrial areas. There have been a small number of studies that have looked at the impacts of these changes on specific types of areas as a group rather than at case studies. For example, Beatty and Fothergill (2002) looked at the economies of seaside towns over time and found a surprising level of employment growth, although outstripped by population growth. However, such studies are unusual and in any case do not extend to neighbourhood level. On these kinds of issues, we probably have a good understanding of what is going on, from both national data and from case studies, but we lack comprehensive or systematic evidence.

Our third conclusion is that in relation to the theoretical understandings of neighbourhood that we identified at the start of the paper, there are a number of areas in which the UK neighbourhood change literature is fairly weak:

- There is very little longitudinal data in general, and programme evaluations do not extend far enough beyond the life of the programme to reveal whether benefits are sustained.
- There is little information about migration flows in and out of neighbourhoods, and aggregate changes (for example in employment rates) are very rarely deconstructed to disentangle in situ and compositional changes.
- There is some evidence of spillover effects and ‘leakage’, but these are not systematically investigated. It is common for the impacts of policy changes to be assessed in relation only to the specific areas of intervention, not in relation to effects on surrounding areas.
- Similarly, analysis of neighbourhood trends is often at the aggregate level and does not identify who benefits and who does not.

These deficiencies hamper our understanding of neighbourhood change.
Suggestions for Further Development

Our review suggests that neighbourhood change research is a field rich in detailed understanding of specific processes, often illuminated by qualitative area case studies, but poor in knowledge of overall patterns and trends.

In many ways this is not surprising, given the difficulties of defining neighbourhoods, the multiple dimensions and characteristics that comprise neighbourhood, the contemporaneous occurrence of compositional and in situ changes, and the many influences on neighbourhood change, occurring at different spatial levels. Many of the theoretical understandings derived from qualitative work and which we highlighted in the first half of this report have been difficult to translate into quantitative research designs.

There have also been data problems, principally:

- Lack of data disaggregated to neighbourhood level, whether from administrative data or household surveys. Until the development of the Neighbourhood Statistics Service, it was very difficult to obtain any data at neighbourhood level.
- Problems with changes in boundaries over time.
- Changes in indicators over time. For example, only one deprivation-related Census indicator (car access) has been consistent over all Censuses from 1971 to 2001.
- Inability to track individuals (or dwellings) over time, thus making it hard to tell whether changes at the neighbourhood level have arisen because of changes to people in situ or because of movement of people.
- In relation to poor neighbourhoods, lack of a widely accepted poverty indicator, making it difficult to assess the scale of the problem in absolute terms.

Now that some of these data problems are starting to be overcome, with the development of neighbourhood statistics and the new output geography for the 2001 Census, it remains to ask what further developments could enhance our knowledge of neighbourhood change, and thus provide better support for the design, targeting and delivery of policies intended to deliver beneficial change.

We suggest that progress could be made in three areas. One is data collection. Efforts to date have concentrated on disaggregating administrative data to the neighbourhood level. There is still a need for primary data collection to answer some of the unanswered questions about neighbourhood change, specifically:

- Data about the same places over time. Nearly all neighbourhood research is short-term in nature. With the exception of CASE’s ongoing twelve areas study, which is largely qualitative, there is no ongoing neighbourhood panel study to enable us to see the extent to which changes are sustained, or how one aspect of change has a knock-on effect on another.
- Data about the fortunes of different groups of people within neighbourhoods, as well as aggregate data, in order to identify which groups benefit from change, and which groups do not.
- Data about the characteristics of incomers and outgoers over time, ideally derived from a panel study of dwellings. This would facilitate an understanding of the extent to which changes in neighbourhood characteristics influence population composition through the decisions of different groups of people about whether to move in or out of a
neighbourhood. It would also enable us to understand the extent to which aggregate changes, such as increased employment rates, are due to changing population composition, or whether policies have impacted on people in situ.

- More comparative studies of deprived and non-deprived neighbourhoods.

A second area is making better use of data that is already collected in order to gain a more systematic understanding of neighbourhood change, specifically:

- Development of a basket of indicators that capture the various dimensions of neighbourhood and that can be monitored consistently over time. The components of the IMD provide a basis for this, as do the indicators collected for neighbourhood renewal floor targets, if they could be disaggregated to neighbourhood level. These indicators could then be used, among other things, as variables in quantitative neighbourhood effects studies to identify the importance of neighbourhood change for individual outcomes, not just static neighbourhood characteristics.

- Agreement of an absolute poverty indicator and/or a relative poverty indicator that can be held consistent and monitored over time.

- Exploitation of the 2001 Census data, linking higher and lower level geographies to show how broad trends such as counter-urbanisation are impacting locally.

- Incorporating other socio-economic data alongside Census analysis to explain neighbourhood change: for example using labour market job data at the TTWA level alongside Census employment data to see how resident employment changes when labour market conditions change.

- Better quantification of public sector investment in neighbourhoods, so that strong links can be made between inputs and outcomes.

- A commitment to regular monitoring of these indicators as well as one-off studies.

A third area is the development of theoretical frameworks for monitoring and understanding neighbourhood change. For example:

- The development of a typology or typologies of neighbourhoods, to be used as the basis for understanding of how types of neighbourhood are changing in different ways. There are existing typologies that could be used (such as the MOSAIC classification or the new ONS classification of wards), or we might develop a set of indicators linked to theories about the causes of neighbourhood change, and involving variables at different spatial levels.

- The development of a theoretical model for neighbourhood change, based on qualitative indications of how one aspect of change is linked to another, and designed to be tested quantitatively. Or, as a interim step, atheoretical testing of drivers of neighbourhood change, following the example of Aaronson (2001) who collected Census data on race, income and housing for all US census tracts 1970-1990 (not just low-income ones) and used regression techniques to identify patterns and predictors of neighbourhood change in relation to these variables.

- More thinking, possibly informed by survey research, about which indicators should be measured in relative terms and which in absolute.

- The further development of methodologies to capture appropriate neighbourhood boundaries for the investigation of different issues. Progress has recently been made in this direction. For example, MacAllister et al. (2001) used ‘bespoke neighbourhoods’ drawn around the homes of respondents to surveys, and Burgess et al., in new ESRC-funded research, are developing this approach using Census and administrative data to
create overlapping geographies for different effects. Further work is needed to extend these approaches, for example, to create different bespoke neighbourhoods for different kinds of people and different indicators. Clearly, without meaningful definitions of neighbourhood, it is difficult to make any robust statements about neighbourhood effects on individuals, and therefore to understand the potential benefits of neighbourhood change policies.

These suggestions are offered both as a starting point for debate and as a shopping list for further research. Development of some or all of them should mean that a better understanding of neighbourhood change comes closer within our reach.
Introduction

This full report presents the findings of the literature review of neighbourhood change, along with a full bibliography. It aims to provide a statement about what is known about neighbourhood change in the UK at the present time, to identify gaps in knowledge and to highlight areas that might be usefully developed in further research.

Why Neighbourhood Change?

Interest in neighbourhood change is not new. Neighbourhood characteristics and trajectories have been of interest to academics and social reformers at least since Charles Booth’s investigations of the lives of London’s urban poor in the 1890s. A century later, we are seeing a particular revival of interest, driven in the UK at least partly by renewed political concern over an apparently increasing divide between poor neighbourhoods and others, across a range of social indicators. The Social Exclusion Unit’s report on disadvantaged neighbourhoods *Bringing Britain Together* (SEU 1998), the subsequent development of a national strategy for neighbourhood renewal and the establishment of the Neighbourhood Renewal Unit to implement it, have spawned increasing demand for evidence of change at the neighbourhood level, and increasing interest in the processes driving neighbourhood decline and renewal and the extent to which they are susceptible to policy intervention.

The Research Evidence

Research evidence on neighbourhood change comprises four main strands of work:

One is the community study, focusing on the detailed understanding of particular neighbourhoods, and primarily using qualitative methods to describe change and explain the processes of change. Such studies have a long history (see for example Young and Willmott 1957, Rex and Moore 1967, Coates and Silburn 1970, and more recently Forrest and Kearns 1999). They usually focus on low-income neighbourhoods and on working class life, and indeed the lack of comparison with more affluent neighbourhoods has been a criticism levelled at this body of work, both on the grounds that the lack of controls undermines the robustness of the findings and on the basis that certain policy prescriptions would be better founded on what works in ‘successful’ neighbourhoods than on what is missing in struggling neighbourhoods. Nevertheless, these kinds of studies are of particular interest for the current review. While almost always cross sectional in design, they tend to focus on change processes, so neighbourhoods undergoing change have been of particular interest. Recent examples include Power and Mumford’s (1999) study of neighbourhoods declining in the face of low housing demand, and Butler and Robson’s (2001) study of gentrification processes in three South London neighbourhoods.

A second strand, deriving mainly from the disciplines of urban geography and urban sociology, has a more explicit focus on change but a less microscopic view of the neighbourhood. This work focuses on neighbourhood change within the context of the social or urban system as a whole, understanding how and why neighbourhoods change in relation to one another, looking
at patterns of residential settlement by race or class, and at trends in and mechanisms for segregation and polarisation.

Alongside these strands of academic research, there is also a relatively large policy evaluation literature, generated around neighbourhood-based policy interventions. Studies of this kind have focused on specific disadvantaged neighbourhoods that have been subject to the interventions in question (such as City Challenge or Single Regeneration Budget), and by definition focus a good deal on change processes and implementation rather on than longer term outcomes or on viewing the neighbourhood in relation to wider social and economic changes. In this sense, the policy literature complements the academic literature. Policy making is also supported by government monitoring of data about deprived neighbourhoods, especially in the last two years since the introduction of the neighbourhood renewal strategy, the establishment of the neighbourhood statistics service, the setting of floor targets in relation to neighbourhood renewal and the establishment of a research division within the Neighbourhood Renewal Unit. Notably, by contrast with similar work in the US, the UK has no agreed definition of a poor neighbourhood (such as the numbers of residents falling below a specified poverty line), and interest here has predominantly focused on relatively least advantaged neighbourhoods, often the top 10% on the Index of Multiple Deprivation, and on changes in relative rankings of neighbourhoods.

