

# Labour's record on Neighbourhood Renewal in England

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When he came to power in 1997, Tony Blair reacted to widening disparities between poorer and richer neighbourhoods by declaring that no one in future decades should be seriously disadvantaged by where they lived. What policies did Labour pursue and how close did it come to realising Blair's vision?

- Labour introduced a **new approach** – a National Strategy for Neighbourhood Renewal. Minimum standards were set that no neighbourhood should fall below (described as “the social equivalent of the Minimum Wage”).
- **New funds were made available.** The largest was the Neighbourhood Renewal Fund (NRF), costing about £500m per year. Poor neighbourhoods also received extra inputs through Sure Start, Decent Homes, Housing Market Renewal, New Deal for Communities (NDC), Excellence in Cities and many others.
- **Physical environments and services got better.** 90 per cent of social housing was brought to a ‘decent’ standard. Rates of crime, litter and vandalism fell and differences between deprived and other areas (“gaps”) narrowed. New childcare and health centres, schools and community buildings were built in the most deprived areas; neighbourhood policing and community warden schemes were introduced.
- **Gaps also improved in many individual outcomes between poorer and richer areas** including death rates from cancer and heart disease, school attainment, and worklessness. But some gaps did not close, including life expectancy and neighbourhood satisfaction, and **all gaps remained large.**
- Labour's investments represented **value for money.** The NDC evaluation estimated savings at between three and five times the amounts invested. Evaluation of the NRF concluded that savings from reductions in worklessness were five times the estimated £312m spent on this issue.

Labour's neighbourhood renewal policies achieved a great deal. They reversed a trend of increasing disparities between areas, both in opportunities and outcomes. But Blair's vision was not realised: which is, perhaps, not surprising in the context of sustained income inequalities. In 2015 we will produce an equivalent report on the Coalition's record.

### What were Labour's aims and goals?

Deprived neighbourhoods were treated as a high profile issue following Labour's election in 1997. Early in his administration, Prime Minister Tony Blair declared the ambitious goal that within 10 to 20 years no-one should be "seriously disadvantaged by where they live".

An emphasis on achieving greater social justice appeared to motivate Labour's early approach. Better public services and facilities were depicted as crucial to reducing the wide disparities in quality of life opportunities and outcomes between people in poorer and richer neighbourhoods (known as 'spatial inequality'). Two kinds of long-term goals were set:

- absolute improvements – to have less worklessness, less crime, better health, better skills, and better housing and physical environments in all the poorest neighbourhoods.
- to 'narrow the gap' on these measures between the most deprived neighbourhoods and the rest of the country.

To back this up the government set 'floor targets': minimum standards below which no area should fall. It called these "the social equivalent of the minimum wage".

From the mid-2000s, this agenda changed. There was less focus on equity and more on economic efficiency, including on reducing 'worklessness'. There was also more emphasis on tackling 'concentrated deprivation' and achieving a broader social mix to make areas less disadvantaged and more self-sustaining, thereby reducing the need for additional public spending in the longer term.

### What did Labour do?

Much of the activity on neighbourhood renewal happened during Labour's first and second terms. The key policy development was the National Strategy for Neighbourhood Renewal (NSNR), launched in 2001. This had three main forms of intervention:

- action by central government departments targeting employment, education, health, housing and crime, co-ordinated by a Neighbourhood Renewal Unit (NRU):
- local neighbourhood renewal strategies, implemented by Local Strategic Partnerships, with support from a new Neighbourhood Renewal Fund (NRF):
- Central government initiatives run by the NRU, including Neighbourhood Management Pathfinders, Neighbourhood Wardens, and Community Empowerment Networks.

The National Strategy introduced a new approach to reducing spatial inequalities. Rather than rely on short-term, additional regeneration programmes, central and local government were required to develop 'joined up' ways of working; re-directing more of their existing budgets to areas that needed it most nationally and locally. Over time, it was expected that budgets would become more targeted and tailored to the needs of poorer areas. Underpinning this was the development of a Neighbourhood Statistics service which enabled the tracking of disparities between small areas for the first time, and a set of Indices of Multiple Deprivation (IMD) which enabled the systematic identification of 'worst areas'.

