The Coalition’s record on Area Regeneration and Neighbourhood Renewal 2010-2015

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Contents

Summary .................................................................................................................................................... 4
1. Introduction ......................................................................................................................................... 5
   The Coalition’s Inheritance ................................................................................................................ 7
   Aims ................................................................................................................................................... 8
2. Policies ............................................................................................................................................... 9
   Overview............................................................................................................................................. 9
   Stimulating Local Economic Growth and Rebalancing the Economy ............................................... 11
   Giving Communities More Powers ................................................................................................... 14
   Other Policies Affecting the Most Disadvantaged Neighbourhoods ................................................. 15
   Contrasts with Policy in Other Parts of the UK .................................................................................. 17
3. Spending........................................................................................................................................... 18
4. Inputs and Outputs .............................................................................................................................. 22
5. Outcomes ........................................................................................................................................... 24
   Assessing Neighbourhood Outcomes .............................................................................................. 24
   Neighbourhood Level Trends: Economic Indicators ........................................................................ 26
   Neighbourhood Level Trends: Social Indicators ............................................................................... 30
   Neighbourhood Level Trends: Environmental Indicators ................................................................. 30
6. Conclusion ........................................................................................................................................... 32
References ............................................................................................................................................... 34

List of figures

Figure 1: Change in Total Employee Jobs (Full and Part Time) 2009-2012............................................ 24
Figure 2: Workless Rates for Highest Worklessness Neighbourhoods Compared with Others ............... 28
Figure 3: Trends in Burglary Risk by Deprivation 2001 to 2013. .............................................................. 31
Figure 4: Proportion of People Dissatisfied with Their Neighbourhood as a Place to Live ....................... 32

List of tables

Table 1: Spending on Programmes Targeted at Deprived Communities (£m) ......................................... 19
Table 2: Spending on Regional and Local Economic Growth Programmes (£m) Real Terms (2009/10 prices) ........................................................................................................................................... 20
Table 3: Change in House Prices Between 2007, 2010 and 2013 (2nd Quarter) .................................... 25
Table 4: Unadjusted Means-Tested Benefit Rate (UMBR) 2007, 2010 and 2013, by 2010 Decile Group ........................................................................................................................................................................... 27
Summary

In the decade to 2010, substantial progress had been made to improve living conditions, and outcomes in the poorest neighbourhoods. But large gaps remained. How did the Coalition tackle this issue, and what was achieved?

- The Coalition set out no aims in relation to neighbourhood inequalities and conditions. It argued that regeneration was a local issue, with national government in a ‘strategic and supporting role’. It stopped monitoring spatial inequalities or setting targets.
- Existing neighbourhood renewal programmes were cancelled, and replaced by very small scale schemes to support community organising and projects in coastal and coalfield communities. Spending on these schemes averaged £32m per year. By comparison, the previous government’s Neighbourhood Renewal Fund alone cost £500m per year.
- The government concentrated its efforts on promoting local economic growth, especially after the 2012 Heseltine Review when efforts were stepped up. Local Enterprise Partnerships (LEPs) were established, and could negotiate new Local Growth Deals to fund housing and infrastructure developments, while ‘City Deal’ status gave 28 urban areas powers to attract private investment in return for pledges on innovation and efficiency.
- The early impact of the Government’s new programmes on jobs, business creation and new homes fell well below expectations. Initial forecasts for Enterprise Zones and the Growing Places Fund were revised downwards.
- Neighbourhood conditions and inequalities depend on many factors including the economy, public services, benefits and voluntary activity as well as regeneration programmes. At this stage there is no evidence of regional re-balancing of the economy and austerity measures have hit the poorest areas hardest. All of this leaves the poorest neighbourhoods very vulnerable.
- Indicators to date do not suggest a spiral of decline. However, gaps between the poorest neighbourhoods and others which got wider during the recession had only slightly narrowed again by 2013. Large disparities remain on all key indicators.

Government investment in area regeneration and local renewal was severely curtailed by the Coalition. It will be leaving much the same inequalities between the poorest and richest neighbourhoods to its successor as it inherited.
1. Introduction

This is one of a series of papers examining aspects of the social policy record of the Conservative/Liberal Democrat Coalition in England from 2010-15, with a particular focus on poverty, inequality and the distribution of social and economic outcomes. The papers follow a similar but smaller set covering Labour’s record from 1997-2010, published in 2013 and they follow the same format as those papers. Starting with a brief assessment of the situation the Coalition inherited from Labour, they move to a description of the Coalition’s aims and the policies enacted. They then describe trends in spending on the area under consideration, and an account of what was bought with the money expended (inputs and outputs). Finally, they turn to outcomes, and a discussion of the relationship between policies, spending and outcomes, so far as this can be discerned.

All the papers focus on UK policy where policy is not devolved and English policy where it is, since a full four country comparison is beyond the scope of the study. This paper is about England, although we do highlight the significant differences that have emerged between policy in England, Scotland, Wales and Northern Ireland.

The paper focuses on disparities in living conditions and socio-economic outcomes between poorer and richer neighbourhoods and particularly on the situation of the poorest. Its scope and title need some introduction, since unlike some of the other topics we cover (like employment, education, health, housing and cash transfers) ‘regeneration’ and ‘neighbourhood renewal’ have never established a secure and well understood place in UK social policy. Policies geared towards improving conditions and life chances in the poorest places and/or to narrowing gaps between them and other places have been pursued to a greater or lesser degree by most UK governments since the 1960s, as the spatially-concentrated problems arising from economic restructuring became increasingly evident. They have, however, varied in their spatial scale and in their approach and content. The Conservative governments of the 1980s aimed principally at stimulating economic growth and intending that its benefits would ‘trickle down’. During the 1990s a more holistic approach was taken through the Single Regeneration Budget, with greater emphasis on linking people to labour market opportunities and on social and/or environmental issues. Both kinds of approach have been referred to as ‘regeneration’, although they describe very different sets of activities and objectives (Crisp et al. 2014; Tallon 2013).

Coming into office in 1997, the Labour government under Tony Blair adopted a new approach which it described as ‘neighbourhood renewal’. This was motivated by a commitment to tackle the severe problems that persisted in many of the poorest neighbourhoods and also by a sense of injustice about wide disparities between places: a concern with spatial inequalities. This was not primarily an economic regeneration approach. It focused much of the action and intention at the neighbourhood level; put a strong emphasis on living conditions and public services; targeted social as well as economic outcomes for individuals; and emphasised ‘joined-up’ or ‘holistic’ approaches, both across government and in neighbourhoods. An important development was major investment in neighbourhood-level data (including the Indices of Multiple Deprivation) and the establishment of targets both for ‘floor’ (a the minimum standard) and ‘gap’ (between poor neighbourhoods and others). This neighbourhood agenda was seen as conceptually distinct from, although often in practice linked to, local economic development. It was, albeit a minor spending area, one of the hallmarks of the Blair agenda to tackle social exclusion. For this reason we included an assessment of it (Lupton, Fenton, and Fitzgerald 2013), as part of our suite of papers on Labour’s record.
In making this assessment, we noted that most of what constituted ‘neighbourhood renewal’ in this distinctive form did not continue when Gordon Brown became Prime Minister. From 2007, Labour’s focus shifted more firmly back to ‘regeneration’, which it defined as “the broad process of reversing physical, economic and social decline in an area where market forces will not do this without intervention” (HM Treasury, CLG, and BIS 2007, para 1.13). Policy in this period had a much stronger emphasis on economic outcomes for individuals, and justified local neighbourhood renewal programmes not in their own right but in support of wider programmes of economic development which would put the neighbourhoods concerned on a more prosperous and sustainable footing (Syrett and North 2008). This was not a return to ‘trickle down’ regeneration. It was still a managed process of state intervention, but with a clear upscaling away from the neighbourhood as the focus of attention, and little trace of the concept of ‘renewal’ of public sector services and amenities, housing, environments, health, hope, ambition, and social and community life in their own right.

Labour’s move away from ‘neighbourhood renewal’ as a policy concept creates for us a dilemma over how to title and focus this follow-on paper. As we will elaborate, the Coalition too has declined to use the term ‘neighbourhood renewal’, and it has gone further, rejecting also a central government role in the shape or coordination of neighbourhood-level activities and in the monitoring of spatial inequalities. To assess the Coalition’s record on ‘neighbourhood renewal’ would be to assess it in relation to an agenda it never followed. The Coalition does have a policy statement on regeneration, which it defines as “concerted action to address the challenges and problems faced by the community of a particular place. It’s about widening opportunities, growing the local economy, and improving people’s lives” (DCLG 2012) but it has very much left the scale and scope of this to local decision-making and has not taken a role either in directing it nor in monitoring disparities between places on economic and social outcomes. In short, the emphasis given in government to anything describable as regeneration or renewal has substantially diminished.

The approach we have taken to this situation is to persist with making an assessment of policy in this area but to broaden its focus. We maintain that in a research programme like this one which looks at the effect of policies on changing patterns of poverty and inequality, the question of their spatial distribution and whether/how this has been shaped by policy interventions or absences remains a relevant one. This includes, in our view, inequalities in access to environments, facilities, and services (the stuff of place-based neighbourhood renewal) as well as inequalities in individual outcomes (both economic and social). It remains relevant to examine the extent to which the benefits of growth are shared between people living in different localities, as well as to know the amount of economic growth that has taken place. However we must also assess the Coalition’s policies in their own terms. For this reason, we have chosen to title the paper “The Coalition’s Record on Regeneration and Neighbourhood Renewal”, and to start from the Coalition’s definition and approach to regeneration.