Finally, there is another relevant strand of work, which has developed mainly since the 1980s and focuses on investigating the role of neighbourhood characteristics, and particularly of concentrated poverty in a neighbourhood, on the outcomes of residents (see for example Wilson 1987, Jencks and Mayer 1990, Ellen and Turner 1997, Buck 2001). This strand of work is conceptually and methodologically distinct, focusing on outcomes for individuals rather than on the neighbourhood as the unit of interest, and using quantitative techniques and large sample sizes rather than case study analysis. It is more fully developed in the United States than in this country. ‘Neighbourhood effects research’ has looked more at the relative effects of different neighbourhoods than the effect of changes in one neighbourhood over time, but some inferences may be drawn about the likelihood of more or less beneficial outcomes for residents arising out of neighbourhood transformation.

In the review that follows, we draw on all of these strands. Each in itself comprises a relatively large body of work and we do not claim to have reviewed each comprehensively. Rather, we have drawn on their different perspectives and on pertinent recent evidence to inform an understanding of what we know, and do not know, about neighbourhood change.

**Issues in Neighbourhood Change**

From this literature, we have identified three principal questions (Fig 1). Perhaps the most immediate from a policy perspective is how neighbourhoods are changing. What aspects of neighbourhood are changing, in what direction and at what pace? However, we also need to know what causes neighbourhoods to change, and which causal factors seem to be driving the changes observed at present. Lastly, we might be interested in effects of neighbourhood change on individuals or on other neighbourhoods.
These three questions form the focus of our review. First, however, we discuss the key conceptual and theoretical issues that underpin research on all three areas and comment in general terms on the strength of the existing knowledge base in capturing the concept of neighbourhood change and reporting on it adequately.

### Understanding Neighbourhood Change: Conceptual and Theoretical Issues

#### Neighbourhoods and their Characteristics

Perhaps the most critical issue underlying the study of neighbourhood change is the concept of neighbourhood itself. What are neighbourhoods and what do they consist of? What, therefore, are we measuring when we measure neighbourhood change?

One answer to this question is that neighbourhoods are simply physical spaces, bounded in some way, with physical characteristics such as housing, transport, and environment, which may alter over time, comprising neighbourhood change. However, neighbourhoods are more commonly understood as being both physical and social (Keller 1968), such that analysis of neighbourhood change must include the changing characteristics, attributes or outcomes of residents (in aggregate) and also the interactions between residents, the systems of norms and rules and expectations that shape social life. Indeed Schwirian (1983) argues that it is the social that defines neighbourhood, making it distinct from a ‘residential area’, which has no or few patterned relations between residents. Residential areas may become neighbourhoods and vice versa depending on the extent and viability of the social relationships among residents. On this basis, he argues that we need to understand neighbourhood change in terms of the changing nature of social relationships, not just changing physical or demographic characteristics as measured by social statistics.

What characteristics should we look at? Galster (2001) provides a useful list of what he calls ‘bundles of spatially-based attributes”, some physical and some social, namely:

- Environmental characteristics – topographical features, pollution etc.
- Proximity characteristics, influenced both by location and transport infrastructure.
- Characteristics of the buildings – type, design, materials, density, repair etc.
- Infrastructural characteristics – roads, streetscape etc.
- Demographic characteristics of the population.
- Class status characteristics of the population.
- The existence and quality of local services.
• Political characteristics – political networks, involvement of residents etc.
• Social-interactive characteristics – friend and family networks, associations, strength of social control forces etc.
• Sentimental characteristics – sense of identification with place, historical significance etc.

This is an extensive list of characteristics that may clearly change in different directions and at different rates, and need to be measured by different indicators, both qualitative and quantitative. A key task is to identify the mechanisms by which change in one aspect effects change in another, for example, how changing population mix impacts on norms and behaviours, or on the physical environment.

We might also ask whether neighbourhood characteristics can be distilled into one indicator or a simple bundle of indicators which enable neighbourhoods to be characterised and monitored over time. At one level, policy demands such a distillation, to answer questions like “are poor neighbourhoods getting relatively worse or better?” Attempts are made, through composite deprivation indicators and through questions in the British Social Attitudes Survey and Survey of English Housing about whether neighbourhoods are getting better, worse or not really changing. However, as Bowman (2001) illustrates, using the same question as part of a qualitative longitudinal study in two low income neighbourhoods, such attempts have their limitations, because survey respondents themselves find it difficult to compress the multiple facets of neighbourhood into one overall judgement. They might simultaneously refer to declining physical environments, improved services, and unchanging social relationships, rather than giving an overall ‘better’, ‘worse, or ‘much the same’.

Midgley et al (2003) note that composite deprivation indicators can be misleading if they assume that concepts of deprivation have the same meaning everywhere. Using bundles’ of indicators (such as employment, earnings and housing indicators), they illustrate the different nature of deprivation in urban and rural areas. Rural wards, for example, tend to have low female earnings while the lowest male earnings are in urban wards. Improvements in deprivation measures weighted to reflect one set of circumstances might be misleading if applied to another.

Considering the different characteristics of neighbourhood, therefore, reminds us that reports of neighbourhood change may refer to a multitude of different changes, and that we need to be clear what is changing and how it relates to other characteristics that might be static or changing in different directions. Neighbourhood change research needs to find a balance between using composite indicators in order to be able to identify patterns and generalise about neighbourhood types and trajectories, and illuminating the nuances of change within these overall patterns.

**Different Perspectives on Neighbourhood Change**

Description of neighbourhood change is not, therefore, straightforward. Evaluating change is even more problematic, since different actors will have different experiences and perspectives that must be taken into account.

Research suggests that differences in perspective arise both from individuals’ positioning vis-à-vis the neighbourhood and their overall interests and values. On the first point, connection with the neighbourhood is apparently affected by income, age, gender, ethnicity, sexuality, or indeed any other characteristics that impact on lifestyle and the extent and nature of involvement in the local area (Ellen and Turner 1997). It is widely held that the local neighbourhood is of more importance for people on low incomes than for those with greater financial and human capital
and greater capacity to travel (Forrest and Kearns 2001). Atkinson and Kintrea (1998) found that social renters and owners on the same estates in Scotland had very different levels of interaction with their neighbourhood. Renters conducted 60% of their daily activities within the neighbourhood, while owners conducted three-quarters of their activities outside. Women tended to be more involved in the neighbourhood than men, regardless of tenure, because children’s activities were often locally based. McCulloch and Joshi (2000) argued that children of different ages experience neighbourhoods differently. In early childhood, transactions outside the home are limited and qualified by parents. Older children are influenced more directly by peers, teachers and other adults, and adolescents have a wider range of formal and informal neighbourhood associations. Forrest and Kearns (2001) note that the same logic can be applied to adults of different ages. They suggest that it is pertinent to ask “for whom does neighbourhood matter?” rather than just “does neighbourhood matter?”, and the same question can just as well be applied to neighbourhood change.

On the second point, different people may value different attributes of neighbourhood, giving rise to conflicting interests. The different interests of youth and adults in the use of public space are often a source of local conflict, for example (Girling et al 2000, Hill and Wright 2003) as are conflicts between transient populations (such as rough sleepers) and residential populations over issues of social control and surveillance. Improvements to neighbourhood social order brought about through CCTV and policing may improve perceptions of safety and maybe even house prices for permanent dwellers, but result in harassment, removal of safe places to meet and disruption of friendship and support networks for young people or homeless people (b 2003). Gentrification offers perhaps the best example of conflicting views of neighbourhood change, both among those experiencing it and the wider policy community. As Atkinson (2000: p324) reports, gentrification “has been construed as both destroyer and saviour in the regeneration of run-down areas yet… is not simply one or the other”. Housing quality and services tend to improve, but these benefits may mainly accrue to gentrifiers, while low income residents may be displaced or find themselves priced out of local facilities and services. Long standing communities may be broken up. The interests of different resident groups may thus conflict. Qualitative studies of neighbourhoods undergoing gentrification (or income mixing arising from tenure diversification policies) indicate that views are not always diametrically opposed. Low income residents tend to be ambivalent about change, recognising some of the advantages of more mixed and more affluent communities, but also some of the disadvantages. A similar diversity of perspectives is observed in neighbourhoods undergoing rapid ethnic change (Forrest and Kearns 1999, Mumford and Power 2003).

For the policy maker, whether such changes are seen, overall, as good or bad depends on what is ultimately valued. For example, increasing the economic or human capital of a neighbourhood through tenure diversification may be seen as ultimately more valuable for its sustainability than maintaining a high level of social capital in the form of an established community. Alternatively, this may be seen as too high a price to pay. During slum clearance programmes, improved housing and environmental standards were delivered at the expense of maintaining social networks, a fact often lamented since. These examples remind us that evaluative judgements about neighbourhood change always embody the underlying values of the evaluator, and that a full understanding demands that a wide range of perspectives about what is ‘good’ or ‘bad’ change are taken into account. Effects of change need to be broadly considered.

Moreover, the overall goals of policy also embody evaluative judgements about desirable neighbourhood change. Interpretation is critical in the debate about relative change and polarisation. Given that we are in a period of absolute improvement on many social indicators, how should data about increasing gaps between those who remain disadvantaged and others
be interpreted? Is some degree of polarisation, within and between neighbourhoods, to be expected as disadvantaged groups become smaller in number, such that we should be focusing on their smaller numbers not on polarisation, or is any sign of increasing division between social groups or areas inherently bad (Mohan 2004)? Is it relative or absolute change that really matters, and does the answer to this question differ for different indicators?

Measuring Neighbourhood Change

This discussion raises two other, rather more practical, issues about how neighbourhood change should be measured, and how well the current evidence manages to capture it.

The first is about how we define neighbourhood, in practical terms. What boundaries should be used to delineate one neighbourhood from another? How big is a neighbourhood? For many purposes (including the analysis of neighbourhood change using ONS neighbourhood statistics), ‘neighbourhood’ is often used synonymously with ‘electoral ward’, as the smallest measurable unit for social statistics, but wards can vary in size from about 1000 in some rural areas to about 30,000 in big cities. They only very roughly match the popular conception of neighbourhoods as being relatively small areas “made up of several thousand people” (SEU 2000) “where people identify their home and where they live out and organise their private lives” (Power and Bergin 1999: p9). Most wards are much bigger than any identifiable neighbourhood.