Other government initiatives targeted disadvantaged neighbourhoods in a similar way, including Sure Start (for children under 5), 'spearhead' areas in health, and Excellence in Cities in education. The Government's flagship New Deal for Communities programme (NDC), meanwhile, targeted 39 small areas, with funding of £50m each over ten years to invest in infrastructure (schools and colleges,

community buildings, health centres and transport) as well as programmes benefiting local residents. Labour also continued to fund local regeneration schemes under the Single Regeneration Budget Challenge Fund (SRB) created by the previous Conservative administration.

In the mid-2000s, the government focused on consolidating and embedding many of the new schemes and programmes. It devolved responsibilities for identifying and addressing neighbourhood disparities to a more local level. A system of Local Area Agreements gave local authorities more discretion over the use of funds, provided they met specific targets agreed with Westminster. The NRF and many other smaller funds were merged into an Area Based Grant with no 'ring-fencing' restrictions on local authorities for its use. The NRU was disbanded, as were the floor targets – although some were retained as key indicators under a system of Departmental Strategic Objectives.

A switch of emphasis from the mid-2000s towards economic development and the creation of sustainable housing markets saw the adoption of strategic initiatives at a higher spatial level than neighbourhoods. These included the Housing Market Renewal programme, which set up twelve sub-regional partnerships to tackle low demand and housing abandonment: a controversial programme because it involved widespread demolition. There were also a Local Enterprise Growth Initiative to boost enterprise and investment and Urban Regeneration Companies to handle large scale economic and physical regeneration projects. A Working Neighbourhoods Fund, which shifted the focus from general deprivation to tackling worklessness, replaced the more general Neighbourhood Renewal Fund.

### How much did Labour spend?

All the policies described above, apart from the Single Regeneration Budget, required new funding. As a consequence, the amount of money directed to poor neighbourhoods increased substantially.

It is not possible to quantify the total spend, because such a wide range of new programmes occurred in different, overlapping places and time periods, as well as in different government departments and regional and local agencies.

The Neighbourhood Renewal Fund (NRF) was Labour's main new programme, costing about £500m per year (about £4bn over the whole period). £500m is similar to the budget of a large local authority, and this was spread between 95 local authority areas at its peak in 2007/8. So in large local authorities, NRF was only equivalent to about one per cent of spending. However, in smaller extensively deprived local authorities (ex-mining towns for example) it made a bigger difference, equating to about 9 per cent of all spending on services. Overall, in its peak year, NRF was worth between £66 and £120 per head in the neighbourhoods affected.

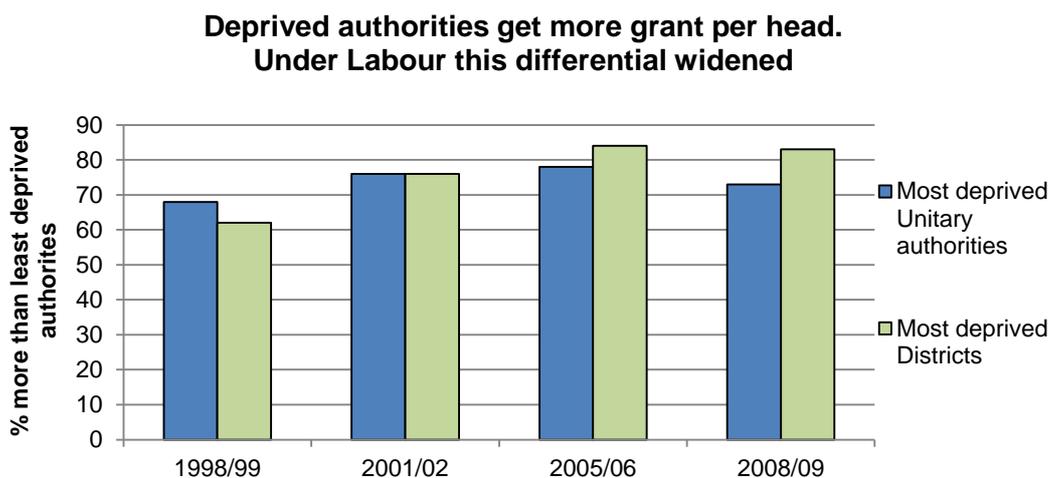
By contrast, the intensive New Deal for Communities regeneration schemes were targeted on specific neighbourhoods with funding estimated to be worth about £500 per resident per year. Table 1 shows the approximate size of the government's larger neighbourhood programmes and their coverage.

