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# Regeneration and poverty: policy and practice review

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# Regeneration and poverty: evidence and policy review

## Final Report

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# Key findings

This report reviews the evidence on the impact of regeneration on poverty both in the UK and overseas. Key findings include:

- Poverty can be understood as having both a 'material' dimension (lack of income or material deprivation) and a wider 'non-material' dimension (e.g. poor health or the negative experiences of living in poor areas).
- Regeneration has been more effective in tackling 'non-material' forms of poverty than it has been in reducing 'material' forms of poverty.
- Place-based interventions (housing, crime and the physical environment) contribute far more to improving the non-material dimensions of poverty than people-based interventions (health, education and community participation).
- Regeneration has created jobs but these are not always 'additional' and they are often taken up by individuals living outside target areas.
- Area-based interventions to tackle worklessness increase the chances of individuals finding employment but they do not reduce overall levels of worklessness within deprived areas.
- The capacity of regeneration to generate jobs that benefit those living in poverty could be enhanced, through:
  - 'job-proofing' future regeneration strategies and programmes to maximise the number of direct employment opportunities
  - ensuring job-creating initiatives carefully target sectors and groups least likely to generate displacement effects
  - providing training and employment provision to help residents access jobs created
  - implementing large scale Intermediate Labour Market (ILM) schemes to create new jobs in areas of high worklessness.
- The important 'ameliorative' role that regeneration has played in improving conditions in deprived areas means place-based interventions to improve housing, the environment and community safety should remain priorities within regeneration strategies.
- The Coalition Government's 'localist' approach to regeneration raises concerns about cuts in funding; a lack of strategic approach; the viability of community-led regeneration; the dominant focus on economic growth; and the lack of institutional mechanisms to align sub-regional growth initiatives with the needs of deprived neighbourhoods. This policy framework may prove regressive and intensify spatial inequalities without greater strategic focus and funding.

# Introduction

This review assesses the impact of regeneration on poverty. It is one of a series of evidence reviews produced for the Joseph Rowntree Foundation (JRF) as part of a programme of work to develop an anti-poverty strategy for the UK.

Regeneration can be defined as policy interventions seeking to achieve some combination of economic, physical, social and environmental improvements in defined geographical areas that have experienced decline (Roberts and Sykes, 2000; Jones and Evans, 2008). These interventions typically, though not exclusively, take the form of 'area-based interventions' (ABIs) which have been described as 'time limited programmes, designed to address either a particular issue, or combination of problems, impacting on pre-defined urban localities' (Lawless, 2006). However, the precise form regeneration programmes take varies considerably in terms of aims, activities, delivery mechanisms, governance, funding and spatial scale.

Identifying the impact of regeneration on poverty is not straightforward. Regeneration programmes have rarely been conceived directly to tackle poverty. They have also not tended to be evaluated in terms of their impact on poverty, particularly in relation to income or material deprivation (Adamson, 2010). For this reason, the starting point for the review is to look at how poverty can be conceptualised and to consider how regeneration might affect these dimensions of poverty. This conceptual mapping forms the basis of subsequent analysis of the existing evidence base. Even once these conceptual foundations are in place, further difficulties remain in assessing the literature. Measuring outcomes at lower spatial scales presents methodological challenges, not least in capturing change within particular areas and identifying the extent to which it can be attributed to targeted regeneration activities. These issues are outlined further in Section 1.3 below.

In light of these challenges, this review seeks to enhance understandings of the impact of regeneration on poverty. By making conceptual links, it provides a framework for assessing existing evidence in new ways to reflect on the value of spatially targeted programmes in tackling poverty.

## 1.1. Aims

The primary aim of this review is assess the impact of regeneration on poverty. Within this, there are four key objectives:

- understanding how area regeneration and poverty are linked theoretically
- identifying and synthesising evidence on the effectiveness of past and current interventions in terms of both cost and outcomes
- making recommendations for future anti-poverty strategies within the current UK social, economic and political context

- identifying priorities for improving the evidence base on the capacity of area-based programmes to tackle poverty.

## 1.2. Methods

This evidence review has been undertaken in two distinct phases:

- a **scoping phase** which developed a conceptual framework to explore the relationship between poverty and regeneration (Section 2.2)
- a **core phase** which drew on the conceptual framework to assess the existing evidence base on the impact of regeneration on poverty (Sections 3-6).

Evidence to inform both the scoping and core phases was collated through three strands of activity:

- **Strand 1 - sourcing known literature:** the review team drew upon existing knowledge and experience to identify key literature of relevance to the review.
- **Strand 2 - literature search:** the review team undertook a literature search using electronic databases to identify key documents including academic articles from peer reviewed journals, academic books and formal programme evaluations. The search terms used included 'poverty', 'regeneration' and 'localisation' and close synonyms (see Box 1 below). Searches were restricted to literature published after 2000 in order to focus on the most methodologically rigorous material available given concerns about the quality of much of the evaluation evidence proceeding this period (see DETR, 2001). This also made the number of documents identified manageable in terms of allowing time to assess them against the inclusion criteria outlined below.