Like others in the series, the paper is one that starts from policies, not one that sets out to describe wider patterns of change and distribution. Regional disparities, however, are increasingly featuring in political debate, both in the context of an emerging consensus over the need to rebalance the economy, and as the Scottish referendum has opened up questions about devolution within the rest of the UK. A further paper in the programme will describe trends in the regional distribution of a range of social and economic outcomes under Labour and the Coalition since the financial crisis of 2007/8.
The Coalition's Inheritance

As we reported in our review of the Labour period (Lupton, Fenton, and Fitzgerald 2013), the situation the Coalition inherited in 2010 was considerably better than the one Labour took over in 1997. Evidence from programme evaluations and other reports pointed to large and noticeable improvements in neighbourhood environments and services with new childcare centres, health centres, and community buildings, better neighbourhood management and policing and reduced crime, a higher standard of housing, new school buildings and extended services in schools. Gaps in neighbourhood satisfaction were closing slightly, overall, and residents of programme areas reported that their areas were getting better. Gaps between poor neighbourhoods and others had narrowed in a number of key areas including worklessness, school outcomes, and deaths from cardio-vascular disease.

These improvements cannot all be attributed to policy, and certainly not all to regeneration and renewal policies. For example, workless rates fell much faster in high-workless neighbourhoods in London and other major cities than they did in other types of place (smaller cities, towns and coastal and rural areas), partly because economic growth in large cities enabled people to return to work and partly because new housing development in inner urban areas brought new working populations into poorer inner urban neighbourhoods. Nevertheless, evaluators found positive effects of individual neighbourhood renewal programmes (AMION Consulting 2010; Batty et al. 2010; DCLG 2010), and an overall assessment of the costs and benefits of regeneration programmes (including all aspects, economic, physical and social) found that they more than paid their way (Tyler et al. 2013).

In 2010, however, very wide gaps still remained on all these indicators, and on others less easy to capture, such as environmental services, public transport, depression, drug and alcohol abuse, and low self-esteem, limited ambitions and expectations (see also Tunstall 2009 for an overview). While some parts of the country, particularly London, had witnessed an economic revival (although continuing poverty and increasing inequality), in others there remained both residual problems from the rapid de-industrialisation of the 1980s and continuing insufficient labour demand. Foden, Fothergill, and Gore (2014), reported substantial progress in rebuilding the economies of the coalfields, but also a continuing job shortfall and ongoing problems of low qualifications and poor health, adding up to “a compelling case that most of the coalfield communities still require support”.

There was also a real risk of some of the gains of the 2000s being reversed as communities came under increased economic pressure. Gaps between the worklessness rates of the highest workless neighbourhoods and others began to widen again as recession set in - a trend that might be expected, as people with the weakest connections to the labour market, especially poorly qualified young people, would be most vulnerable. Rates of neighbourhood dissatisfaction also began to turn up again, and gaps to widen. Two reports published by the Joseph Rowntree Foundation (Day 2009; Tunstall 2009), pointed also to the vital importance of public services in neighbourhoods of high need and low private resources, and raised concerns about the potential effects of austerity measures. Tunstall concluded that any future government would need to put more emphasis on low-cost measures (utilising community groups, for example) but also that special efforts would need to be made to protect facilities and services in the poorest neighbourhoods, and perhaps even to increase levels of service provision to respond to increasing need (e.g. support for young people), and that it would need to monitor the situation.

One thing potentially in the Coalition’s favour was an established set of mechanisms for neighbourhood renewal. These included Local Strategic Partnerships, with requirements to produce neighbourhood...
renewal strategies, Local Area Agreements which could include gap-closing targets, and, at the regional level, government offices to coordinate the work of central government departments locally. Many local authorities had also put neighbourhood management arrangements in place. More than a decade of coordinated local activity had also led to changes in the way that local services worked, with stronger local partnerships. The natural extension of this – pooled budgets – was being trialled through a small number of ‘Total Place’ pilots. On the other hand, although NDCs involved local residents in decision-making to an unprecedented extent, Labour was still widely criticized for failing to live up to its promises that local communities should have more power in neighbourhood renewal (Fuller and Geddes 2008; Imrie and Raco 2003).

A final aspect of the Coalition’s inheritance worth noting is the wider regional economic picture. As we observe in our introduction, ‘neighbourhood renewal’ can incorporate a wide range of activities independent of regional economics – such as environmental management, and local health and education programmes [see Power (1998) for an analysis of interlocking neighbourhood problems and responses]. Nevertheless, regional or sub-regional economic decline underpins the problems of the majority of the poorest neighbourhoods (Lupton 2003). The need to connect neighbourhood renewal to a bigger picture of regional economic renewal was at the heart of Labour’s shift in policy in 2007 (HM Treasury, CLG, and BIS 2007). Labour had established Regional Development Agencies (RDAs) as the main mechanism for promoting growth in all regions and narrowing the differences in growth rates between regions. However, the long-run trend to an increasing regional imbalance in the English economy, with growth in London and the South outstripping that of the north, continued through the boom period of the 2000s, and northern regions were more heavily hit by the recession (Gardiner et al. 2013). The Coalition inherited a spatially unbalanced economy which would continue to make the sustainable regeneration of many neighbourhoods in the North and Midlands extremely challenging.

Aims

The ambition of the Blair governments on regeneration and renewal is now well known – that within 10 to 20 years no-one should be seriously disadvantaged by where they lived (SEU 2001). This pledge was backed up by a raft of specific targets in relation to the closing of gaps of various kinds - health, education, employment and crime - and the improvement of housing and liveability. By contrast, no explicit aim in relation to neighbourhood inequalities or to conditions and life chances in the poorest neighbourhoods was expressed in the Coalition Agreement (Cabinet Office 2010), nor in the manifestos of either of the two Coalition parties (Conservative Party 2010; Liberal Democrat Party 2010), nor in any subsequent policy document.

This is not to say that the new government did not hope for positive change in these neighbourhoods. According to the Centre for Social Justice, its 2007 report Breakthrough Britain, which was based on Iain Duncan-Smith’s visits to Britain’s “most difficult and fractured communities”, had a ‘major influence on his government’\(^1\). However, what emerged from that report was a vision of tackling poverty and dependency, wherever they existed and through national policies, not one with any spatial focus.

The striking absence of any goals in relation to disadvantaged areas was noted by the House of Commons Communities and Local Government Committee (2011) in its review of government policy. It said it had “little confidence that the Government has a clear strategy for addressing the country’s regeneration needs. It lacks strategic direction and is unclear about the nature of the problem it is trying to solve” (p3). In response (Department for Communities and Local Government 2012), the government made a clear statement that regeneration was not a national issue but a local one, and that the government did not intend to do anything to determine whether or how local areas should tackle it: “The Government believes it is for local partners – local councils, communities, civil society organisations and the private sector – to work together to develop local solutions to local challenges. If [emphasis added] local regeneration, development and growth are deemed local priorities, then it is for local partners to determine the appropriate plans and strategies to deliver this” (p1).

Aims for deprived neighbourhoods, therefore, were something to be developed at the local level, not by central government. This is in itself a striking policy position.

2. Policies

Overview

The overall scope and form of the government’s policy approach was set out in 2011 in a document entitled Regeneration to Enable Growth: What the Government is doing in support of community-led regeneration (Department for Communities and Local Government 2011).

As indicated in the title, this was not a new policy statement in itself. Rather it set out things that government was already doing in other areas: a ‘menu’ of activities and support that local areas could draw upon including: reformed and decentralised public services; incentives for local growth; removing barriers to local action and targeted investment in infrastructure and public services. It also explained the synergies that the government saw between regeneration and growth. On the one hand, “growth can help regenerate and breathe economic life into areas.” (ibid, no page number) – essentially a trickle-down theory. On the other, regeneration was seen as “driving economic growth and helping local leaders to strengthen their communities and support people back into work” (ibid no page number). On this basis, and acknowledging the need for spending constraint, the government described what it was doing as a “new approach...to ensure that local economies prosper, parts of the country previously over-reliant on public funding see a resurgence in private sector enterprise and employment, and that everyone gets to share in the resulting growth”. In this, local residents, businesses and organisations would be in the driving seat and central government’s role would be strategic and supportive.

Evidently many areas of central government policy will have particular impacts on disadvantaged neighbourhoods – welfare benefits being a prime example, as well as early years and schools policy. All of these are briefly mentioned in the menu. These are covered in detail in other papers in this series so, in common with the approach we took when evaluating Labour’s record on neighbourhood renewal, we only briefly touch on them here.

We focus mainly on two areas. One is the decentralisation and localism agenda – the pledge in the Coalition agreement to “promote decentralisation and democratic engagement, and .. end the era of top-
The Coalition’s Record on Area Regeneration and Neighbourhood Renewal 2010-2015

down government by giving new powers to local councils, communities, neighbourhoods and individuals” (p12) and to “train a new generation of community organisers and support the creation of neighbourhood groups across the UK, especially in the most deprived areas” (p29). The other is the local economic growth agenda, the pledge in the Coalition Agreement “to create a fairer and more balanced economy, where we are not so dependent on a narrow range of economic sectors, and where new businesses and economic opportunities are more evenly shared between regions and industries” (p9).