**Table 1: Labour's Main Neighbourhood Renewal Programmes**

Programme	Approximate Annual Cost (£million)	Number and Scale of Areas included
Single Regeneration Budget	520	1028 schemes ranging from local authority wards to combinations of Local Authorities
New Deal for Communities	200	39 small neighbourhoods
Neighbourhood Renewal Fund / Working Neighbourhoods Fund	500	95 local authorities (at peak)
Housing Market Renewal	275	12 sub-regional housing markets comprising parts of 28 local authorities
Local Enterprise Growth Initiative	70	30 local authorities

These grants plus and others, together with changes to central government's overall funding for local authorities, meant that authorities serving deprived areas got relatively more money towards the end of Labour's term than at the beginning. In 1998/9 the most deprived fifth of local authorities got about two thirds more funding per head than the richest fifth of local authorities. In 2008/9 the most deprived unitary authorities got 73 per cent more. For districts the increase was more pronounced, with the most deprived fifth of authorities getting 83 per cent more funding than the least deprived fifth. In real terms (at 2008/9 prices), the most deprived unitary authorities (which provide education and social services – the two biggest spending areas for local councils) received an average £460 per resident more than the least deprived at the start, increasing to £758. The most deprived districts got £40 more, rising to £65. Most of the increase had occurred by 2005.

**Figure 1: Extra funding for the most deprived fifth of local authorities compared with least deprived 1998/9 to 2008/9**



All these sums are small by comparison with mainstream service provision. For example central government health annual spending per head in England amounted to £1631 in 2007/8. Given the scale of the funding, one would not expect the poorest neighbourhoods to be completely transformed or disparities eradicated.

### How was the money spent?

About a third of NRF money went on housing, environment and community safety initiatives, 18-20 per cent on education, 15-16 per cent on health and 11-13 per cent on tackling worklessness. The remainder was spent on cross cutting activities including community capacity building.

Local authorities could spend the money as they saw fit – there was no standard package. Examples included teacher and pupil support, employment advice and training programmes, youth programmes, support to local voluntary organisations, credit unions, provision of small business units and advice, street wardens, neighbourhood policing teams and burglary reduction projects.

The New Deal for Communities had a greater focus on transforming neighbourhoods physically, as well as delivering social programmes. Housing and physical environment projects accounted for the largest share (32 per cent), followed by community (18 per cent) and education (17 per cent). Spending on immediate economic outcomes (getting people into work) and health made up a relatively small share (12 per cent and 11 per cent respectively), with 10 per cent spent on crime reduction.

In addition, the Decent Homes (DH) programme funded improvements to social housing properties so that 90 per cent were of “decent standard” by 2010. There was also a reduction in vacant homes – one of the key problems contributing to a spiral of decline in neighbourhoods. There were 3,500 new Sure Start Children’s centres, and over 160 new and refurbished Schools, through the Building Schools for the Future programme (with another 450 underway when Labour left office). The number of GPs per 100,000 people in England increased from around 60 to over 75, with efforts targeted at deprived areas where there were fewer surgeries.

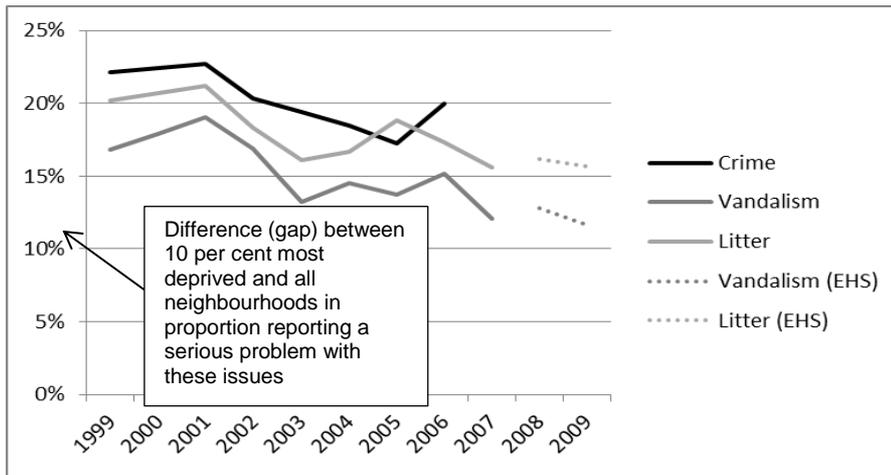
### What was achieved?