In reality, any physical or administrative boundary is probably inadequate. While neighbourhoods may be bounded in terms of their physical characteristics, as social spaces they are not. Massey (1994) has described neighbourhoods as overlapping sets of social networks. Some activities, like work, may be carried out many miles away; others, like mutual support, only with the space of a few streets. Glennerster et al. (1999) similarly conceptualised neighbourhoods as being made up of layers of interactions, like the layers of an onion, but also as overlapping rings, defined by the travel areas for different activities or the boundaries drawn by service providers. Kearns and Parkinson (2001), adapting from the work of Suttles (1972) suggested that neighbourhood exists at three levels. One, the home area, has a psycho-social purpose, fostering attachment and belonging, demonstrating and reflecting one’s values and making connections with others. A second, the locality, is the locale for residential activities, and denotes social status and provision. Local housing markets and the provision of local shops and services operate at this level. Finally, the urban district or region provides a wider landscape of social and economic opportunities. Thus when people reflect on the characteristics of their area, they may simultaneously make reference to the friendliness of their next door neighbours, the quality of local schools or parks, and the atmosphere and facilities of the city centre and the job opportunities within an even broader travel-to-work area. Different boundaries of ‘area’ make sense for different aspects, and the size of these boundaries may vary from one place to another, depending on the characteristics of the natural and built environment and the forms of local political, economic and social interaction. For example, workers in an isolated mining valley with a tradition of local employment may legitimately consider the local labour market to be predominantly contained within the boundary of their town, while similarly skilled workers in an inner London borough with good transport links may perceive the local labour market to extend well beyond their neighbourhood or even borough. Dorn et al. (1987) in their study on identifying neighbourhood heroin problems, suggested that: “any theoretically derived definition (of neighbourhood) is likely to face difficulties when faced with the variety of social forms to be found in a society which is diverse in terms of region, ethnicity, social class, tradition and culture” (1987:p6). Any definition is likely to be too small to capture important processes operating outside the neighbourhood or too big to capture in-neighbourhood changes that might conceivably be just as important. For example, Ozuekren (2003) demonstrates that while
research studies of ethnic minority settlement patterns typically concentrate on the city or census tract, changes that matter for social cohesion or service delivery may also be happening at lower levels. Over the period 1989-99 she found the Turkish community within one Stockholm neighbourhood becoming more concentrated over time within certain blocks, as households moved within the neighbourhood to be with members of their own ethnic group.

Nevertheless, some definition of neighbourhood is necessary to collect and analyse social data, and to enable comparison over time. Recent developments suggest the possibility of more sophisticated and more flexible approaches that may come closer to reflecting meaningful concepts of neighbourhood, and capturing different social processes occurring at different spatial levels. MacAllister et al. (2001) used ‘bespoke neighbourhoods’ drawn around the homes of respondents to surveys, each neighbourhood comprising the nearest n people to the respondent’s home, and Burgess et al., in new ESRC-funded research, are developing this approach using Census and administrative data to create overlapping geographies for different effects. Deitz (2002) suggests the use of spatial econometric models in which it is assumed that all individuals interact with each other, but with declining influence according to increasing distance, thus using distance weighting rather than a fixed boundary. The development of a wider range of datasets at postcode level and of a statistical rather than an administrative geography for the 2001 Census (and now as the basis for neighbourhood statistics) is also promising. Meanwhile, however, we need to recognize that much of our understanding of neighbourhood change, at least that derived from statistics, is based on a measurement unit that corresponds only weakly to the concept of neighbourhood that arises from qualitative work.

A second issue is that of the timescale over which change should be measured. It is self evidently true that different aspects of neighbourhood change at different rates, that there may be critical moments in neighbourhood trajectories, and that a long view, built up over several years or decades, will deliver an understanding of broader causes and consequences of change than a short view. We need to know if neighbourhood change is sustained. However, almost all neighbourhood research in the UK is short term in nature, mainly due to the lack of long term funding. Lack of comparability of neighbourhood boundaries and lack of comparability of data over time present further difficulties. For example, only one question (access to a car) was consistent across all Censuses since 1971. Even population counts are difficult to track from one Census to another, because of boundary and definitional changes (Martin et al, 2002).

Qualitative longitudinal studies are even rarer. CASE’s current study of 12 areas and neighbourhoods, extending over ten years, is to the best of our knowledge, the only current academic ‘panel study’ of neighbourhoods. Power and Tunstall’s Swimming Against the Tide (1995) is a rare example of a study examining the same neighbourhoods at intervals over a period of fifteen years. Policy evaluations of regeneration programmes like SRB and NDC also observe the same neighbourhoods over time. However, they tend not to continue after the programmes have finished, so longer term outcomes cannot be assessed. There is, therefore, something of a mismatch between our understanding of neighbourhood and neighbourhood change processes, and our ability to measure them.

The issues that we have discussed so far relate principally to how we think of neighbourhoods and their changing characteristics and how we operationalise these concepts in research designs. We have also reviewed some of the theoretical positions that have been taken in relation to the causes and effects of neighbourhood change, as a preliminary to considering how much we know about current trends and processes.

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2 ESRC Research Award H333250042. Details at www.regard.ac.uk
Causes of Neighbourhood Change

Place and Space

The first important issue in the debate over causes of neighbourhood change is the importance of place and space. A broad distinction can be made between explanations of neighbourhood change which have focused on within-neighbourhood causal links; those which have described neighbourhood change as manifestations of much wider social and economic movements; and those which have looked at neighbourhoods as related elements within urban and regional systems, focusing on the changing functions of neighbourhoods and the relationships between them, within a broader context of societal change.

Within-neighbourhood explanations of change emphasise how one characteristic of neighbourhood affects another, and how changes made at the local level can achieve beneficial effects, or produce undesired consequences. They include explanations relating to:

- Levels of human capital: that neighbourhood fortunes are driven by the education and skills of the workforce and their ability to command good wages.
- Local economic opportunities and developments: that characteristics of the local economy drive decline or recovery, and specifically that the loss of manufacturing jobs in inner city areas has resulted in a spatial mismatch between people and jobs which is perpetuating neighbourhood decline.
- Cultures of poverty: that poor neighbourhoods develop cultures of worklessness and benefit dependency such that residents fail to take advantage of the opportunities that arise and come to regard crime anti-social behaviour and environmental neglect as normal and acceptable.
- Levels of social capital: That residents of different neighbourhoods have different access to ‘bonding networks’ providing social support within the neighbourhood and also to ‘bridging networks’ that link them to wider opportunities outside the neighbourhood. Poor neighbourhood reputations can have the effect of limiting bridging networks.
- The extent and nature of collective action: that residents of different neighbourhoods respond differently to neighbourhood challenges and change. Some act collectively to mobilise resources and effect change, whereas others do not. Individuals may have a key role in mobilising collective action.
- Public policy, including levels of public investment and effectiveness of local services, and effectiveness of governance and political arrangements. In particular, levels of investment in the physical aspects of the neighbourhood (such as housing and the environment) can have a powerful effect on quality of life and influence people’s desire to stay, and their motivation and esteem.

Such explanations have been criticised for giving too much importance to local factors, by theorists who argue that changes in neighbourhoods are the product of changes at higher spatial levels, for example, changes in economic structure or large scale movements in population. Changes in ideology and taste, such as fashions for urban or suburban living also come into this category, as do forces of racial discrimination, and national public policy changes, such as tax or benefit policies. So, for example, it could be argued that since Pakistani/Bangladeshi people tend to do less well economically in the UK than other groups, neighbourhood change will be driven by the settlement patterns of these groups and by society’s capacity to deliver a more equal opportunity structure, not by within-neighbourhood factors like the strength of the local labour market or the capacity of local residents to lobby for...
better services. Proponents of these kinds of explanations have tended to resist area-based policy interventions as being marginal to resolving the problems of disadvantaged neighbourhoods.

An intermediate position emphasises the importance of place and space in determining how wider social and economic movements play out spatially, seeking explanations for change in an understanding of the functions of different neighbourhoods within wider urban and economic systems. Neither cities nor neighbourhoods can be seen in isolation but as having specific functions relative to others. Cities may take on different roles over time (e.g. places of residence or places of entertainment, industrial centres or educational centres), giving rise to different levels and types of housing demand – for city centre living, student accommodation, asylum seeker housing and so on, and similarly neighbourhoods have functions as places of immigrant settlement, high status housing and so on. Neighbourhoods evolve as socially and racially different groups compete for space (Park 1952), going through life cycles of change. For example, Duncan and Duncan (1957) argued that there are four basic stages in neighbourhood racial change – penetration, invasion, consolidation and piling up, and Hoover and Vernon (1959) that neighbourhoods go through stages of initial development, transition, downgrading, thinning out and renewal. Not all neighbourhoods go through all stages: with determining factors being both economic and social factors at a bigger geographical level (for example the overall city growth context, or levels of interest rates and their impact on housing markets) and within-neighbourhood factors, such as public investment in regeneration or the ability of residents to mobilise resources. The importance of the spatial dimension means that even when wider social and economic trends might act in favour of reductions in inequality between individuals, neighbourhood inequalities may grow because the least advantaged individuals become more concentrated in certain areas.

These different perspectives are introduced here because they provide a useful basis for reviewing evidence of causal mechanisms impacting on neighbourhood change at different spatial levels. None of them one their own may provide an ‘answer’ to what drives neighbourhood change. Indeed Teitz and Chapple (1998), reviewing the US evidence, find some evidence to support each of eight possible hypotheses about the causes of inner city poverty, some within-neighbourhood, some reflecting wider social and economic trends, and some relating to the spatial sorting of people and resources within cities: structural shifts in the economy, inadequate human capital, racial and gender discrimination, adverse cultural and behavioural factors, racial and income segregation, impacts of migration, lack of exogenous growth and adverse consequences of public policy. They conclude that:

"the inner-city poor do lack human capital to a profound degree in comparison with other groups. They are segregated and detached from the labour market. Demand for their skills at manual labor level has declined. They face discrimination in employment and housing. They live in a social milieu that reinforces detachment from the mainstream economy, though how much that milieu results in a different set of values and behaviours is subject to much debate. Similarly, segregation has separated the inner-city poor physically from employment opportunities, but there is no clear agreement about the impact of that separation. Their communities have weakened in the past four decades, but whether this is due to outmigration by the middle class or has resulted in that migration has not been determined. They face competition from new immigrants, but these immigrants also create employment opportunities. Their communities do not create new businesses, but whether that deficit is crucial for employment opportunity is not known. Finally they have disproportionately experienced negative effects from public
If this is the case, and neighbourhood change is indeed caused by a complex range of interacting processes, it is particularly important that any agenda for neighbourhood change research takes a broad view and attempts to explore interacting factors at different spatial levels. A narrow focus is likely to produce only a partial understanding.