In the next section, we describe the policy programmes that developed from these broad statements, and interrogate the extent to which they have been explicitly tailored to the needs of the poorest areas. We also note additional policies which might be expected to address some of the difficulties in poor neighbourhoods but which are not covered by either of these two over-arching themes.

The main policies are summarised in Box 1.

**Box 1: Summary of Main Policies Relating to Regeneration**

**Stimulating Local Economic Growth and Rebalancing the Economy:**

**Early policies**
- Abolition of Regional Development Agencies
- Establishment of Local Enterprise Partnerships based on functional economic areas and led by business
- Establishment of Enterprise Zones
- City Deals, offering extra powers in return for commitments to innovation and efficiency
- Regional Growth Fund to support business growth in areas heavily dependent on public sector employment
- Changes to local government finance to incentivise growth (New Homes Bonus, retention of business rates, Tax Increment Financing)
- Small programmes for projects in coalfields and coastal communities

**Policies following 2012 ‘Heseltine Review’**
- Local Growth Teams to coordinate the activities of central government and build central/local partnerships
- Industrial strategies for 11 key sectors
- Encouraging development of combined authorities
- Local Growth Deals negotiated with LEPs, devolving funding in a ‘single pot’ for housing and infrastructure

**Giving Communities More Powers**
- New ‘Community Rights’ (to bid, to challenge, to build and to reclaim land), and new neighbourhood planning measures
- Our Place Community Budgets
- Community Organisers programme (targeted at disadvantaged neighbourhoods)
- Community First Fund to support local social action. This includes ‘neighbourhood match’ scheme for 600 deprived wards

Note: Other policies will disproportionately affect poor neighbourhoods. For example, the Pupil Premium funding for disadvantaged pupils or the government’s welfare changes. This table only includes policies which the government has labelled as being about regeneration, local growth or local communities, or which specifically apply to disadvantaged neighbourhoods. We also only include new policies. The new government discontinued many old policies – we report this in the text.
Stimulating Local Economic Growth and Rebalancing the Economy

The core of the Coalition’s policy on local economic growth was announced at the June 2010 Budget and elaborated in its White Paper: *Local Growth: Realising Every Place’s Potential*, in October 2010 (Department for Business, Innovation & Skills 2010). This established a vision of an economy less dependent on a narrow range of sectors, and from which all parts of the country could benefit, and one in which businesses and local communities would be more in charge of their own futures. The key decision was the abolition of the Regional Development Agencies (RDAs) on the grounds that they did not represent meaningful economic geographies, and the establishment, by bidding process, of Local Enterprise Partnerships (LEPs), serving functional economic areas (places sufficiently connected to each other to be considered the same economy/labour market). Local authorities would be in a key role, but with at least half the board to be drawn from businesses, and with a business leader in the chair. LEPs, it was envisaged, would finance their own running costs, while supporting high growth businesses, infrastructure projects and strategic housing priorities, and helping to connect unemployed people to work.

39 LEPs were established, some of them covering cities (such as Pan London, Greater Manchester), some counties (e.g. Cumbria, Gloucestershire) and others distinctive growth corridors (e.g. Enterprise M3, Coast to Capital). Almost all local authorities are included in a LEP, and by implication, almost all disadvantaged neighbourhoods. The LEPs must therefore be seen as a new architecture for the planning and delivery of regeneration, with the private sector in a more prominent role, rather than a targeted initiative.

The government has subsequently used the LEP architecture to promote growth through several different programmes and funding streams. Initially, LEPs were given the chance to apply for Enterprise Zones (EZs) - economic development areas which could take advantage of tax incentives and simplified planning regulations. All business rates generated within an EZ will (for at least 25 years) be kept and used by the local LEP and local authorities to reinvest in local economic growth. Twenty four were established in April 2012 – typically city centre, waterside, and science/industrial park locations. In 2014, the government announced that business rate discounts and enhanced capital allowances on EZs would be extended by 3 years to 2018 (for business rates) and 2020 (for capital allowances). Another early move was to allow LEPs to apply to a new Growing Places Fund for small infrastructure projects to unblock constraints to growth, such as transport, utilities, flood defence and housing. Funds were mainly made available on a loan basis, with repayments invested in new projects.

Beyond LEPs, the Coalition has also initiated City Deals, which offer city authorities the opportunity to make bespoke deals with central government, gaining the powers they need to attract private sector investment in return for commitments to innovation and efficiency. Initially, City Deals were struck with the eight ‘core cities’ outside London: Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield. They were later extended to a further twenty areas: the Black Country, Brighton and Hove, Coventry, Cambridge, Hull, Ipswich, Leicester, Milton Keynes, Norwich, Oxford, Portsmouth and Southampton, Plymouth, Preston, Reading, Southend, Sunderland, Stoke-on-Trent and Staffordshire, Swindon, Bournemouth and Poole, and the Tees Valley. Core Cities have also been trialling a much smaller scheme, University Enterprise Zones, from 2014/15. This offers capital funding (a total of £15m) to develop incubator and grown-on space for business, based on a partnership between a university, LEP and others.

Other early developments included a Regional Growth Fund, targeted towards “those parts of the country which have become too heavily reliant on the public sector for growth”. RGF funds went direct to
businesses, rather than to public bodies. There were also changes to local government funding arrangements to encourage local authorities to pursue growth: a gradually phased retention of local business rates, a bonus for new homes, and tax increment financing (TIF) which allows local authorities to use anticipated future tax receipts to support upfront investment in their local area.

A more substantial local economic growth agenda became apparent after the 2012 ‘Heseltine Review’, in which the Conservative peer and architect of the 1980s Enterprise Zones and Urban Development Corporations argued that the government’s approach to date had been piecemeal: “It is as though the Government is prepared to dip its toe, or even several toes, in the water but is not yet prepared to accept the logic of its position with the confidence it should” (p36). Heseltine made 89 wide-ranging recommendations, including re-establishing a sub-national structure (Local Growth Teams, replacing the abolished RDAs and government offices) to co-ordinate the activities of central government departments and build central local partnerships, and abolishing the two-tier local authority structure in the shires. At the heart of his report, though, was “a major reconfiguration of responsibilities for economic development” (p7), with central government producing clear policies for each industrial sector and clear guidance on priorities, and empowering LEPs to develop and deliver local economic strategies with a single pot of un-ringfenced funding created by pooling budgets for skills, infrastructure, employment support, housing, regeneration and business support (Department for Business, Innovation & Skills 2012).

The government took up most of Heseltine’s recommendations, including Local Growth Teams, creating industrial strategies in 11 key sectors, asking LEPs to develop multi-year strategies, and encouraging the development of combined authorities (HM Treasury and BIS 2013). It also announced its intention to devolve some central funding for housing and infrastructure into a single pot, devolved to local level. This came to fruition in July 2014, with the announcement of a set of Local Growth Deals, negotiated with LEPs and creating local ‘single pots’. The Growth Deals, like the Enterprise Zones, concentrate on major economic developments – an Agri-Food campus in York; a Glass Academy in Sheffield; an advanced transport engineering facility in Leicestershire; a £50m transport plan for Greater Manchester. Growth Deals were presented both as an opportunity to rebalance the economy, to “end our over-reliance on the banks and the City of London and generate growth, jobs and ambition in towns and cities all across England” and as a localist move “we’re placing power and money in the hands of the people who know how to spend it best, making a real difference to local communities”. In November 2014, further devolution of powers over business growth and skills and help to join up health and social care budgets was extended to the combined authority of Greater Manchester, along with the announcement that the city region would have the first elected ‘metro area’ mayor.

These reforms are evidently not focused principally on neighbourhood-level regeneration, but on economic growth at the level of the functional economic area. There were no proposals in the Heseltine Review about neighbourhood regeneration. As Crisp et al. (2014) point out, the thrust of these policies is to focus on promoting economic growth where conditions are favourable, not to focus on disadvantaged areas – an opportunity-based rather than a need-based approach. The extent to which holistic regeneration plans are developed in particular neighbourhoods in order to help drive growth, or to which programmes are put in place to ensure that the benefits of growth reach the poorest areas will therefore depend on the local plans of each LEP. One argument is that the ‘de-cluttering’ of the institutional landscape for neighbourhood renewal (for example the abolition of the NDCs) has left the responsibility more obviously in the hands of local authorities to link economic development and poverty reduction, through influencing the LEPs towards ‘inclusive growth’, whereas before these could be seen as separate agendas.
A text search of all 39 LEP strategic plans reveals that regeneration does not play a prominent part in written plans, although there is evidence of activity in more than half the LEPs. Two contain separate sections on housing and regeneration, or on regeneration alone, and another three have sections on ‘inclusive growth’ or ‘improving access to the labour market’. Including these, 22 in total mention deprived neighbourhoods or areas in the context of neighbourhood employment plans, growth reaching the most deprived neighbourhoods, reducing inequalities between areas of the city, addressing pockets of worklessness, reducing social deprivation, ensuring access to jobs for those living in poor neighbourhoods, or improving resilience in deprived neighbourhoods. Deprived neighbourhoods are also mentioned in relation to ERDF (European Regional Development Fund) funding. This indicates that a focus on neighbourhoods will not have entirely disappeared, but it is not required and is likely to be inconsistent. Further research is needed to identify the extent to which the LEPs are initiating and coordinating regeneration plans.