#### **The quality of life in deprived neighbourhoods improved, including better housing and lower crime.**

Positive effects of Labour’s multiple, small-scale initiatives on the quality of life in deprived neighbourhoods were widely reported from surveys of residents. The NSNR evaluation showed many residents considered that their streets were cleaner, parks and open spaces had improved and environmental conditions were better. The NDC evaluation reported statistically significant evidence of improvements in indicators such as perceptions of the environment, being a victim of crime, and satisfaction with the area, compared with comparable non-NDC areas. The Sure Start evaluation reported reductions in burglary, vehicle crime and exclusions from school, and increases in crèche and day care provision.

The number of domestic burglaries per ten thousand households fell by about half in deprived areas, from 80 in 2001 to 46 in 2009. The relative risk of burglary fell for households living in deprived areas compared with elsewhere. The gap in the rates at which litter and vandalism were reported also fell between people in the most deprived areas and others (Figure 2).

Figure 2: Reductions in the gap in rates of reporting serious problems in poor areas

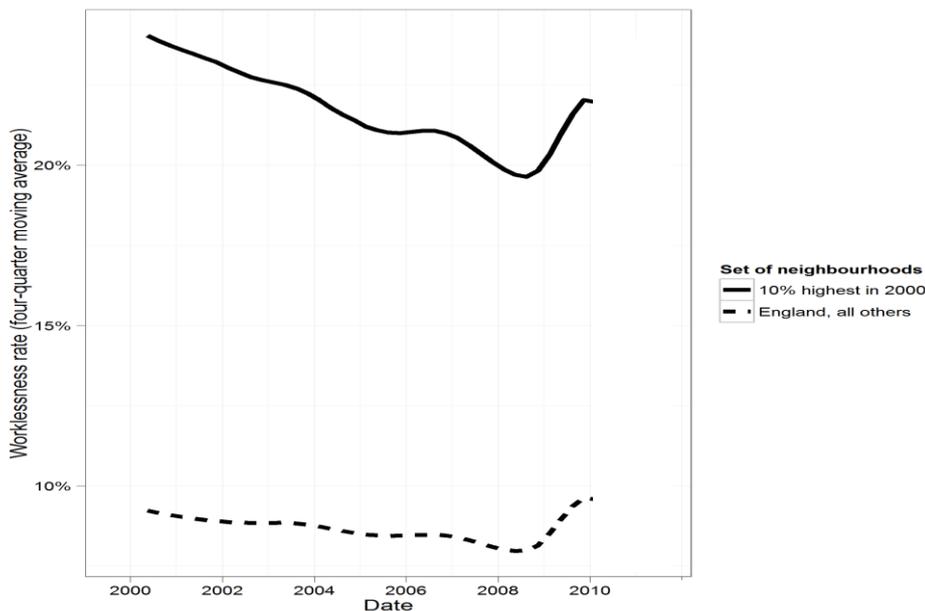


Sources: Survey of English housing, and English Housing Survey (EHS)

### The 'worklessness' gap between deprived and other areas improved

From 2000 to 2009 there was steady progress in reducing the gap in rates of worklessness between deprived and other neighbourhoods in England. However, both the number of workless people and the gap increased from 2009 with the effects of the recession. Nevertheless, by the time Labour left office in 2010 the gap was 2.7 percentage points smaller than in 2000.

Figure: 3 Workless Rates for Highest Worklessness Neighbourhoods Compared with Others



Source: DWP Working-age client group for small areas (DWP/NOMIS). The worklessness rate is the total of Job Seekers Allowance and Incapacity Benefit/Serious Disablement Allowance claimants (and, latterly, also Employment Support Allowance), divided by the working age population.

### Many trends towards widening disparities in outcomes were reversed

The aim to reduce the extra deaths in poorer neighbourhoods from heart disease, strokes and other circulatory diseases by 40 per cent was met, as was the aim to reduce 'extra' cancer deaths by 6 per cent, although the aim to reduce the life expectancy gap by 10 per cent was not met.

In education, inequalities at the Foundation Stage and other attainment gaps decreased. Labour's target to reduce by 40 per cent the proportion of primary schools where fewer than 65 per cent of pupils attained at least level 4 at Key Stage 2 was met. Its target that in all secondary schools 20 per cent of pupils should achieve 5 GCSE at A\* to C was missed by just one school.