**In-situ changes and population movements**

The second important issue is establishing the relative importance of changes that occur because the circumstances of the population change as they remain in situ, and those that occur because population composition changes. Economic changes are an obvious example of the first mechanism. Neighbourhood economic indicators improve when people who are unemployed move into work. Demographic and social changes also matter, such as increases or decreases in fertility rates, trends in family formation or partnership dissolution, or localised trends in substance misuse. Changes in the dynamics of disadvantage are likely to have an impact, for example if the same number of people is unemployed but for shorter periods (Walker 1995). But neighbourhood populations are not fixed. Other changes will occur because the composition of the population changes through migration. Some people move out and others move in. Understanding which changes have come about through migration and which through in-situ changes is vital, not just for understanding change in specific neighbourhoods but for understanding the wider impacts of neighbourhood change. No net gains are made, for example, if regeneration policies only have the effect of displacing disadvantaged individuals to other neighbourhoods when land and property values rise and population mix changes.

This is clearly a critical issue. However, it is one about which we are very ill-informed. Migration data is only available every ten years from the Census (covering the year prior to the Census), and there is no method of plotting moves between neighbourhoods in between, although administrative sources have been explored and used to a certain extent. Champion (forthcoming), for example, has used patient registers to calculate migration at the local authority level. However, most commonly used neighbourhood data only records changes in aggregate figures, and cannot tell us the source of these changes, whether originating in situ or through migration.

**Understanding the Effects of Neighbourhood Change**

In relation to the effects of neighbourhood change, we have identified two issues that are of principal interest. One concerns the effect of neighbourhood change on individuals. Many of the neighbourhood changes that we measure are, of course, aggregates of changes in individual circumstances, for example, changes in the number of benefit claims. However, there is also a large body of work concerned with identifying whether neighbourhood per se has any additional effect. Are people more likely to gain employment if they live in neighbourhoods where other people are in employment; are they more likely to drop out of school if they live in disadvantaged areas than in advantaged areas, and so on? This literature is more developed in the US than in the UK, and its findings and theoretical propositions have been reviewed elsewhere (e.g. Ellen and Turner 1997, Buck 2001, Atkinson and Kintrea 2002). The key question for this review is whether changes in the physical neighbourhood or its social composition have an effect.
The second issue is the effect of change in one neighbourhood upon change in another. As we have indicated several times in this report, neighbourhoods do not exist in isolation, making it likely in theory that change in one neighbourhood may impact upon change in another. Such effects might be described as ‘spillover effects’. They could come about by a number of mechanisms:

- Direct displacement of low income residents from one neighbourhood to another through demolition or compulsory purchase.
- Voluntary movement of low income residents when new or improved housing becomes available nearby, leaving empty properties in the neighbourhood of origin.
- Potential low income owner-occupiers (i.e. children of existing residents) being ‘priced out’ of the housing market by better-off incomers and having to locate into other low income areas.
- Potential low income social housing tenants (i.e. children of existing residents) being unable to gain access to housing locally because of competition from immigrants in greater housing need, and having to move to other low income areas.
- Potential middle income owner-occupiers (from outside the area) being ‘priced out’ of middle class areas by rising house prices and having to settle in lower income areas.
- Competition between areas, for example for jobs or housing, causing some areas to lose out and others to strengthen their position.
- ‘Leakage’ of benefits of regeneration schemes and other public investment to people outside regeneration areas.

Again these are complex mechanisms that demand a broad view and, in particular, a view that encompasses more than one neighbourhood at a time. Evidently, if we want to understand what is happening in the poorest neighbourhoods, we may also need to observe changes in other neighbourhoods within the same cities and regions and understand the knock-on effects.

**Reviewing Evidence of Neighbourhood Change**

With these conceptual and theoretical issues in mind, we reviewed existing literature to identify what is and is not known about causes, directions and effects of neighbourhood change. We concentrated on current evidence, although it is salient to note the historical context: a high level of continuity in patterns of neighbourhood poverty and wealth over the last one hundred years (Gregory et al. 1999), with decreasing spatial differentiation in the 1970s and increasing differentiation in the 1980s (Dorling and Rees, 2003, Hills 1996).

**How neighbourhoods are changing**

Our first conclusion from our review of the literature is that current knowledge of the directions of neighbourhood change is very limited, principally because little data is available at the neighbourhood level, and because where it is available, the time-series is short, making a meaningful assessment of change very difficult. In some cases, trends at the neighbourhood level can only be inferred from changes at higher geographical levels. Evaluations of neighbourhoods undergoing change programmes (such as the New Deal for Communities) are at an early stage and can only report on change processes, not outcomes.

One major difficulty is that we have no measure of the changing scale of neighbourhood deprivation, whether we have more or fewer poor neighbourhoods and more or fewer people
living in them. This is because our national Census does not collect data on an absolute poverty measure that can be aggregated at neighbourhood level or analysed in relation to specific population groups (e.g. poor older people, poor white people). In the US, the overall scale of the problem can be tracked using income data from a subset (1 in 7) of Census respondents. High poverty neighbourhoods are typically defined as Census tracts (about 4000 people) where at least 40% of the households have incomes below the federal poverty line. Using this evidence, Jargowsky (1997, 2003) noted an increase in the number of high poverty neighbourhoods between 1970 and 1990 and a doubling of the population living in such neighbourhoods. However, in the 1990s, he reported a 27% decline in the number of high poverty neighbourhoods and a 24% decline in their population. Moreover, fewer of the poor lived in poor neighbourhoods in 2001 than in 1991. There was, however, considerable variation between cities. For example in Washington DC, 2001 data shows more high poverty neighbourhoods, more people living in high poverty neighbourhoods, and more poor people living in high poverty neighbourhoods than in 1991, both because of exodus of the better-off population and because of recent immigration of disadvantaged residents. This type of knowledge has not been generated in the UK. The nearest attempts have been to use specific indicators of deprivation such as benefit claims as the basis for comparison, (Green 1996, Evans et al 2002). Tunstall and Lupton (2003) investigated the numbers of ‘poor’ people (i.e. claimants of Income Support or JSA) living in poor neighbourhoods, using various cut-off points on the Index of Multiple Deprivation 2000. They showed that 31% of claimants lived in the top 10% of wards, and over half (51%) in the top 20% of wards. However, this analysis was based on benefits data from 1998 and did not show change over time. Both Glennerster et al. (1999) and Bramley (ongoing work) have used the Breadline Britain Index to indicate neighbourhood poverty rates, and this approach could usefully be developed.

Such data as there is reveals two patterns: improvements in many indicators in all neighbourhoods, including the poorest, but possibly a widening of the gap between poor neighbourhoods and others; and the emergence of different trajectories for different kinds of neighbourhoods.

**Absolute improvements but continuing problems and a widening gap?**

In the absence of an overall indicator of neighbourhood change, we have looked at individual indicators to ask whether things have got better at the neighbourhood level. The answer appears to be yes. Overall figures for improvements in employment rates and decreases in unemployment, increases in educational attainment and improvements in housing conditions are, after all, aggregates of neighbourhood data, such that if there are improvements, on average, nationally, there will be improvements, on average, in neighbourhoods. More specific data relating to neighbourhood conditions also shows improvement over time. The Survey of English Housing shows a reduction in reported neighbourhood problems across all categories in the last ten years (Fig 2). However, the survey also shows an increase in reported problems between 1999 and 2002 and that twice as many householders (23%) thought their area had got worse over the last two years than better (12%).

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3 Funding from the Brookings Institution has enabled Jargowsky and colleagues to map changes in poverty at neighbourhood level for all the major metropolitan areas. City maps are available via the web (http://www.urbanpoverty.net/).
Of more interest in neighbourhood policy terms is whether these improvements have been evenly distributed across different types of neighbourhoods and particularly if there is any evidence of a closing of the gap between poor neighbourhoods and others. The evidence here is very limited, largely because the government has not yet published any monitoring data in relation to its neighbourhood renewal strategy, and because small area Census data, which will provide a powerful picture of change over the last 10 years, were only published in summer 2003. A much fuller picture will emerge over the next year or so.

Meanwhile, forthcoming academic analyses of the neighbourhood renewal floor targets (Lupton and Power, forthcoming) suggest that there have been absolute improvements in many indicators in the poorest areas since the mid-late 1990s. For example:

- On aggregate, employment rates in the 30 worst local authority areas have risen slightly faster than the national rate.
- Educational attainment at KS2 and KS4 (age 11 and 14) has been improving more quickly in disadvantaged areas and schools than nationally.
- The proportion of homes below the decency standard has reduced substantially.

However, these data are highly aggregated, to local authority level at least and in some cases to the level of aggregates of the worst group of local authorities. Data from below the local authority level shows a much more variable picture. CASE’s data from its 12 areas study shows that attainment in some of the lowest attaining schools has improved hardly at all and that there are LEAs where there has been a polarisation of attainment between schools. Census data shows that in some of the areas, economic inactivity rates have risen between 1991 and 2001, more households have no one in employment and the proportion of people reporting limiting long term illness has risen more than the national average. This would suggest that
improvements in the poorest neighbourhoods, when examined at the neighbourhood level, have been patchy.

In a similar vein Bramley (forthcoming) has been working with the Glasgow Alliance to chart a variety of indicators for wards in Glasgow across the period 1991-2001, categorizing each ward as ‘most deprived’, ‘moderately poor’, ‘moderately affluent’ and ‘affluent’. The indicators are population change, house prices, vacant properties, owner occupation levels and poverty levels (using the Breadline Britain index as an indicator of poverty). The early evidence paints a mixed picture, with housing demand and population falling most in the poorest wards but poverty levels improving more in these wards than in those that were better off to start with. Work is progressing on modelling the relationships between these and other outcomes and a range of associated factors or drivers of change, including some which are policy related (e.g. new public or private housing investment).

It is clear that there still remain very substantial differences between the poorest areas and others. For example, the gap between the employment rates of the 30 worst areas and the national rate was still 11.5 percentage points in 2003. The burglary rate for CASE’s 12 local authority areas was one and half times the national average in 2002/3 and robbery rate twice the national average. The English House Condition Survey (2001) shows a much higher level of environmental problems in poor neighbourhoods than others. 24% of people in poor neighbourhoods reported problems with litter and rubbish, and 16% with scruffy or neglected buildings, compared with none in other neighbourhoods (Figure 3). In the Survey of English Housing, more than twice as many people (20%) were dissatisfied with their area in the most deprived wards than in other wards. In relation to the government’s target that no-one should be disadvantaged by where they live, there is still a considerable way to go.