In keeping with its philosophy that regeneration should be driven locally, the Coalition has deliberately eschewed targeted programmes. There are, however, two partial exceptions. One is the regeneration of coalfields. In 2010, the previous Labour government commissioned a review of coalfields regeneration led by MP Michael Clapham. Its report, published in 2010, concluded that coalfields still represented a special case, with high unemployment, few small enterprises, high proportions of young people not in education, employment or training, and poor health in older and younger populations. It argued for a joined-up, multi-agency approach, with integrated local programmes of action led by local authorities but bringing in other national and local partners. Resources would need to be additional, especially in the light of cuts to local government funding. The Coalfields Regeneration Trust (CRT), a charity which supports community renewal projects, should also be put on a more sustainable footing, currently only being funded for three years (Coalfields Regeneration Review Board 2010). The government responded in 2011, accepting the case that intervention was still needed, but arguing that “the form of this intervention needs to evolve to reflect changed economic circumstances and the Government’s new approach with the emphasis in the next phase of regeneration towards a community focused, self-sustaining and locally-led approach” (DCLG 2011, p4). Rather than granting additional money to local authorities, as the Board had recommended, it pledged £30m to the CRT over the period 2011/12 and 2012/13, with the potential for two further years funding to enable it to become self-financing by 2015. The Trust should develop a ‘partners programme’ to develop closer working the relevant agencies on health, skills and other issues. Part of the money should also be used to help stimulate small businesses by working with the Trust to develop an interest-free small business loan scheme. At the same time the government signalled a review of the Homes and Communities Agency’s National Coalfields Programme (of physical regeneration), indicating that not all projects would go forward. Thus the government maintained a particular focus on coalfields as a special case, but rejected the idea of additional funding to public authorities or the development of a public-sector-led integrated regeneration approach.

The other partial exception is coastal communities, where again the government accepted that particular trajectories of economic decline constituted a special case for intervention. In 2012 it launched a £24m Coastal Communities Fund to back 26 projects (with grants ranging from £25k to £2m) to help transform and diversify seaside economies, including skills training, apprenticeships and new enterprise development.
**Giving Communities More Powers**

The previous paragraphs describe one half of the Coalition’s vision of regeneration - as driven by economic growth. The second half, that regeneration should stimulate local growth, was promoted through efforts to devolve power and responsibility to community level, as part of the Coalition’s broader agenda of a service transformation through a smaller state and a Big Society.

One part of this programme has been the conferment of new rights on communities:

- The Community Right to Bid – giving community groups the right to bid to buy community buildings and facilities;
- The Community Right to Challenge – giving voluntary and community groups, charities, parish councils and local authority staff the right to bid to run part or all of a local authority service if they think they can do it better;
- New Neighbourhood Planning measures which enable local communities to shape development by preparing neighbourhood plans which will then be put to local referenda;
- The Community Right to Build – allowing local communities the right to propose small scale community-led developments, again voted by local referenda;
- The Community Right to Reclaim Land – giving local communities the right to ask for underused land to be brought back into use.

These rights were passed into law in the Localism Act 2011, and came into effect in 2012.

The government also introduced some new mechanisms and funds to support increased community activity and ownership. One is Neighbourhood Community Budgets (also known as ‘Our Place!’). Our Place! extends Labour’s ‘Total Place’ initiative which piloted the pooling of service budgets at local level, so that cross-cutting issues (such as ‘troubled families’) could be more effectively addressed. The distinctive feature of the Coalition’s scheme is that local residents are central to the decision-making. After an initial piloting stage, the government pledged £4.3m to support at least 100 areas to develop their operational plans by March 2015, with the support of Locality, the national network for community-led organisations. Each area can receive up to £3000 in Year 1 and up to £10,000 in Year 2. Some may receive more if they are breaking new ground and developing exemplar projects. Our Place! is not particularly targeted at disadvantaged neighbourhoods, and nor is a Community Shares Unit, established to develop schemes to finance community enterprises through the sale of shares.

The Coalition is, however, targeting such neighbourhoods with two other programmes. One is the Community Organisers programme, a national scheme to recruit and train 5,000 new community organisers to catalyse action at community level. It intended that one hundred of these should be paid for their first year (£20,000) while the remainder would be volunteers.

The other is the Community First Fund, running from four years to 2015, to support local social action. This is an £80m fund in total, with £50m allocated to an un-targeted ‘endowment match’ scheme, aiming to raise £100m from individual and corporate philanthropy, and £30m allocated to a ‘neighbourhood matched scheme’. The latter funding is only for 600 electoral wards (about 8 per cent of the total), selected on the basis of neighbourhood deprivation indicators. Communities in these wards set up local panels and decide upon projects for funding in their area. Every £1 provided in funding must be matched by donations of cash, services, free products or volunteer time.
Other Policies Affecting the Most Disadvantaged Neighbourhoods

This policy review makes clear the extent to which the Coalition has stepped back from central responsibility for and direction of regeneration and renewal. The Community Organisers and Community First programmes - small and time-limited funds designed to stimulate community activity - are the only policies targeted at deprived neighbourhoods in particular.

But there are other important parts of the story apart from the government’s own new policy programme. One is discontinuation of existing regeneration and renewal programmes and mechanisms in the move to a locally driven approach. These include the existing structures for economic regeneration, the Regional Development Agencies, but also the government offices for the regions, which had had a coordinating role for neighbourhood renewal, and the structure of floor targets, national indicators, and Local Area Agreements, which had provided a way for central government to hold local government to account on whether gaps were being closed. Local Strategic Partnerships have not been abolished, but decreased in importance (Rees, Mullins, and Bovaird 2012) and are no longer required to do anything by government, including produce a neighbourhood renewal strategy. Through the removal of these mechanisms, the government is no longer ‘monitoring the situation’ nor holding local bodies to account.

Also discontinued were existing specific programmes and funding streams, the principal ones being the Working Neighbourhoods Fund (previously the Neighbourhood Renewal Fund) and the Housing Market Renewal programme (HMR). The abrupt cancellation of the latter, with effect from March 2011, was particularly controversial since schemes were mid-way through. In some cases areas had been partially cleared awaiting demolition, or had had homes demolished but not yet completed re-building. To replace an estimated £300m spent the previous year, the government announced a £5m Growth and Housing Market Renewal transition revenue fund, and £35.5m capital fund, which was matched by contributions from local authorities. In response to the House of Commons Committee’s recommendation that it instigate a managed wind-down of the HMR programme with sufficient funds to eradicate the blight left in some neighbourhoods, it argued that it had already done so (through the transition funds). Recognising concerns about how renewal could be carried forward, it urged an ‘ambitious and creative approach to the new funding sources, such as the New Homes Bonus’ (Department for Communities and Local Government 2012, p12). In 2012, an academic review of the HMR programme warned of a considerable risk that the worst neighbourhoods in the HMR areas would enter a spiral of decline, and that market forces could not be relied upon to remedy this.

Another aspect of the Coalition’s approach has been its decision not to initiate any of the time-limited specific-area regeneration schemes that had been a feature of the regeneration policy landscape for decades previously – City Challenges, Single Regeneration Budget schemes, New Deals for Communities, Housing Market Renewal, for example.

The Coalition has also been silent on another area of policy which had enjoyed considerable popularity under Labour since the mid-2000s: the desirability of socially mixed communities. Mixed communities had partly come about as a result of the government’s lack of direct funding for new social housing and for major housing refurbishment. As housebuilding picked up and the ‘urban renaissance’ created demand for homes in inner urban areas, local authorities were able to negotiate deals with private developers through which estates would be rebuilt at higher density, introducing new private sector housing as well
as refurbishing or replacing existing dwellings. However, ideological commitments were also made to the notion of mixed communities, which it was claimed would reduce social and educational segregation and bring new resources and social networks into low income areas (Berube 2005; Lupton et al. 2010; Lupton and Fuller 2009; Tunstall and Lupton 2010) – albeit only when the future of poor neighbourhoods was considered: there were no suggestions of building low-income housing in rich neighbourhoods to reduce segregation. The housebuilding slump post-2008 revealed the difficulty of relying on market solutions for regeneration. However, it has also been notable that the Coalition has not advocated mixed communities in principle. In fact, it has tended to prioritise ‘fairness’ at an individual level, over ideas of reducing social segregation (Hamnett 2014). The effects of its reforms to Local Housing Allowance and the overall benefits cap (Hills 2015; Tunstall 2015) are expected to result in lower income households having to move out of richer neighbourhoods to lower rent areas (Fenton 2011). An interim report in May 2013 showed limited evidence of such movement at that point – partly because tenants were trying to stay if possible and partly because of transitional measure (Beatty et al. 2013). Mixed communities may resurface de facto, as a product of the announcement in June 2014 of a new £150m loan fund, to run over the period 2015-2019, for ‘estate regeneration’ - to create 40,000 new homes through the redevelopment at higher density of existing social housing estates. The extent to which this will deliver wider economic and social regeneration remains to be seen – it is not one of the criteria upon which bids will be assessed.