### Some gaps between neighbourhoods did not close, and all gaps remained large

Despite general progress, there were some gaps that did not close. Two key health indicators – low birth weights and standardised mortality ratios – were among only three indicators where local authorities in receipt of NRF saw no absolute improvement between 2001 and 2007.

Up to 2007, surveys showed that the gap in neighbourhood dissatisfaction between the most deprived neighbourhoods and others shrank from 16 percentage points to 12. However, the disparity in dissatisfaction increased again from 2008 to 2010. Thus, a simple comparison of the end of Labour's terms with the start shows no significant closing of the gap in neighbourhood satisfaction.

Gaps between deprived and other neighbourhoods on all indicators remained large: a 13 percentage point difference in the worklessness rate; 12 percentage point gaps in children's Foundation Stage scores and in neighbourhood satisfaction; around 15 percentage points in the proportion of residents reporting serious problems with litter and vandalism; and a two year gap in life expectancy for men.

### Renewal programmes delivered value for money, but were not the only reason that neighbourhoods improved

Assessments of how far neighbourhood renewal programmes provided value for money have been positive. The NDC evaluation estimated savings at between three and five times the original amounts invested. A national evaluation found that NRF money had encouraged mainstream agencies to focus on need in the poorest areas and that two-thirds of the activities and resulting improvements would not have occurred without the programme. The assessed savings (£1.6bn) from NRF's reduction in worklessness were five times the estimated £312m spent.

However, changes that occurred in education, health, employment and other areas cannot simply be ascribed to Labour's neighbourhood renewal policies. Schools in poor neighbourhoods, for example, were prime beneficiaries from wider education policies geared towards raising standards and reducing inequalities. Also, worklessness rates fell much faster in neighbourhoods in London and other major cities than they did in smaller cities, towns and coastal and rural areas. This suggests the importance of regional economic differences, migration, housing allocation mechanisms and urban development in explaining what happened as well as neighbourhood renewal policies.

### Conclusions

Labour's neighbourhood renewal policies achieved a great deal. They established a better-informed and better co-ordinated approach to tackling spatial inequalities. Outcomes improved in priority areas that were targeted – employment, crime, health, education, housing and physical environments. The trend towards widening neighbourhood disparities was reversed in many areas. In general, evidence suggests the programmes offered value for money.

Overall, the investments made in Decent Homes, in Housing Market Renewal, estate redevelopments, new schools and health centres, and other capital projects meant the Coalition government in 2010 inherited fewer physical and environmental problems than its predecessors. Many poor neighbourhoods had a new stock of fit-for-purpose public buildings. Fewer neighbourhoods were coping with problems of widespread housing abandonment, dereliction and dilapidation, although the financial crash left some housing renewal schemes stalled, with only partial demolition having taken place and no new building.

However it is evident that while the poorest places did improve substantially under Labour, there were still large gaps between them and other places in terms of housing, crime and environments. Substantial gaps in individual outcomes (health, education and employment) and in neighbourhood satisfaction remained. Tony Blair's vision of a country where no one should be seriously disadvantaged by where they live had still to be realised – and this is, perhaps, not surprising given continuing underlying inequalities in income and wealth.

Moreover, policy developments in the late 2000s shifted the emphasis of neighbourhood renewal activity away from social justice towards achieving greater economic efficiency in the labour market and elsewhere. By the time it lost power in 2010, Labour was no longer championing neighbourhood initiatives on social justice grounds, nor directing and monitoring neighbourhood programmes from Whitehall.

The Coalition has taken a different approach: favouring regeneration through growth, and local leadership with central government taking a strategic and supportive role. Meanwhile, the poorest neighbourhoods have come under acute economic pressure following the financial crash and recession. Whether the gains made under Labour can be sustained or built upon in these circumstances remains to be seen. We will be producing an equivalent report on the Coalition's record in early 2015.

### Further information

The full version of this paper, by Ruth Lupton, Alex Fenton and Amanda Fitzgerald, is available at <http://sticerd.lse.ac.uk/dps/case/spcc/WP06.pdf>. This is one of a series of papers produced as part of CASE's research programme *Social Policy in a Cold Climate* (SPCC). The research, concluding in 2015, examines the effects of the major economic and political changes in the UK since 2007, focusing on the distribution of wealth, poverty, inequality and social mobility.

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