**Figure 3: Neighbourhood Problems**

![Neighbourhood Problems Chart](Figure 3: Neighbourhood Problems)

Source: English House Condition Survey (2001) Table A 5.5
Other evidence indicates a widening gap between poor neighbourhoods and others. Dorling and Simpson (2001), using Income Support claims as a poverty indicator, reported that between 1996 and 1998, overall levels of claims fell by 14%, but that the fall was bigger in Conservative areas of the country than in the old Labour industrial heartlands. The biggest falls were among unemployed claimants, not those permanently sick or disabled or lone parents. The much higher rate of job growth in the South and East of the country has enabled more people to get into work than in the economically struggling industrial regions. Evans et al. (2002) extended this analysis, reporting on ward-level rates of Income Support and income-based JSA at three points in time: 1995, 1998 and 2000. They also found that claim rates fell in all areas. However, rates declined less in the wards with higher claim rates than in the wards with lower claim rates. Evans et al. found that the gap between types of areas (‘prosperous England’ and the rest, as classified by ONS) grew more than the gap between regions (South East and North East), suggesting intra-regional as well as inter-regional shifts.

Neighbourhood-level analyses of Census data have not yet emerged. However, Dorling and Rees (2003), drawing on Census Key Statistics for local authority areas, find that “Britain, which divided so dramatically and obviously in the 1980s, as the mines were closed and the yuppie houses built, divided even more rapidly but perhaps more surely in the 1990s” (p1288). They note increasing segregation of white people, of council house tenants, of students, of people unemployed who have never worked, of the young unemployed, and of those in full time work, in professional occupations and with a degree. They argue that “people who can choose are choosing to live further and further away from people who cannot choose” (p1308). If this is true, one would expect the same results to be manifest at the neighbourhood level, and there is clearly a need for these analyses to be done, although with a mind to Mohan’s (2004) criticisms, which reflect some of the conceptual issues raised at the start of this report; that Census indicators taken separately inevitably involve double counting (e.g. professional people overlap with people with degrees), that at least as many indicators show decreasing polarisation as increasing, and that shrinking groups (for example the underemployed or Council tenants, are more likely to become more geographically segregated than larger or growing groups. Both authors argue for fuller analysis and for a debate about which indicators are important and how polarisation should be measured.

**Different Trends for Different Kinds of Neighbourhoods**

This evidence suggests a mixed picture of neighbourhood change, possibly with less improvement in poor neighbourhoods than in others. There is also some evidence that different kinds of poor neighbourhoods may be changing in different directions.

Using a combination of socio-economic data at ward level and qualitative research, Lupton (2003b) has suggested that neighbourhood trajectories are diverging, even among the poorest neighbourhoods. Small peripheral industrial areas are continuing to lose jobs and people. Their house prices are not keeping pace with national increases and social housing demand is diminishing, leaving the least popular neighbourhoods vulnerable to rapid decline. Economic inactivity rates are rising disproportionately and falls in unemployment are slower than the national average. By contrast, inner London neighbourhoods are experiencing within-neighbourhood polarization, with high housing pressure both from high-income gentrifiers and new immigrants. They are seeing a substantial economic revival, albeit that many of the new jobs being generated are low paid. Poor neighbourhoods in other large urban centres have mixed fortunes, with inner neighbourhoods showing some evidence of both gentrification and increasingly disadvantaged ethnic minority populations, although in the context of generally low housing demand. Inner city neighbourhoods are well connected to reviving central city...
economies and demonstrate more recovery potential than outer city neighbourhoods, often with predominantly social housing tenure.

These arguments are developed on the basis of detailed longitudinal evidence from twelve areas and neighbourhoods selected to be representative of disadvantaged areas in 1991. They are consistent with other local studies during the 1990s and early 2000s, which have looked at specific types of neighbourhoods and at specific issues. There is an unknown number of reports carried out for local authorities or regeneration partnerships profiling problems and trends in specific neighbourhoods as well as a range of more academic reports, usually drawing on case study examples, for example:

- Bennett et al (2000) looked in detail at two coalfield areas, Rhondda Cynon Taff and Mansfield, similar to the peripheral industrial communities Lupton described. They reported persistent economic inactivity and poverty, not alleviated by new investment in the form of manufacturing or service activities like call centres, which offered part time, low paid and sometimes temporary work, often taken by women. Little progress had been made in rebuilding productive capacity and tackling the serious economic and social problems reported by the Coalfields Task Force in 1998.

- Mumford and Power (2003) looked at change in two East London neighbourhoods through the eyes of 100 parents. One of the most striking features of the areas was their rapid ethnic change, with extremely diverse communities, including new groups of black Africans and Eastern Europeans as well as more established groups. Economic growth had not yet had much impact on the neighbourhoods, and the parents reported high levels of social and environmental problems. A third of the families had no-one in work. Worklessness was higher among ethnic minority parents.

- Power and Mumford (1999) examined four inner city areas in Manchester and Newcastle and found that there had been a dramatic reduction in demand for housing since the mid 1980s. Two neighbourhoods had symptoms of abandonment, with intense demand problems in all property types, all tenures and all parts of the neighbourhood, falling property values, demolition sites and streets with a majority of houses empty. The others had less severe problems and there was hope that they could be stabilised.

- Gwilliam et al. (1999) reported on trends in the suburbs, using case studies. They pointed out that the majority of our urban population lives in the suburbs but that, with the exception of suburban public housing estates, they attract very little research or policy interest. They found considerable variation between their case studies, but also some common messages: deteriorating community facilities, declining local retail centres, increased reliance on the car, and a lack of housing variety. Some suburbs were becoming less sustainable, losing local facilities and jobs.

Findings from these local studies could usefully be tested on a large sample, with neighbourhoods categorized into types depending on region, industrial base, housing type and tenure, location, and ethnicity, to establish whether clear patterns emerge with different kinds of neighbourhoods moving in different directions. We are not aware of any UK study of this kind.

Analyses of patterns of deprivation across neighbourhoods have been limited to looking at relative shifts in position between neighbourhoods. For example, analysis of change between the deprivation indices produced during the 1990s showed the emergence of seaside towns as an increasingly prominent type of poor area. There has been no nationwide analysis of shifts in ward rankings across the indices, partly because it is recognised that changes in the composition of the index are likely to have influenced rankings. The lesser weighting given to
housing related indicators in the 2000 IMD resulted in inner London neighbourhoods being ranked lower on this Index than on previous ones.

Analysis of change in specific indicators across neighbourhoods will undoubtedly emerge from Census analysis but has not done so yet. There are problems comparing Census data at neighbourhood level because of under-enumeration problems and the different methods of counting students in the 1991 and 2001 Censuses. Our own early analysis looks at population change and suggests continuing population losses from inner city neighbourhoods, except those in inner London and those with growing ethnic minority populations (Power and Lupton forthcoming), consistent with the findings of local studies during the 1990s that we have cited earlier. This would also be consistent with findings from the US, demonstrating a continuing pattern of decentralisation in large urban areas, even in growing cities. Berube and Forman (2000) looked at patterns of population change in the 100 largest US cities between 1990 and 2000, using GIS technologies to categories each census tract according to its distance from the Central Business District (CBD). Inner ring neighbourhoods grew on average by 2.7%, middle ring by 6.2% and outer ring by 15.1%, meaning that by 2000 the greatest share of the population of the 100 largest cities lived in outer-ring neighbourhoods. 62% of population growth in these cities across the decade occurred in these neighbourhoods. Decentralisation was greater where cities were not geographically hemmed in, and had room to ‘sprawl’.

Berube and Forman also found evidence of growth in ‘downtown’ areas. 65% of downtown census tracts experienced growth and their rate of growth was higher than for cities as a whole, although the size of these populations remained relatively small and they contributed relatively little overall to city population change. Growth in CBD populations has also been noted in the UK, not just in London, but in provincial cities. Lambert and Boddy (2002) describe a growing scale of residential development in and around central locations, both through new development on vacant and under-used sites and through conversion and redevelopment of obsolete industrial and commercial buildings. They describe these developments as “relatively modest in absolute terms” but “indicative of a major qualitative shift in the nature and location of new housing development in UK cities” (p8). Table 1 shows that the pace of city centre house-building appears to be continuing.

### Table 1: City Centre House-Building in Core Cities

<table>
<thead>
<tr>
<th></th>
<th>Completed since 1991</th>
<th>Under construction</th>
<th>With planning permission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>2360</td>
<td>760</td>
<td>640</td>
</tr>
<tr>
<td>Bristol</td>
<td>842</td>
<td>627</td>
<td>699</td>
</tr>
<tr>
<td>Leeds</td>
<td>860</td>
<td>690</td>
<td>1930</td>
</tr>
<tr>
<td>Liverpool</td>
<td>1630</td>
<td>530</td>
<td>1000</td>
</tr>
<tr>
<td>Manchester</td>
<td>3120</td>
<td>1970</td>
<td>3540</td>
</tr>
<tr>
<td>Newcastle</td>
<td>790</td>
<td>500</td>
<td>450</td>
</tr>
<tr>
<td>Sheffield</td>
<td>450</td>
<td>-</td>
<td>450</td>
</tr>
<tr>
<td>All core cities</td>
<td>10052</td>
<td>5077</td>
<td>8709</td>
</tr>
</tbody>
</table>

Reproduced from Lambert and Boddy (2002). Data as at 04/01 (except Newcastle 06/01 and Sheffield 10/00)
Wider Trends Causing Neighbourhood Change

There is, then, some evidence of current neighbourhood change but it is sparse, meaning that we have to rely to a certain extent on extrapolating from wider trends. Here we have a relatively good understanding of trends in relation to many of the theories of neighbourhood change that we identified earlier and we have attempted to summarise the evidence here, bearing in mind that for each issue we raise there is a substantial literature that would merit a review on at least the scale of the one we have carried out here. At risk of partiality, we have simply aimed here to give an overview of key findings and directions, and our own assessment of the state of knowledge in various areas.

First, we know that there are ongoing processes of structural economic change that will impact at neighbourhood level. No-one seriously doubts that the massive decline of traditional and manufacturing industries in Britain in the 1970s and 1980s has been a major factor in the decline of neighbourhoods in major cities and outlying industrial areas. The question now is the extent to which patterns of economic change are having a continuing impact upon neighbourhood fortunes. This information is not available from any quantitative analysis, since neighbourhood typologies (such as they exist) have not incorporated larger-scale economic data, such as sectoral or occupational shifts over time. In other words, there is no database that classifies wards on any scale of economic changes. Evidence is therefore drawn from labour market analyses of specific areas, and on qualitative data.