One consequence of central government withdrawal from these policies and programmes is that there is no longer any agreed definition of what regeneration is: no template or menu of activities to be pursued. The extent to which this has meant that activity has ceased is simply unknown. Most likely, the decade of concerted effort aimed at poor neighbourhoods from 1998 has left some institutional legacy - structures and habits of inter-agency neighbourhood working and management, and individuals with previous regeneration experience – such that some previous approaches have persisted. The pattern, however, is likely to be variable, and cannot be discerned without local-level research.

A further part of the story is the wide range of other programmes and policies that affect regeneration and renewal but are not badged as such – welfare benefits and targeted programmes (such as the Coalition’s Pupil Premium funding for children in receipt of Free School Meals) for example. These will have more impact, in combination, on disadvantaged neighbourhoods than the much smaller neighbourhood renewal programmes which are usually regarded as additional. The value of neighbourhood-level programmes in the past has been as follows: their coordination of these broader inputs; additional and tailored funds to meet additional local needs; or sometimes integrated multi-dimensional approaches to turn around areas where mainstream programmes on their own have not made sufficient difference. However, because people on low incomes rely more upon them than people on higher incomes, mainstream policies will have more effect in areas of concentrated low income, and thus have the potential to shape spatial inequalities much more than neighbourhood programmes themselves (Hamnett 2011; Hamnett 2014). Because these mainstream policies and programmes are covered in detail in the other papers in this series**, we do not reprise them here. However, we note three points. One is that the Coalition has not, unlike its predecessor, set out to monitor spatial inequalities so that the effects of these ‘spatial divisions of welfare’ could become obvious and acted upon. The second is that the mechanisms by which mainstream programmes were aligned with each other to meet the needs of poor neighbourhoods have

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**These cover cash transfers, health, housing, adult social care, employment, early years, schools and higher education, and further education and skills. Three areas not covered but which also potentially impact on the most disadvantaged areas in particular are criminal justice, children’s social care and migration policy.**
been discontinued. The third is that within mainstream programmes, the Coalition has tended to withdraw funds which were being used to target either deprived areas specifically or individuals living in such areas. For example, in education, funding for Connexions, which provided information and guidance to young people at risk of social exclusion, and Aim Higher, which focused on raising aspirations to go to university, were both cut.

One new programme which might be particularly relevant to disadvantaged neighbourhoods, although not targeted as such, is the £448 million 'Troubled Families' programme, introduced in 2012 to target intensive support on 120,000 families. The approach builds on Labour’s family intervention projects (FIPs), attaching a dedicated support worker to work with families as a group, working on agreed goals such as school attendance, avoiding crime and anti-social behaviour, health, substance misuse, training and work. However, it is on a larger scale and works on a different delivery model, with payment by results. In 2013-14 the programme was extended to 40,000 additional families, with the aim of intervening earlier with families with vulnerable young children, domestic violence, or health problems. No information is yet available about where these families live and whether the benefits of the programme to them have resulted in any benefits to the neighbourhoods in which they live.

Contrasts with Policy in Other Parts of the UK

Regeneration policies in other parts of the UK have recently been comprehensively set out in reviews funded by the Joseph Rowntree Foundation (Clapham 2014; Muir 2014; Robertson 2014). Crisp et al. (2014), summarising these, point out that some divergence in approach, and funding, was evident through the 2000s. However, the Coalition’s approach makes England now look very different to the rest of the UK. In all four countries, a retreat from time-limited, stand-alone, area-based initiatives is evident. In Wales and Northern Ireland, the direction of travel since 2010 has been towards stronger integration of area-based programmes with broader anti-poverty agendas. In Wales, the Communities First programme, which was initially distinctive for its focus on community capacity-building, has now been re-focused as a ‘community-focused tackling poverty programme’, accountable for the delivery of clearly delineated outcomes. In Scotland area-based initiatives have disappeared. Robertson’s review is highly critical of the ‘mainstreaming’ approach that has developed, through which Community Planning Partnerships, in the context of reduced budgets, negotiate Single Outcome Agreements (SOAs) with government around the delivery of national strategic objectives, and suggests that these are failing to focus on the continuing economic problems of more deprived areas. However, Scotland has retained a central government commitment to focused funding which will help realise the economic potential of all Scotland’s communities, and to supporting vulnerable communities and community-led regeneration. Crisp et al. (p13) summarise this situation as follows: “These differences contrast sharply with England where ABIs have been discontinued and no overarching strategic framework for regeneration exists. Instead, local government and communities are expected to determine their own regeneration priorities and activities. Moreover, what remains of regeneration policy in England is notable for the absence of a clear focus on addressing the needs of deprived communities. There is no alignment, even implicitly, with anti-poverty strategy. Overall there is a strong sense that policy makers in the three countries have retained a focus on prioritising spend and services on meeting the needs of deprived areas, albeit with reduced funding, that is no longer apparent in England”.

17
3. Spending

The government was clear in *Regeneration to Enable Growth* that there would be “less money available for investment in regeneration” (no page number).

Funding targeted at deprived neighbourhoods for neighbourhood renewal type activities was cut dramatically. We have also looked at the cost of economic growth programmes (Table 2). The numbers here are considerably larger, around £1.5bn per annum at their peak. As the notes to the table indicate, these are underestimates, since they do not include the Growing Places Fund which could not be apportioned to years, nor the much larger £2bn Local Growth Fund and the additional costs of Local Growth Teams after 2014. Specific comparison with the previous government’s spending is difficult. Tyler et al. (2013) cite the combined value of the RDA budget and Local Enterprise Growth Initiative (LEGI) as £2.4bn in 2009/10, which suggests that the period at least to 2014 represents a reduction in spending.

This is confirmed by CLG’s evidence to the House of Commons enquiry on regeneration. This estimated spending on "core" regeneration programmes by DCLG, the Homes and Communities Agency and Regional Development Agencies to be £11.189 billion in 2009/10. This is much larger than the sums shown in Table 2 because it includes all regeneration spending including housing programmes, major infrastructure projects, and community programmes (as above). DCLG data shows this falling to £7.926 billion in 2010/11 and £3.872 billion in 2011/12.
Table 1, we show spending on central government programmes targeted to deprived areas. These have totalled just around £130m over the course of the parliament in real terms, or approximately £32m per year. By comparison, under Labour, the Neighbourhood Renewal Fund alone cost about £500m per year, the Housing Market Renewal Programme £200m, and the New Deal for Communities programmes about £5m per year each, or £200m per year in total.

By comparison with other areas of public spending, these amounts were in any case small. The amounts spent by the Coalition are tiny. A typical London local authority would spend approximately double this amount each year. In total, if a single neighbourhood were to secure funding from the Community Organisers and Community First Fund, and be included in Our Place!, it could attract a maximum of £80-£100,000 funding, probably about £10 to £20 per resident depending on the size of the ward. Funding from the Big Lottery Fund to the tune of £1m over 10 years for 150 areas previously regarded as underfunded represents a more concentrated investment – and comes, significantly, from a charitable source not from central government – but even this works out only an estimated £20 per head per year (£200 over ten years), again depending on the size of the area. By comparison, our own estimates (Lupton, Fenton and Fitzgerald 2013) indicated that the average value of NRF funding was between £66 and £120 per head in its peak year, while NDC funding was estimated at £500 per head per year (Foden, Wells, and Wilson 2010).

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Table 1: Spending on Programmes Targeted at Deprived Communities (£m)

<table>
<thead>
<tr>
<th>Programme</th>
<th>Dates</th>
<th>Total Amount (nominal) (£m)</th>
<th>Total Amount (real terms 2009/10 prices) (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Organisers¹</td>
<td>2011-2015</td>
<td>22.5</td>
<td>21</td>
</tr>
<tr>
<td>Community First Fund Neighbourhood Match Scheme²</td>
<td>2011-2015</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Coalfield Areas package³</td>
<td>2010</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Coastal Communities Fund⁴</td>
<td>2012-2014</td>
<td>52</td>
<td>50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>134.5</strong></td>
<td><strong>129</strong></td>
</tr>
</tbody>
</table>

Sources and notes: Government spending announcements


Figures shown in cash terms and in real terms (2009/10 prices) using HMT GDP deflators 5 December 2013, based to 2009/10

Table 2: Spending on Regional and Local Economic Growth Programmes (£m) Real Terms (2009/10 prices)

<table>
<thead>
<tr>
<th>Programme</th>
<th>Start</th>
<th>End</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEPs</td>
<td></td>
<td></td>
<td>6</td>
<td>6</td>
<td>19</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>City Deals</td>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise Zones</td>
<td>2011</td>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Enterprise Zones</td>
<td>2014</td>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Growth Fund</td>
<td>2011</td>
<td>2017</td>
<td>443</td>
<td>150</td>
<td>485</td>
<td>1252</td>
<td></td>
</tr>
<tr>
<td>Regional Development Agencies (legacy)</td>
<td>1998</td>
<td>2012</td>
<td>1424</td>
<td>776</td>
<td>62</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total spending</strong></td>
<td></td>
<td></td>
<td><strong>1424</strong></td>
<td><strong>1225</strong></td>
<td><strong>256</strong></td>
<td><strong>720</strong></td>
<td><strong>1541</strong></td>
</tr>
</tbody>
</table>

Sources: National Audit Office, 2013 (HC 542), Appendix 3 and Public Accounts Committee, 2014 (HC 1110), Figure 1, Changes to funding for local economic growth 2011-12 to 2014-15. Figures are in real terms using GDP deflators 5 December 2013, based to 2009/10. Shows updated figures as per PAC, 2014 (HC 1110)