### Box 1: Search terms and electronic databases used

Synonyms of regeneration and poverty were used to search for relevant literature. The full search string is outlined below but this was adapted to fit the particular search parameters for each database:

((("area based initiative" OR ABI OR "urban programme" OR regenerat\* OR localis\* OR "spatially targeted" OR "urban renaissance" OR "urban revitalisation" OR "Big Society" OR decentralis\*) AND (poverty OR "low income" OR disadvantage OR depriv\* OR workless\* OR unemployment OR "low wage" OR marginal\*) AND (UK OR "United Kingdom" OR England OR "Great Britain" OR Britain OR Wales OR Scotland OR "Northern Ireland") NOT brain) AND la.exact("English"))

The databases searched were ASSIA, PyscINFO, Social Services Abstracts, Sociological Abstracts, Social Sciences Citation Index (SSCI), Arts & Humanities Citation Index (A&HCI), British Humanities Index, Social Care Online, JSTOR and Science Direct.

These searches generated just over 3,000 different results. These were filtered using the assessment criteria outlined below with 400 documents taken forward for full consideration.

- **Strand 3 - call for evidence:** experts from the academic and policy communities were invited to recommend relevant literature as part of discussions around the core themes of the review. In addition, invitations to submit relevant literature to the review team were sent out to organisations involved in regeneration or anti-poverty work as well as the most widely used and appropriate online academic mailing lists.

Literature identified through these three processes was subjected to a first-stage assessment by at least two members of the review team. This looked at relevance to



the aims of the review, usually based on a reading of the abstract and key words. Any evidence clearly unrelated to regeneration or poverty was discarded. Remaining literature deemed was then subject to a second stage assessment on five key criteria in terms of quality and relevance:

- makes a direct or indirect link between regeneration and poverty
- focuses on a targeted regeneration programme or strategy
- was published after 2000
- was peer reviewed or a formal programme evaluation commissioned by central government
- has a clear and appropriate methodology.

Literature felt to satisfy at least four of these criteria was subsequently read in full. It should be noted that material published before 2000 was sometimes included where considered relevant to the aims of the review and methodologically robust. This ensured that key regeneration programmes from the 1990s were not excluded.

This review is the main output from the evidence review. It covers regeneration across all four countries of the UK (England, Scotland, Wales and Northern Ireland<sup>1</sup>) as well as relevant evidence from outside the UK. There is a tendency to focus on England in reviews of regeneration, not least because the weight of available evidence falls here. To try and address this imbalance, separate reviews have also been produced for Scotland, Wales and Northern Ireland<sup>2</sup> Resource constraints for these smaller reviews mean they have not been subject to the same systematic procedures of evidence collation and assessment outlined above. They are intended to be read as standalone accounts of the history of, and approach towards, policies of regeneration and poverty taken in the three countries. Some of the material is summarised in this main review to ensure it provides a single, comprehensive assessment of regeneration across the UK.

### 1.3. The evidence base

There is a growing evidence base on the impact of regeneration but there have been persistent and long-standing concerns about the quality of evaluation data in the UK and abroad (Bradford *et al*, 1994; Parkinson, 1998; Nevin, 1998; DETR, 2001; PWC, 2001; DSD, 2003a; ODS Consulting, 2006). Many of these relate to challenges in identifying change within areas targeted and assessing the extent to which change can be attributed to programmes. These challenges were detailed comprehensively in 'A review of the evidence base for regeneration policy and practice' produced for the Department of the Environment, Transport and the Regions (DETR, 2001). This identified a number of shortcomings in the evidence base:

- little, if any, rigorous evidence relating to the impact of ABIs through time on areas
- a tendency to measure the outputs (e.g. additional houses or training places) from specific regeneration activities rather than the wider outcomes these outputs generate (e.g. enhanced satisfaction or reduced worklessness)

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<sup>1</sup> 'Country' would not always be the term applied to Northern Ireland but we have used 'countries' as shorthand for England and the three devolved administrations for convenience.

<sup>2</sup> See <http://www.shu.ac.uk/research/crest/>

- inadequate attention to the relationship between the different domains such as education, health, crime and housing which are targeted within holistic regeneration programmes
- lack of administrative data at small area level to assess change in regeneration areas
- insufficient data at the individual level which means it is not always possible to say who benefits and how from regeneration activities
- a failure to identify if benefits leak out if residents experiencing positive change from regeneration programmes 'get on and get out' of deprived neighbourhoods
- a lack of robust evidence on the cost-effectiveness of regeneration programmes
- inadequate evidence on the links between programme and project design, and impacts and outcomes, including impacts which cuts across ABIs, and those which cut across ABIs and mainstream interventions.