Overall, the evidence suggests that:

- London’s rapid economic growth and positioning as a global city is having a rapid and significant effect on the population composition of London neighbourhoods, particularly in inner London. Two different kinds of between-neighbourhood migration effects are occurring: gentrification and colonisation by low-income migrants. Butler and Robson (2001) point out that there are different kinds of gentrifiers, whose arrival has different kinds of impacts on their new neighbourhoods. The same trends are evident to a much smaller extent in other cities, with some CBD growth and some growth of inner city minority ethnic populations, including refugees. However, the forces for neighbourhood change are much weaker outside London.

- The same is also true of economic changes that might impact on residents in situ. In theory, London’s job growth should have the effect of improving labour market outcomes and reducing polarisation. However, as Sassen (1991) and others have argued, polarisation in the job market results in continued social and economic polarisation even in situations of job growth. Hamnett (1994) has challenged this theory, and argues that European cities are experiencing professionalisation rather than polarisation of their labour markets. Cox and Watt (2002) challenge Hamnett, arguing that much of the low paid service work that he fails to find exists in the informal sector. On the other hand, Dickens et al. (2003) find clear evidence that low skilled workers in the South East are benefiting from economic growth by taking on formal employment. They show that the employment rate for men with low qualifications in Council housing has risen from 58% in 1993 to 65% in 2002. However, this is not the case in the northern conurbations, where the employment rate for this group has fallen over the same period, from 32% to 25%. Turok and Edge (1999) reported net job losses in most large cities between 1991 and 1996, and although there have been improvements since, the scale of the economic recovery in the major conurbations outside London is nothing like that of the capital. Economic factors alone are unlikely to be having a major impact on the trajectories of poor neighbourhoods in cities outside London.
Economic decline in traditional industries continues to reinforce problems in one-industry towns, such as coalfield and steel towns (Bennett et al 2000, Lupton 2003b). The exception is seaside towns which have suffered decline of their major industry (tourism) in a similar fashion to traditional industrial areas. Contrary to popular perception, most seaside towns are recovering economically, with higher rates of job growth than the national average, albeit much of it low paid and part time. This is leading to strong female employment growth but falling male employment. Population growth in seaside towns is also outstripping job growth, accounting for higher levels of unemployment than in surrounding areas. The availability of housing (former tourist accommodation) affordable for people on benefits accounts for pockets of extreme deprivation in some seaside towns (Beatty and Fothergill 2002).

Rural economies are facing both cyclical and structural difficulties (Strategy Unit Rural Economies Report) but poverty concentrations are smaller in rural areas and structural economic problems are not resulting in extensive neighbourhood poverty as they have done in urban areas.

A further, more general finding is that, while labour markets are not highly localised, some neighbourhoods have very much worse economic outcomes than others in the same labour market. Brennan et al. (2000) suggest that this is partly because of specific local labour market effects within wider labour markets, such as the loss of neighbourhood retail jobs to out-of-town or town centre retail parks, and these local effects need to be understood as causes of neighbourhood change. However, different economic outcomes with the same TTWAs are mainly a product of population and housing trends that concentrate those with the least labour market advantage in the same neighbourhoods.

A second discernible trend is the continuing shift of population from large cities to smaller towns and rural areas. Loss of population from large conurbations was slower in the 1990s than in the 1980s, but nevertheless an important trend. The large industrial conurbations of the North and Midlands lost, between them, about 210,000 people, 2% of their population at the start of the decade, compared with a 1.5% increase in the population as a whole. On aggregate, percentage losses were greatest in the principal cities of Newcastle, Leeds, Sheffield, Birmingham, Manchester and Liverpool than they were in the surrounding metropolitan districts, but not much. These districts lost 1.7% of their population compared with 2.3% in the principal cities. Other large cities also lost population, although on a smaller scale, while small cities gained population at about the national rate. Industrial areas lost population, while rural areas, mixed urban and rural areas, coastal towns and districts with new towns all grew faster than the national average. The big exception to the trend was London, which grew rapidly. Inner London boroughs had the fastest growing population in the country. London gained about half a million people in the 1990s, accounting for about a third of the entire population growth of England and Wales.

Figure 4 shows percentage change 1991-2001, showing the very strong performance of London, and the decline of the other conurbations and large cities. Given the regional location of the different types of districts, what is also being reflected in this graph is a shift of population from the North East and North West to London, the South East and South West.

Champion (forthcoming), has analysed the patient register dataset to explore the trends in migration that underlie these changing population patterns. He finds that migration from North to South is less important than it was, and less important overall than counter urbanisation, The most prominent pattern is of moves down the urban hierarchy, with the exceptions that smaller cities seem to be drawing in people from lower levels in the hierarchy, and that resorts, ports
and retirement areas seem to have become the most popular destination for in-migrants. Even London has net out-migration, which suggests that its extraordinary growth has arisen from natural growth and international immigration.\footnote{And possibly because of students, who are not well covered by the patient register database.}

**Figure 4: % Population Change 1991-2001**

![Graph showing population change](image)


What is not yet known is how these trends will impact on neighbourhoods. The Census data is too new for neighbourhood level population trends to have been produced, although some of this analysis is currently underway at LSE among other places, replicating Atkins et al. (1996) analysis of within-urban population trends, which showed a pattern of decentralisation of people and employment. Analysis of migration data at ward level is also beginning, following release of the Census migration statistics.

These analyses will demonstrate the impact of overall population change on neighbourhood population composition, and on deprivation according to Census indicators, testing whether we are seeing a US pattern of increasing poverty concentrations in inner urban areas as populations move out (Jargowsky 2003).\footnote{Lack of a direct poverty indicator makes an exact comparison with the US data impossible.} Impacts on rural neighbourhoods could also usefully be explored.
A third factor is **ethnic change**, given the strong spatial patterning of ethnic settlement. The UK is becoming increasingly ethnically mixed, with a minority ethnic population of 4.6 million in 2001 or 7.9 per cent of the total population. Indians were the largest minority group, followed by Pakistanis, those of mixed ethnic backgrounds, Black Caribbeans, Black Africans and Bangladeshis. The remaining minority ethnic groups each accounted for less than 0.5 per cent but together accounted for a further 1.4 per cent of the UK population. Growth rates for all ethnic minority populations are much greater than for the white population. The black African population more than doubled between 1991 and 2001, and there was a 74% growth in the Bangladeshi and 57% growth in the Pakistani population.

This growth is not evenly distributed spatially. Analysis of trends in the 1980s showed that minority groups principally grew in the towns and cities in which they were already concentrated, meaning that the share of minority group population in urban areas increased, while the white population became less urbanised. Within cities, there was some evidence of decentralisation (Rees and Phillips 1996). As yet, analysis of changing patterns in the 1990s, using the 2001 Census, has not emerged, although our own forthcoming analysis shows that, at the local authority level, the pattern of growth in areas of established settlement has continued.

Intercensal work gives some further clues. Dorsett (1998) shows that recent immigrants are more likely to live in wards with a high ethnic minority concentration, and so are those who are less fluent in English, ethnic minorities who live on low incomes or who have fewer paid workers. This suggests that new migration is likely to give rise to increasing concentrations of minority ethnic populations. From another perspective, researchers at the Universities of Leeds and Warwick have been investigating trends in the residential mobility minority ethnic groups who are already settled: South Asians in Leeds and Bradford, partly by analysing the electoral register using specially developed software to recognise South Asian names. Initial findings for Bradford show continuing patterns of concentration for all South Asian groups in the inner city, but also evidence of movement into less deprived areas during the 1990s. This movement is not random. Suburbanisation still involves some clustering by religious group, and avoidance of certain areas, particularly outer social housing estates, which were perceived to be ‘white territory’. Ratcliffe et al. (2001) also found that certain council estates were avoided by Asian families. They also found that some of the traditional assumptions about South Asian housing preferences, such as owner occupation and being close to a South Asian community, were not entirely borne out, suggesting that greater integration might be both desired and facilitated.

Research into the settlement patterns of different ethnic minorities, and their impacts on neighbourhood change, is relatively sparse here compared with the US, where segregation research has been a key element of understanding neighbourhood change. There has been a stronger emphasis on tracking segregation patterns over time (e.g. Cutler, Glaeser and Vigdor 1999) showing strongly persistent patterns, and there has also been a stronger emphasis on untangling whether neighbourhood changes arise from changes in neighbourhood composition, changes in income distribution within ethnic groups, or changing poverty rates for residents regardless of ethnic group. Quillian (1999), for example, used longitudinal data from the Panel Study of Income Dynamics to demonstrate that increases in the numbers of high poverty neighbourhoods between 1970 and 1990 were due principally to the exodus of the middle classes, both white and black, not to increasing poverty rates of poor blacks in situ. Non-poor blacks also moved out, leaving their remaining neighbourhoods poorer and blacker. However, their receiving neighbourhoods also became blacker, as whites moved out. Alba et al (2000) also showed non-poor Asians and Hispanics living in neighbourhoods with more minority than white residents, while rapid immigration caused a growth in the number of all-minority neighbourhoods at the lower end of the income scale. Because of these trends, the US is
experiencing growth in the number of all minority neighbourhoods, even while the overall segregation is decreasing as the majority of formerly white neighbourhoods now have a few minority residents. There is also a considerable literature explaining residential mobility of different ethnic groups (e.g. South and Deane 1993) and the likelihood and reasons for white avoiding black neighbourhoods (e.g. Harris 1999, Emerson et al 2001). Emerson et al. suggest that there are thresholds of ethnic minority population that trigger avoidance of neighbourhoods by white families, particularly those with children, and that there are independent race effects (for blacks but not for Asians and Hispanics) not just class effects. These issues have not been investigated to the same extent (if at all) in the UK, so we are not aware the extent to which they are a factor in neighbourhood change.

In addition to ethnic change, neighbourhoods are also affected by other demographic changes: fertility, ageing, partnership formation and dissolution and so on. National trends play out differently in different neighbourhoods because they apply differently to different social class and racial groups and to people of different ages, who may be clustered together (Kiernan 2003). They have an important impact on housing and service demand. Social trends also matter, including preferences for home ownership, trends towards city centre living, increasingly open homosexuality and the development of distinctive gay lifestyle communities. To our knowledge there has not been any systematic ‘futures’ work to understand how changing social trends, tastes and preferences are likely to impact on different types of neighbourhoods, given their social, demographic and ethnic composition.