Notes: Growing Places Fund (£730m) not included as not possible to apportion to years. Local growth fund (announced 2014) not included as not in period covered. Reflects actual (before 2013–14) and forecast (2013–14 onwards) spending by departments on the new local growth programmes covered in this report; Regional Development Agency legacy spend is forecasts only. City Deal spend is estimates only. Recycling of funds used for loans is not reflected. Enterprise Zones figure is later figure as per PAC 2014. University Enterprise Zones pilot from https://www.gov.uk/government/policies/investing-in-research-development-and-innovation/supporting-pages/university-enterprise-zones
Local government funding is also relevant, both because local authorities were, in the main, funding neighbourhood management and coordination structures, and because they will have been spending additional money on services in the poorest neighbourhoods in response to need. Local government has been one of the biggest losers from the Coalition’s austerity measures. Hastings et al. (2013) calculate that local authorities in England have had a 29 per cent cut in expenditure since the peak in 2008/9. The data do not enable consistent identification of neighbourhood-related spending. However, councils have cut discretionary areas of spending more than statutory areas such as social care. Culture, environment and planning have been major areas cut (ibid). Hastings et al also argue that the ‘strategy of equality’ whereby more deprived authorities were better funded has been undone by the Coalition government (ibid p 50). On a per capita basis and over the 2010/11 to 2014/15 period, they calculate that the most deprived quintile of all-purpose local authorities, measured using the Index of Multiple Deprivation 2007, have lost over £250 per capita through changes in Formula Grant allocation and Specific Grants. By contrast the least deprived quintile has lost £150 per capita, the second least deprived quintile ~£180 per capita. This pattern is confirmed in analysis covering both single-tier authorities (all-purpose authorities) and Shire Districts in 2011/12 and 2014/15 by House of Commons Library (Berman and Keep 2012), (Keep 2014). Looking across these time points, in both cases the proportionate reduction in Revenue Spending Power\(^3\) increases with level of deprivation as measured by IMD 2010 (Table 3).

### Table 3: Reductions in Revenue Spending Power by Deprivation Decile, 2011/12 and 2014/15

<table>
<thead>
<tr>
<th>Deprivation decile</th>
<th>2011/12 (% change from previous year)</th>
<th>2014/15 (% change from previous year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single-tier Shire Districts</td>
<td>Single-tier Shire Districts</td>
</tr>
<tr>
<td>1 (most deprived)</td>
<td>-8.4</td>
<td>-8.6</td>
</tr>
<tr>
<td>2</td>
<td>-7.8</td>
<td>-7.5</td>
</tr>
<tr>
<td>3</td>
<td>-7.7</td>
<td>-6.8</td>
</tr>
<tr>
<td>4</td>
<td>-7.7</td>
<td>-6.9</td>
</tr>
<tr>
<td>5</td>
<td>-5.1</td>
<td>-6.5</td>
</tr>
<tr>
<td>6</td>
<td>-6.0</td>
<td>-6.5</td>
</tr>
<tr>
<td>7</td>
<td>-4.1</td>
<td>-6.8</td>
</tr>
<tr>
<td>8</td>
<td>-4.0</td>
<td>-6.1</td>
</tr>
<tr>
<td>9</td>
<td>-2.9</td>
<td>-6.0</td>
</tr>
<tr>
<td>10 (least deprived)</td>
<td>-2.2</td>
<td>-5.4</td>
</tr>
</tbody>
</table>

Sources: Tables 4 and 5, (Berman and Keep 2012); Tables 4 and 5, (Keep 2014). HoC figures are taken from DCLG Local Government Finance Settlements.

Notes: Single-tier authorities exclude Isles of Scilly and City of London

\(^3\) Revenue Spending Power takes into account local authority income from Council Tax and other sources. Considering only the grants local authorities receive from central government shows the cut to be deeper, hence considerable contestation over the exact extent of the decline in local authority resources.
4. Inputs and Outputs

Information about what has been provided with the money spent on these initiatives is remarkably sparse, partly because central government has not been taking a monitoring or evaluation role.

From the data currently available, it appears that the reach of the funded projects aimed at deprived areas has been predictably small.\(^4\) At the time of writing, publicly available evidence suggests that 540 Community Organisers have been recruited to date (out of a proposed total of 5000).\(^5\) An evaluation of Community First suggests that over 11,000 small scale projects have so far been recommended for matched funding, totalling nearly £17 million in Community First funding, and generating £60 million in matched contributions from projects (of which £10m cash) (Ipsos MORI 2014). The programme has mainly supported existing organisations to continue or extend their activities – nine out of ten organisations had existed prior to the funding, and three quarters had previously applied for grant funding. Evaluators found that the programme made funding more accessible and also that it enabled more people to be included – 84 per cent of projects said their activity included people who had not been involved in something similar before.

Some information is also available about non-targeted community programmes. As at September 2014, 141 areas had bid successfully for Our Place! projects. The scale of the areas ranged from single neighbourhoods to whole local authorities. Lead organisations ranged from parish and town Councils and third sector organisations to large metropolitan authorities, and the scale of the projects from taking over a single building for community use to taking on a whole service across a local authority area (Locality 2014). As the scheme intended, all tackle particular issues in service delivery. They are not holistic regeneration packages nor are they by any means in deprived areas as this is not a criterion for the scheme.

Other data begin to raise concerns about declining inputs at the local level as budgets come under pressure. Hastings et al. (2013) and Fitzgerald et al. (2013) found that local authorities have tried to protect poorer neighbourhoods while making cuts to services. Until 2013, they were able to make the majority of the savings to date through ‘efficiencies’ and back-room services, as well as by asking more of voluntary and community organisations (VCS). However these strategies seemed unsustainable in the longer term as local government faced further cuts. Case study evidence from three London boroughs, for example, showed several of the local voluntary and community sector providers sampled experiencing substantial reductions in funding. There were reports of increasing local need and of greater reliance on volunteers (Fitzgerald, Lupton, and Brady 2014).

Mohan (2012) points out that the Big Society was a weaker strategy, by design, for poorer neighbourhoods than richer ones, since there are over 2.5 times as many neighbourhood organisations in the most prosperous neighbourhoods as in the most disadvantaged. Those in more prosperous areas are also

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\(^4\) Further evaluation of the Community Organisers and Community First programmes has been commissioned by the Cabinet Office and is being carried out by Ipsos MORI and researchers at the University of Birmingham. http://www.birmingham.ac.uk/schools/government-society/research/projects/inlogov/2014/evaluation-community-organisers-community-first-programmes.aspx

\(^5\) http://www.cocollaborative.org.uk/ This presents an increase of 90 Community Organisers since June 2014 (Locality 2014a).
more likely to have public funding (Clifford 2012). Civil Exchange (2013), conducting an audit of the Big Society, found that the impact of government policy on voluntary sector funding was ‘largely negative’, with dramatic falls expected in the next four years. The voluntary sector is expected to lose about £6.6bn per annum by 2017-18 compared with 2010-11 levels. Foden, Fothergill, and Gore (2014) report some specific examples from coalfield communities: a complete cut in funding from £135,000 to £0 for the Wigan Council for Voluntary Service in two years; a reduction in the number of community development workers in Mansfield from twelve to ‘one or two’; a halving of income for the St Helens Deafness Resource Centre. They suggest due to local authority funding cuts, the major source of funding for the voluntary and community sector in the coalfields is expected to dwindle if not disappear altogether. Civil Exchange (2013) describes the voluntary sector as being “left out in the cold” (p6) and argued that although the Big Society can be inspiring, it is failing to live up to its own rhetoric in key areas. Their report calls (p44) for “increased investment in building the social infrastructure of disadvantaged urban communities… starting by preserving the valuable voluntary and community infrastructure that is already there and recognising the value of existing public sector investment in it”.

Information about what has been achieved with the government’s regional economic development spending is also sparse. In 2014, the Public Accounts Committee reviewed Regional Development, and concluded that DCLG and BIS had been slow to develop plans for evaluating local growth schemes and lacked the monitoring data to compare the performance of schemes. As a result “the Departments do not understand fully the impact of their schemes, either individually or as a portfolio” (Public Accounts Committee 2014).

Information presented in that report suggests that the output from Enterprise Zones and the Growing Places Fund has been considerably lower than expected. Enterprise Zones were initially forecast to produce 54,000 additional jobs by 2015, later revised to ‘between 6000 and 18,000’. However, even against these revised targets, progress was slow up to December 2013; around 4,600 jobs had been created. Figures released in November 2014 indicating that 12,530 jobs had been created suggest progress toward the revised target. Initial targets for the Growing Places Fund were also revised down from 217,000 jobs, 5,300 businesses and 7,700 houses to 142,300 jobs, 1400 businesses and 6100 houses. By December 2013, 419 jobs, three businesses and 155 houses had been delivered – a record described the Public Accounts Committee as “particularly underwhelming” (ibid). By October 2014 DCLG reported from June 2014 data slightly better outcomes – 976 jobs, 81 businesses and 342 housing units (DCLG 2014). These figures are still far short of the revised targets. By contrast targets for the Regional Growth Fund were revised upwards from 41,000 to 77,700 additional jobs by the mid-2020s. However, the cost per job was also up, from £30,400 in Round One to £52,300 in Round Four. BIS and DCLG have commissioned a scoping study into evaluation of the Regional Growth Fund, but no independent evaluation is currently available. In relation to all these schemes, the Public Accounts Committee noted that much of the money earmarked for local growth had not actually made it to local projects (just £400m of the £3.9bn allocated had done so by 12/13) – the government responded that processes have been sped up and that later figures will show an improvement.

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5. Outcomes

Assessing Neighbourhood Outcomes

Assessing the outcomes of any of the Coalition’s policies, in any policy area at this stage is problematic, partly because they have not been fully implemented, partly because there is a time lag in the production of official data such that in most cases we can only see results up to 2013, and partly because neither inputs nor outcomes respond overnight to policy changes. As we have discussed, the cessation of policy does not necessarily imply the cessation of all action at local level. Even were there a complete lack of policy activity, any deleterious effects on neighbourhood environments and safety or on services to residents could be expected to take time to impact on individual outcomes and behaviours. The spirals of decline witnessed in the 1990s (see for example Power 1998; Mumford and Power 2002; Lupton 2003) took some years to develop following the economic shock of industrial restructuring.

Those earlier examples also illustrate the complexity of neighbourhood decline and renewal. Economic shocks hit different places in different ways. The pattern of local events is also affected by local demographics, housing supply and demand and the quality of local services. Overall, the substantial investments in housing, facilities and services during the 2000s should mean that the poorest neighbourhoods are more resilient to the effects of economic shocks than they were fifteen or twenty years ago, while the reduction in the number of empty properties as a result of HMR and other regeneration schemes should have reduced the possibility of rapid decline, crime and dereliction in areas of least desirability. At the same time, other policies as well as neighbourhood policy – welfare reform, education, health, employment programmes and so on, will be affecting the pace and direction of change. Welfare policies in particular may also be affecting the movement of people and their residential choices, such that neighbourhood composition changes, as well as the situation of the people who stay in situ.

All of these factors make consistent short term change in either direction as a result solely of neighbourhood policy unlikely. In this section of the paper, we present trends to date without attributing causality. Nevertheless, trends in the wrong direction (worsening outcomes or widening gaps), or lack of progress in the right direction, might indicate that more (or different) should be done.

Economic Growth and Spatial Re-Balancing

Very little can be said about the Coalition’s record in achieving regional rebalancing of the economy at this stage. Data are currently only available to 2012, prior to the implementation of most of the policies described here. These show the scale of the challenge. Regional GVA per capita (a measure of the value of the economy) rose 4 per cent in London in this period, and 6 per cent in the rest of the South, compared with 2 per cent in the North and Midlands7.

As Figure 1 shows, nearly all the private sector job growth in the period 2009-2012 was in London and the South East. Yorkshire and the Humber lost both public and private sector jobs, as did the South West, while in the North West and North East private sector job growth did not replace public sector job losses.

Figure 1: Change in Total Employee Jobs (Full and Part Time) 2009-2012

7 Expressed in nominal terms as published by the Office for National Statistics.
This pattern of uneven growth is also reflected in house prices, which are available until 2013. In Table 4, we show median house prices for local authorities by ten equal groups, from lowest to highest, at the point the Coalition took office. The average price is shown for each group. The table shows that the local authorities with the most valuable homes saw an increase in value by a quarter between the second quarter (Q2) of 2007 and the second quarter of 2013. By contrast, all local authorities in the bottom six groups saw homes lose value, with the greatest losses in the lowest value areas. All the local authorities in the top two groups were in London or the South East of England. Looking at the same data by region shows that average local authority house prices in London rose by 25 per cent between Q2 2007 and Q2 2013. Prices in the South East and East of England also rose (by 7 per cent and 3 per cent respectively), while prices in all other regions fell. The North West and East Midlands saw the largest falls, down 5 per cent. While these data tell us nothing about neighbourhood trends per se, they point to persistent economic inequalities at wider spatial scales – an unfavourable context for closing the wide gaps in neighbourhood outcomes that the Coalition inherited.

Table 4: Change in House Prices Between 2007, 2010 and 2013 (2nd Quarter)
### Neighbourhood Level Trends: Economic Indicators

Despite this context, we do not find strong evidence of a widening of gaps in economic and social outcomes between the poorest neighbourhoods and others, since 2010, but neither is there evidence of progress in closing the gaps that opened up between 2007 and 2010 as the economic crisis hit.

One important caveat to this is that there is no direct measure either of income or of material deprivation at the small-area level. Survey evidence (only available to 2013/13) shows a rise in the number of children affected by material hardship from 22.3 per cent in 2010-11 to 24.1 per cent in 2012-13 (Belfield et al. 2014). Distributional analysis of the Coalition’s tax and benefit changes (De Agostini, Hills, and Sutherland 2014) shows that the poorest tenth of households have been the biggest losers. Beatty and Fothergill (2013), modelling the local impact of benefit reforms, show, unsurprisingly, a close correlation between the amount lost per person and local authority level deprivation. Overall, for every ten percentage point increase in a local authority’s share of neighbourhoods in the most deprived 20 per cent, the scale of the financial loss arising from the welfare reforms rises by roughly £60 per adult of working age. The worst hit places (in terms of loss per person) are older industrial areas, parts of London, and some seaside towns, with Blackpool experiencing the greatest losses overall. Evidence is also accumulating from qualitative studies and service providers of increasing hardship arising from a combination of job losses, wage stagnation, benefit cuts and rising costs of food and fuel (Cooper, Purcell, and Jackson 2014; Forsey 2014; O’Hara 2014; Power et al. 2014). We would expect to see these reflected in higher poverty and material deprivation rates in areas with more poor people, were these data available.

The nearest proxy to a small area poverty measure that we have is the Unadjusted Means-Tested Benefit Rate (UMBR), an out-of-work benefit measure developed by Fenton (2013) and updated for the purposes of this project. UMBR is the sum of claimants of Income Support, Employment and Support Allowance, Job Seekers Allowance and the Guarantee Element of Pension Credit, divided by the estimated number of households in the neighbourhood (LSOA). This combination of means-tested benefits is the closest, of all the administrative data consistently available over the period since 2000, to survey measures of

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Source: Department for Communities and Local Government Live Tables 582, Authors Calculations

### Average of MEDIAN house price

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Source: Department for Communities and Local Government Live Tables 582, Authors Calculations
poverty (households with below 60 per cent of median income) at higher spatial scales, so we use it as a best proxy for poverty. Although in-work poverty is not included, UMBR correlates closely with the Indices of Multiple Deprivation (IMD) which does include in-work poverty. Unlike IMD, however, it is available every year and is a straightforward number with an unadjusted numerator (claimants) and denominator (households), not a mathematically transformed synthesis of several rates and counts. Thus the number is meaningful and real change can be counted and understood. That said, changes to the benefits system mean that UMBR may be becoming a less reliable proxy for poverty over time. For example, it is unable to pick up households who become poor because of benefits sanctions, or lone parents who are no longer able to claim Income Support because the eligibility criteria relating to age of children has changed, but who are poor in low paid, part time work. In order to accurately measure neighbourhood change, we need a direct small-area measure of income poverty: UMBR provides the best available alternative for the meantime.

Table 5 shows all LSOAs in England divided into ten equal groups on their UMBR value in 2010, and shows values in 2007, 2010 and 2013.

The table shows a clear ‘recession effect’, with UMBR rising in all decile groups between 2007 and 2010, but most in the poorest areas. UMBR then fell almost everywhere, and slightly more in the poorest areas, but not back to its original levels. The gap between the poorest neighbourhoods and those in Decile 6 (just above the middle) and Decile 10 (the least poor on this measure) widened during the recession, and fell back again during recovery. However the gap between Deciles 1 and 6 was still wider in 2013 than in 2007.

Table 5: Unadjusted Means-Tested Benefit Rate (UMBR) 2007, 2010 and 2013, by 2010 Decile Group

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<td>1 (highest UMBR)</td>
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<td>3</td>
<td>27.4</td>
<td>31.1</td>
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<td>3.7</td>
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<td>3.1</td>
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<tr>
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<td>24.8</td>
<td>3.4</td>
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<td>17.8</td>
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<td>14.1</td>
<td>13.7</td>
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<td>-0.4</td>
<td>2.1</td>
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<td>2.2</td>
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<td>4.8</td>
<td>6.3</td>
<td>6.3</td>
<td>1.5</td>
<td>0</td>
<td>1.5</td>
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<tr>
<td>Difference 1 to 6</td>
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<td>35.5</td>
<td>35.2</td>
<td>1.4</td>
<td>-0.3</td>
<td>1.1</td>
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<tr>
<td>Difference 1 to 10</td>
<td>43.6</td>
<td>46.3</td>
<td>45.6</td>
<td>2.7</td>
<td>-0.7</td>
<td>2</td>
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The same ‘recession effect’ with widening gaps and then closing, is shown using a worklessness measure - 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. Other
measures of worklessness (for example the ILO definition of people not working but looking for work, whether claiming unemployment benefits or not) are not available at a small spatial scale. We show the benefits-based worklessness trends in Figure 2 and 3, taking the series back to 2000 on a quarterly basis.