There is growing policy interest in the role of social capital and a considerable literature on the nature and impact of local community action in deprived neighbourhoods (although noticeably not in non-deprived neighbourhoods). By their nature, such activities are small-scale and it is hard to evaluate their impact on neighbourhood change given the other broader changes that are also at work, not least the sizeable public investment around which community involvement is often mobilised. There is certainly evidence that community activity can results in better small scale facilities and services such as play areas, youth groups or community cafes, which in themselves provide opportunities for people to meet and for social capital to develop (Richardson and Mumford 2002), and that they can also have a beneficial influence on the delivery of public services. Whiteley (2004) produces evidence of a correlation between participation and lower crime rates, a finding that is supported by qualitative evidence of the negative effects of diminishing social networks on levels of informal social control (Sampson 1999). The Audit Commission cites evidence of community involvement helping to reduce numbers of void properties and turnover.

Finally we consider the impact of public policy changes, at different spatial levels, on neighbourhoods.

Clearly, policy changes at the national level could have, and do have, both intended and unintended impacts at neighbourhood level. In the very broadest sense, fiscal policies affect neighbourhood income and spending levels; immigration policies affect neighbourhood composition; and transport policies impact on patterns of residential settlement and commuting. Interest rates and changes in stamp duty have had a direct effect on house prices, which are one of the major influences on who lives where. Changes to higher education policy including increasing access and charging tuition fees have implications for housing markets and service provision in neighbourhoods close to universities and probably for labour markets as student labour may mop up labour demand in some sectors to the detriment of other local residents.
More specifically, policies targeted at the poor, such as welfare to work programmes, should obviously be expected to make a major impact in areas where the poor are concentrated and post-hoc data can be used to a certain extent to demonstrate these effects. For example, our own analysis of Census data shows increases in the proportions of lone parents in employment that are greater in some of the deprived neighbourhoods we are studying than the national average, which indicates the possible impact of the New Deal for Lone Parents. Evaluations of programmes like this sometimes have a spatial component. For example, the New Deal evaluation has correlated New Deal outcomes with ward-level deprivation, and generally found outcomes to be less good in deprived than non-deprived wards. However, they do not show neighbourhood impacts: for example changes to social networks when more lone parents are working; changes to childcare provision; effects on family income and whether additional incomes have any effect on local economies; or whether employed parents move out. Local case studies tell us that the Right to Buy council housing (RTB) has had a major impact on residualisation within the social housing sector, as up to 50% of the stock has been bought on some popular estates, reducing the stock available for letting to the least popular estates, thus diminishing the reputation of Council housing at the same time as increasing the likelihood of concentrations of problem tenants. However, there has been no systematic evaluation of the neighbourhood impacts of RTB, linking numbers of sales to changing demographic profiles in areas or to migration patterns. Across all of these issues, there is more scope for assessing neighbourhood impacts, both within-neighbourhood impacts and impacts on relationships between neighbourhoods.

Neighbourhood impact evaluations, to date, have concentrated mainly on policies directed at neighbourhoods. Traditional approaches to evaluating these programmes have not been able to provide good evidence on their impacts on neighbourhood change because it has been difficult to untangle effects brought about by the programmes from other changes (ODPM 2002). Evaluations have rarely persisted beyond the life of the programme. They have told us more about whether and how policies can create conditions for beneficial change, than about outcomes. They suggest that area-based initiatives can be a catalyst for innovation, multi-agency working and community involvement, and that they are most likely to effect beneficial change when they achieve integration of individual projects so that they work towards common outcomes in a co-ordinated way, when their partnership structures are genuinely inclusive and not dominated by one partner, when they are well linked to the policy agendas of other agencies, when they have effective monitoring and review arrangements capable of informing strategy, and when they have experienced staff (Brennan et al 1998, Smith 1999, Kleinman 2000, ODPM 2002).

The evaluation of the Single Regeneration Budget has involved survey work to assess outcomes, taking into account that some problems may be displaced and some benefits ‘leak’ to people outside the area. Based on seven case study areas, the research found the SRB had significant positive impacts on outcomes for residents (Box 1). In these cases, the characteristics of outward movers were not dissimilar to those of inward movers, suggesting that changes were not caused by migration effects. However, the changes were not of the magnitude to effect any substantial change in the functions of the areas, restoring their former viability as enterprising areas. Despite the improvements, the areas remained very much below the national average on key indicators such as employment. SRB made a valuable contribution to change but not a transformative one.
Box 1: Outcomes from SRB

- Fewer low income households
- Fewer households on income support
- Increase in full time employment and bigger increase in employment rate than average
- Sharper fall in unemployment than nationally
- Large than national Increase in proportion of parents believing area was a good place to bring up children
- Increase in perceptions of safety (against the national trend)
- Increase in community involvement and in perceptions that one could rely on friends and family locally for support
- Increased satisfaction with area and accommodation
- Reduction in proportion considering themselves to be in good health (only indicator to show evidence of a widening gap between SRB areas and national average)

Source: ODPM (2002)

On this basis, Rhodes et al (2003) conclude that “no amount of ABIs will remove the problem unless there is a co-ordinated refocusing of mainstream expenditure onto the problem areas concerned” (p2425). Both SRB and NDC evaluations suggest that this essential change is not yet happening. The extent to which is needs to happen is also unknown because the relationship between levels of investment in services and outcomes has not been established and we have no way of knowing how much extra money would be needed to bring outcomes up to national averages nor what changes would be effected by reducing mainstream funding in more advantaged areas.

A useful perspective on evaluation of regeneration policy is provided by Skifter Andersen (2002), reporting on a Danish programme for the renewal of 500 deprived housing areas. Skifter Andersen’s approach is unusual, in that he uses quantitative analysis of indicators of interventions and outcomes across all 500 estates to assess programme impact, concluding that the interventions had stopped the negative trends in the estates, but that further and longer-term efforts would be needed to create new and positive developments. Of equal interest, he argues that one of the problems for evaluation of regeneration programmes has been a lack of clarity about their objectives: whether they are designed to ameliorate conditions within neighbourhoods or to affect the spatial pattern of disadvantage. Skifter Andersen argues that we need theoretical models of beneficial neighbourhood change in different circumstances (for example that change will be affected by improving housing market competitiveness or strengthening social networks) and strategies that are based on these change models, rather than generic strategies for all neighbourhoods.

Interacting Factors

This section has aimed to give an overview of the main issues and trends identified in the literature as impacting at neighbourhood level. While it is tempting to try to isolate which are the major drivers of change, and how much change is accounted for by each of the factors, case studies of neighbourhoods invariably show that what produces change is the interaction of factors. Neighbourhood change is never the product of one factor alone but of a combination of demographic, social, economic and policy changes (Box 2). Cole et al’s (2003) study of trends
in the Leeds housing market provides a useful example, drawing on a residents’ survey, secondary data and interviews with housing providers and other stakeholders. Even though this concentrates only on housing market change not on neighbourhood change per se, it demonstrates the complex interaction of different influences at local level.

Box 2: Influences on the Housing Market in Leeds

- The Leeds economy has enjoyed rapid growth over the last 10 years, especially in the financial sector. Its population has also grown slightly, unlike most other major cities, and is forecast to grow more over the next 20 years. Highly paid workers have created a demand for city centre ‘loft living’ and for higher value detached properties. Some neighbourhoods have enjoyed rising values. High prices for flats in the city centre had resulted in “significant demographic change”, with a city centre population quite different from communities elsewhere in the city. City centre growth was also thought to have had a ripple effect on surrounding areas.

- However, 41% of postcode sectors have experienced price reductions. First time buyers are now able to skip the first rung of the housing ladder (inner city terraced homes) and buy homes on the edge of the city. Such decisions were attributed to push factors, such as poor quality housing and high crime, as well as pull factors such as better accommodation, better schools and a better quality of life.

- Markets in some inner city neighbourhoods are being sustained by growing South Asian populations. Respondents felt that these communities were not dispersing and had a strong commitment to their neighbourhoods. However, there was also a growth in demand from larger ethnic minority households along the main arterial routes from traditional areas of settlement.

- Demand for local authority property is falling, resulting in high void rates and stock turnover in some neighbourhoods. Stakeholders attribute this to four main national factors:
  - Low interest rates, enabling low cost home ownership
  - An increasing preference for home ownership
  - The ageing of the social housing population
  - Historic underinvestment in council housing

- However, local factors had influenced how these had played out in different neighbourhoods, notably the demographic profile of residents, the type and quality of the housing stock, neighbourhood reputations, neighbourhood environment and conditions, and the extent of housing association development nearby, which had sometimes undermined demand for Council housing. Different neighbourhoods had different levels of actual and planned housing mobility, partly arising from their demographic profile but not necessarily. Factors such levels of satisfaction with the area were also important. Some ‘at risk’ neighbourhoods had low levels of mobility and high levels of satisfaction, but ageing populations and low reputations elsewhere in the city, suggesting a serious future demand problem, while others high mobility and turnover, low satisfaction and short term instability.

- The expansion of the student population has boosted the private rented market and caused rapid change in certain neighbourhoods. Student lets were pushing house prices up. In some neighbourhoods, residents complained of being forced out by high prices and a student-dominated culture

- Private renting has also been fuelled in other parts of the city centre by demand for city centre renting and by the ‘buy-to-let’ market, which has expanded due to the availability of five year fixed term mortgages and the loss of confidence in the pensions market. Areas of private renting are opening up in neighbourhoods which have not had them before.

- There have been significant new policy developments which will enable different public responses, particularly the creation of Arms Length Management Organisations, the prospective development of PFI funding, the importance of meeting the government’s decent homes target and a new government recognition of the need for large scale demolition in some circumstances.

Source: Cole et al. 2003
Attempts to derive overall theories of neighbourhood change have usually concluded that economic change is at the root, but that within similar economic environments, different neighbourhoods can experience different trends depending on their location and residential function. These factors (labour markets and housing) impact both on existing residents and on changing population composition. In highly disadvantaged neighbourhoods, they set in train a series of other mechanisms: lack of inward investment, poor public service provision, declining environments, diminishing social networks, poverty traps caused by a combination of long term benefit dependency and low paid work, thriving informal and illegal economies, high levels of crime and teenage pregnancy, and so on (Wilson 1987, Power 1997, Lupton and Power 2002, ODPM 2002, Lupton 2003b).