In Figure 2, we continue the trend we showed in our analysis of the Labour period, defining the highest worklessness neighbourhoods as those which had the highest workless rates (so defined) in 2000. The trend to 2008 was that worklessness fell more in these neighbourhoods, closing the gap with others. The gap widened again during the recession. However, it is first noticeable that the increase in worklessness rates in the recent recession did not take them back to the levels of the early 2000s, perhaps reflecting the nature of this recession, which has been characterised by reductions in hours and wages, and perhaps some sustainable economic gains made in the worst-off neighbourhoods. The vertical line on the graph marks the change of government in 2010. Between 2010 and 2012, the worklessness gap persisted at its higher level, before a fall in worklessness on this measure in 2013 in the originally highest workless neighbourhoods closed the gap to 12.8 percentage points, down from 13.6 in May 2010. This is likely in part because of tougher conditions for those wanting to claim disability benefits. Data for youth claimants of Job Seekers Allowance at the neighbourhood level (not shown) shows the gap rising between 2007 and 2010 and then falling back to about the same level by 2013.

**Figure 2: Workless Rates for Highest Worklessness Neighbourhoods Compared with Others (2000-2013)**

![Graph showing workless rates](image)

Sources: DWP Working-age client group for small areas (DWP/NOMIS). Mid-year population estimates for LSOAs, England and Wales (ONS). Note: Values are calculated quarterly as a four-quarter moving average.

In Figure 3, we show a slightly more complex picture. This time, the graph shows the gap in workless rates between different sets of high workless neighbourhoods and others in England. The solid line (2nd
The Coalition’s Record on Area Regeneration and Neighbourhood Renewal 2010-2015

line from top) represents the gap shown in Figure 2—the highest worklessness neighbourhoods as at 2000. The lines below that identify first the highest worklessness neighbourhoods in local authorities targeted by Labour’s Neighbourhood Renewal Fund (NRF), then those targeted by New Deal for Communities (NDC). These all show the same pattern: an increasing gap during recession but then a recovery. The top line shows the gap between the highest worklessness neighbourhoods at every quarter and the rest in England. This shows a different pattern, with the gap falling more slowly during the period of growth, then rising more steeply from 2008 and continuing to rise into 2012. For these currently highest worklessness neighbourhoods, the gap remains considerably higher than it was before the recession, although the same as in 2010. This is an important figure, suggesting that the areas in need of targeting change over time. We intend to investigate it more closely in further work. One clear trend is that worklessness rates in poor London neighbourhoods have declined more rapidly than elsewhere in the country, largely due to the rapid increase in working age population overall, which far exceeds the growth in the workless population.

Figure 3: Comparison of Worklessness Trends in Different Types of High-Worklessness Neighbourhood (2010-2013)

Sources: DWP Working-age client group for small areas (DWP/NOMIS). Mid-year population estimates for LSOAs, England and Wales (ONS). Note: Values are calculated quarterly as a four-quarter moving average.

The key point for this analysis however, is that taken together, the UMBR and worklessness analyses suggest that as expected, poor neighbourhoods were worst hit by the fall-out from the financial crisis. There has been a recovery since, bringing the situation back roughly to the position of before the financial crisis, but with no evidence of further progress.
Neighbourhood Level Trends: Social Indicators

On social indicators, the limited evidence that there is suggests that progress continues to be made towards narrowing gaps in outcomes between areas but that gaps remain very large on key indicators. School attainment at GCSE level has been reported by decile of the Index of Deprivation Affecting Children (IDACI) of pupil residence, since 2007. Consistent with a pattern of narrowing socio-economic gaps generally gaps between areas have reduced considerably in this period, particularly at the level of five A*-C grades, but also for the higher threshold of five A*-C grades including English and maths. The gap for the latter remains very wide at nearly 30 percentage points. The trend of narrowing gaps has continued under the Coalition, but there has been no acceleration. There remains heated debate about the extent to which these gaps have been closed through the use of vocational equivalents to GCSEs and the extent to which this practice is beneficial or harmful to the young people concerned (see Lupton and Thomson 2015 for a fuller discussion). The 2014 performance tables, available in early 2015, will be the first to reflect changes capping the number of equivalent qualifications counted, and their equivalent value.

Table 6: Gaps in GCSE Attainment between Most and Least Deprived Deciles of IDACI (2007-2013)

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<th>2008</th>
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<td>5 A*-C grades</td>
<td>36.3</td>
<td>32.6</td>
<td>27.2</td>
<td>20.6</td>
<td>16.2</td>
<td>13.4</td>
<td>11.8</td>
</tr>
<tr>
<td>5 A*-C incl. English and Maths</td>
<td>43.1</td>
<td>40.5</td>
<td>38.9</td>
<td>35.6</td>
<td>33.7</td>
<td>30.6</td>
<td>29.6</td>
</tr>
</tbody>
</table>

Source: DFE Statistical First Releases: GCSE and Equivalent Results by Pupil Characteristics

Following the recommendations of the Marmot Review (Marmot 2010), data on life expectancy by neighbourhood deprivation is now officially monitored as part of the new Public Health Outcomes framework. This data is only available for 2009-11 and 2010-12, thus providing no real evidence of the effect of policy change. The data, shown in full in the parallel paper by Vizard and Obolenskaya (2015) illustrates the deeply embedded health inequalities that remain in England, with a marked social gradient reflected in both the range and the slope index of inequality. The latter was as high as 20.1 for healthy life expectancy for females in 2009-2011, decreasing marginally to 19.8 in 2010-12.

Neighbourhood Level Trends: Environmental Indicators
Finally, we ask whether the lowest income neighbourhoods have become better or worse places to live since 2010, both in absolute terms and relative to other places. We have one objective measure, on burglary, and a variety of subjective measures drawn from opinion survey data.

A consistent time series of data is available on burglary through to 2013, from the British Crime Survey. This shows that the overall burglary rate has fallen markedly since 2010. However there has been little change in the relative risks of burglary between different places. There was a slight decrease in burglary risk in local authority areas formerly targeted by the Neighbourhood Renewal Fund, compared with others, but no real change in the twenty per cent most deprived areas compared with others.

**Figure 4: Trends in Burglary Risk by Deprivation 2001 to 2013**

![Graph showing trends in burglary risk](image)

Sources:
Crime: British Crime Survey/Crime Survey for England and Wales, Table 7.01 and published ad hoc data: crime, requests during July 2014, 002976; Police recorded crime, Home Office.

Self-reported neighbourhood satisfaction is another measure that we are able to track throughout both Labour and Coalition periods in office: the percentage of respondents in the Survey of English Housing/English Housing Survey who said that they were ‘slightly’ or ‘very’ dissatisfied, in response to the
question “How satisfied are you with this area as a place to live?”. Such attitudes are known to be derived from perceptions of safety, community spirit, the quality of local services, amongst others, as well as being influenced by dwelling condition and neighbourhood composition.

**Figure 5: Proportion of People Dissatisfied with Their Neighbourhood as a Place to Live**

The graph shows that among people in the most deprived neighbourhoods, dissatisfaction fell sharply between 2009/10 and 2010/11, leaving a gap of 11 percentage points between their score (18 per cent) and that of all other neighbourhoods (7 per cent). There was then a slight rise to 2011/12. A longer time series is needed to ascertain whether rates of neighbourhood dissatisfaction are really changing, but evidence of large differences in the experience of living in different neighbourhoods is also provided by the latest Cabinet Office Community Life survey (August 2012-April 2013). People living in the most deprived ten per cent of areas were less likely to think many people in the neighbourhood could be trusted (22 per cent compared with 73 per cent in the least deprived) and less likely to think that people pulled together to do things (52 per cent compared with 79 per cent) (Civil Exchange 2013).

**Conclusion**
Despite substantial progress being made in the poorest neighbourhoods during the 2000s, the Coalition inherited a situation of substantial spatial inequalities in living conditions and life chances, as well as concerns that things might get considerably worse in the aftermath of the financial crisis.

The government’s response to this was to take no direct responsibility for regeneration or renewal, leaving the problem of poor neighbourhoods to the discretion of local partnerships, at the same time as cutting local authority spending power by around one third. It has relied on economic growth and regional rebalancing of the economy to lift the poorest neighbourhoods, as well as hoping to stimulate community-led regeneration through the notion of the Big Society. Spending has been cut dramatically and there is sparse evidence of new activity as a result. There is no longer any agreed understanding of what regeneration is or what should be done to achieve desired outcomes. Local institutions can decide whether activity is needed and what form it might take from the range of new tools available. The government has been criticised for failing to monitor and evaluate its own policies sufficiently closely, and at the same time it has adopted no indicators of trends in neighbourhood conditions or spatial inequalities in outcomes.

This strategy was at odds with the available evidence which appeared to show that regeneration programmes were working and offered value for money, and contrasts with the position in Scotland, Wales and Northern Ireland, where governments have persisted with a strategic responsibility for regeneration despite austerity.

It is far too early to tell what the result of these policies will be. There is no evidence at present of the economic re-balancing that will be needed to underpin regeneration in neighbourhoods in the North of England, but data is only available until 2012 and it is too early to tell how effective the Local Growth Deals or any further regional or city regional devolution will turn out to be. Meanwhile, there is no evidence yet of a spiral of decline amongst the poorest neighbourhoods, but equally no evidence of further progress from the situation the Coalition inherited. Gaps remain very wide on key indicators.
References


The Coalition’s Record on Area Regeneration and Neighbourhood Renewal 2010-2015


The Coalition’s Record on Area Regeneration and Neighbourhood Renewal 2010-2015