It seems to us that the twin challenges in understanding neighbourhood change are to further understand these interactions (by studying specific neighbourhoods in detail and over time) and to identify patterns and combinations of circumstances that repeatedly occur, by quantitative studies incorporating all these factors.

**Evidence of Effects of Neighbourhood Change**

Evidence of the effects of neighbourhood change is relatively limited. Although we have not conducted an exhaustive search, we have not found any studies in the ‘area effects’ literature that specifically address the issue of neighbourhood change, partly because of the difficulty of separating out the influences of neighbourhood changes and individual changes on individual outcomes. Typically studies compare individuals living in different neighbourhoods, rather than looking at individuals living in changing neighbourhoods over time. Overall, this literature generally finds that there are neighbourhood effects, but that they are small relative to individual and household influences (Freidrichs et al. 2003). From this, we might infer that changes to neighbourhoods over time would also have small effects. This can only be cautiously inferred, however, since the effect of being in a changing neighbourhood may not necessarily be the same as living in a neighbourhood with different characteristics from the beginning. Moreover, it is vital to understand who benefits from changing neighbourhoods. Atkinson (2002a), reviewing evidence of the impact of gentrification, found that while some people benefited from physical renewal, rising property values and local service improvement, there were also disbenefits, including harassment and eviction, community conflict, loss of affordable housing and homelessness, shifting of services to meet the needs of higher income households, increased crime and continued population loss due to under-occupation. He commented that evidence on all of these impacts is fairly scant, and that more detailed analysis is needed.

The impact of neighbourhood change on other neighbourhoods is also under-researched and difficult to disentangle, although there is qualitative evidence of some of the mechanisms we have identified, such as displacement of residents during gentrification, and impacts of competition between neighbourhoods (such as increasing numbers of voids in Council property following nearby housing association or private building) (Power and Mumford 1999, Lupton 2003b).

Dutton (2003) demonstrates that spillover impacts on neighbourhoods arise not just from nearby neighbourhoods but from other areas within the wider urban and regional system. He notes that the expansion of city centre living in Leeds is directly linked to London’s growth, not only because London firms are expanding and establishing themselves in Leeds but because representations of London’s global city urban culture are influencing attitudes to city centre living outside the capital. The growth of long distance commuting to London is also a significant recent development.
Leakage of regeneration benefits has not been well researched because policy evaluations tend to concentrate on the areas of intervention only. The evaluation of the Single Regeneration Budget (ODPM 2002) is an exception. It found that in seven case study areas, about 29% of new jobs created went to former residents or commuters and about 27% of qualifications gained. About 15% of people who gained from new cultural facilities or community safety initiatives were people who formerly lived in an area or commuters.

Quantitative analysis of neighbourhood impacts is rare. Aaronson (2001), using US census tract data 1970-90, found spillover effects from one neighbourhood to another with changes in race and income composition of one neighbourhood affecting change in its nearby neighbours.

Conclusions and Suggestions for Further Development

On the basis of the evidence we have reviewed here, we draw three conclusions:

The first is that **there is a very limited evidence base on current directions of change.** Dorling and Rees (2004) note the extreme paucity of information available, talking about an “information vacuum” in which the debate about whether Britain is polarising is taking place. Specifically, we have no information about whether there are more poor neighbourhoods than previously, or fewer, and whether their populations are dwindling or growing, and we have no monitoring data covering a consistent basket of indicators for particular types of neighbourhoods over time. It is very hard to assess neighbourhood trends.

Such evidence as there is seems to suggest that:

- There have been absolute improvements in the late 1990s in aggregate socio-economic indicators across the board and in the poorest areas. However, there remain very substantial differences between the poorest areas and others and there is some evidence of a widening gap. Much of the data is at local authority level and it is hard to be sure of trends at the neighbourhood level.
- Different kinds of neighbourhoods may be changing in different directions, but such trends are only evident at present from local studies. In order to form a basis for policy, they need to be tested on a large sample, with neighbourhoods categorized into types depending on region, industrial base, housing type and tenure, location, and ethnicity, to establish whether clear patterns emerge with different kinds of neighbourhoods moving in different directions.

Our second conclusion is that **we know a fair amount about the wider changes in society that are likely to impact at the neighbourhood level, and we often have case study evidence to illustrate local effects, but we lack large scale studies of neighbourhoods that directly investigate impacts of wider changes.** In part, the reason for this is that 2001 Census data has not yet been fully exploited.

Our third conclusion is that **in relation to the theoretical understandings of neighbourhood that we identified at the start of the paper, there are a number of areas in which the UK neighbourhood change literature is fairly weak:**

- There is very little longitudinal data in general, and programme evaluations do not extend far enough beyond the life of the programme to reveal whether benefits are sustained.
• There is little information about migration flows in and out of neighbourhoods, and aggregate changes (for example in employment rates) are very rarely deconstructed to disentangle in situ and compositional changes.
• There is some evidence of spillover effects and ‘leakage’, but these are not systematically investigated. It is common for the impacts of policy changes to be assessed in relation only to the specific areas of intervention, not in relation to effects on surrounding areas.
• Similarly, analysis of neighbourhood trends is often at the aggregate level and does not identify who benefits and who does not.

These deficiencies hamper our understanding of neighbourhood change.

Overall, we find that neighbourhood change research is a field rich in detailed understanding of specific processes, often illuminated by qualitative area case studies, but poor in knowledge of overall patterns and trends.

In many ways this is not surprising, given the difficulties of defining neighbourhoods, the multiple dimensions and characteristics that comprise neighbourhood, the contemporaneous occurrence of compositional and in situ changes, and the many influences on neighbourhood change, occurring at different spatial levels. Many of the theoretical understandings derived from qualitative work have been difficult to translate into quantitative research designs.

There have also been data problems, principally:

• Lack of data disaggregated to neighbourhood level, whether from administrative data or household surveys. Until the development of the Neighbourhood Statistics Service, it was very difficult to obtain any data at neighbourhood level.
• Problems with changes in boundaries over time.
• Changes in indicators over time.
• Inability to track individuals (or dwellings) over time, thus making it hard to tell whether changes at the neighbourhood level have arisen because of changes to people in situ or because of movement of people.
• In relation to poor neighbourhoods, lack of a widely accepted poverty indicator, making it difficult to assess the scale of the problem in absolute terms.

Now that some of these data problems are starting to be overcome, with the development of neighbourhood statistics and the new output geography for the 2001 Census, it remains to ask what further developments could enhance our knowledge of neighbourhood change, and thus provide better support for the design, targeting and delivery of policies intended to deliver beneficial change.

We suggest that progress could be made in three areas. One is data collection. Efforts to date have concentrated on disaggregating administrative data to the neighbourhood level. There is still a need for primary data collection to answer some of the unanswered questions about neighbourhood change, specifically:

• Data about the same places over time. Nearly all neighbourhood research is short-term in nature. With the exception of CASE’s ongoing twelve areas study, which is largely qualitative, there is no ongoing neighbourhood panel study to enable us to see the
extent to which changes are sustained, or how one aspect of change has a knock-on effect on another.

- Data about the fortunes of different groups of people within neighbourhoods, as well as aggregate data, in order to identify which groups benefit from change, and which groups do not.
- Data about the characteristics of incomers and outgoers over time, ideally derived from a panel study of dwellings. This would facilitate an understanding of the extent to which changes in neighbourhood characteristics influence population composition through the decisions of different groups of people about whether to move in or out of a neighbourhood. It would also enable us to understand the extent to which aggregate changes, such as increased employment rates, are due to changing population composition, or whether policies have impacted on people in situ.
- More comparative studies of deprived and non-deprived neighbourhoods.

A second area is making better use of data that is already collected in order to gain a more systematic understanding of neighbourhood change, specifically:

- Development of a basket of indicators that capture the various dimensions of neighbourhood and that can be monitored consistently over time. The components of the IMD provide a basis for this, as do the indicators collected for neighbourhood renewal floor targets, if they could be disaggregated to neighbourhood level. These indicators could then be used, among other things, as variables in quantitative neighbourhood effects studies to identify the importance of neighbourhood change for individual outcomes, not just static neighbourhood characteristics.
- Agreement of an absolute poverty indicator and/or a relative poverty indicator that can be held consistent and monitored over time.
- Exploitation of the 2001 Census data, linking higher and lower level geographies to show how broad trends such as counter-urbanisation are impacting locally.
- Incorporating other socio-economic data alongside Census analysis to explain neighbourhood change: for example using labour market job data at the TTWA level alongside Census employment data to see how resident employment changes when labour market conditions change.
- Better quantification of public sector investment in neighbourhoods, so that strong links can be made between inputs and outcomes.
- A commitment to regular monitoring of these indicators as well as one-off studies.

A third area is the development of theoretical frameworks for monitoring and understanding neighbourhood change. For example:

- The development of a typology or typologies of neighbourhoods, to be used as the basis for understanding of how types of neighbourhood are changing in different ways. There are existing typologies that could be used (such as the MOSAIC classification or the new ONS classification of wards), or we might develop a set of indicators linked to theories about the causes of neighbourhood change, and involving variables at different spatial levels.
- The development of a theoretical model for neighbourhood change, based on qualitative indications of how one aspect of change is linked to another, and designed to be tested quantitatively. Or, as a interim step, atheoretical testing of drivers of neighbourhood change, following the example of Aaronson (2001) who collected Census data on race, income and housing for all US census tracts 1970-1990 (not just low-income ones) and
used regression techniques to identify patterns and predictors of neighbourhood change in relation to these variables.

- More thinking, possibly informed by survey research, about which indicators should be measured in relative terms and which in absolute.
- The further development of methodologies to capture appropriate neighbourhood boundaries for the investigation of different issues. Progress has recently been made in this direction but further work is needed, for example to create different bespoke neighbourhoods for different kinds of people and different indicators. Clearly, without meaningful definitions of neighbourhood, it is difficult to make any robust statements about neighbourhood effects on individuals, and therefore to understand the potential benefits of neighbourhood change policies.

If we can use the data that is emerging in these kinds of ways to address the conceptual and theoretical problems identified here, better monitoring of trends in neighbourhood change, and better understanding of causes and effects, should not be beyond our reach. We hope that the deficiencies that we have identified in the state of current knowledge will stimulate debate about ways forward, and aid the development of a stronger research agenda both in government and academia, which seeks not just to use new data in an opportunistic way but to tackle seriously some of the key outstanding questions on neighbourhood change that we have highlighted.
Bibliography

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