Many of these criticisms were addressed in subsequent developments. The development of Lower Super Output Areas (LSOAs) as a spatial statistical unit improved the availability of administrative data at small area level. Large-scale, longitudinal evaluations of programmes including the New Deal for Communities (NDC) and Sure Start provided a longer-term picture of outcomes for areas and residents, including longitudinal data on *individual* change. Closer attention has also been paid to isolating net programme effects through using some form of control group or statistical modelling to estimate and discount deadweight (what might have happened anyway), displacement (where one area or group benefits at the expense of another) and leakage (benefits that arise outside an intervention's target area or group).

Even so, difficulties remain. Many areas have seen several regeneration programmes implemented simultaneously which makes it difficult to isolate the effects of any single intervention. In addition, 'policy off' comparator areas - equally deprived areas sometimes used as a benchmark to measure change in target areas - will themselves be subject to other interventions. They are seldom 'regeneration free' zones. Comparing different regeneration programmes is also precarious because of differences in methods of data collection and analysis. Perhaps the most significant shortcoming of all remains identifying precisely who benefits. Green Book guidance (HM Treasury, 2003/2011) states that that evaluations of ABIs should define the impact on more disadvantaged individuals but, in practice, this is rarely done.

These broader issues with the evidence base on regeneration aside, there are particular challenges in measuring its impact on poverty. Two main reasons can be suggested for this. First, poverty reduction is rarely an explicit aim of regeneration programmes, as shown in Section 2.1. Accordingly, evaluations tend to focus instead on collecting outcome data on core aims such as tackling crime, reducing worklessness or improving resident satisfaction with area. Secondly, key datasets that measure poverty or deprivation in some way such as the Households Below Average Income (HBAI) series or Indices of Deprivation (IoDs) are either unavailable at lower spatial scales or lack the timeliness or frequency of, for example, administrative datasets from the Department of Work and Pensions (DWP) on out-of-work benefit claimants.<sup>3</sup> In short, it is often more straightforward to use proxy indicators than measure poverty itself.

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<sup>3</sup> See Fenton (2013) for a full discussion of availability of statistics on poverty at lower spatial scales.

The nature of the evidence base means that this report tends to use data on worklessness and employment as proxies for income poverty. However, there are two key caveats that should be highlighted. First, data on worklessness and employment is often presented at the area rather than individual level. This means transitions from worklessness into employment that could lift households out of poverty are not necessarily captured. For example, a workless individual who finds employment through a regeneration programme may subsequently leave the area to access a 'better' neighbourhood. They may be replaced by an incoming resident out of work. The net effect is no change in worklessness at the area level which disguises the programme effect.

Second, employment status is not an exact proxy for poverty. Worklessness within households has a close, albeit not perfect, relationship with poverty, with the strength of relationship dependent on the benefit claimed, household structure and whether any household members work (DWP, 2013; Fenton, 2013; Ray *et al*, 2014). However, the growth of in-work poverty in recent years means movement into work has become an increasingly unreliable proxy for movement out of poverty. The most recent data on in-work poverty shows that, for the first time in 15 years since the time series began, the number of people living in households in poverty in 2011/12 where at least one adult works (6.7 million) exceeds those in poverty in workless households (6.3 million) (MacInnes *et al*, 2013). The chance that movement from worklessness into employment lifts households out of poverty depends, therefore, on the type of work secured in terms of hours, pay and tenure as well as the attendant costs of transport and childcare. Very few evaluations of regeneration initiatives, however, reflect on the nature of work secured.

These methodological issues notwithstanding, it remains reasonable to assume that changes in levels of worklessness and employment within a given area are likely to indicate at least some movement in levels of poverty. For this reason, exploring the outcomes of regeneration programmes using these proxy measures remains an important part of understanding the impact of regeneration on income poverty.

A final point to note is that evidence on the impact of regeneration in Wales, Scotland and Northern Ireland is far less extensive than England. Robust evaluation of outcomes has been hamstrung, variously, by a failure of programmes to establish baselines, set appropriate or measurable targets, put procedures in place to collect output or outcome data, or measure outcomes for programme beneficiaries (PWC, 2001; Tyler *et al.*, 2002; DSD, 2003a; Sheil and Clark; 2004; ODS Consulting, 2006; WAG, 2006; Fyfe, 2009; McGregor, 2009; Hincks and Robson, 2010). For this reason, this review focuses mainly on England where programmes tend to have been subjected to larger and more robust evaluations capable of identifying longer-term change and establishing additionality.

#### **1.4. Structure of the report**

The remainder of the report is structured as follows:

- section 2 begins by looking at the spatial dimensions of poverty before detailing policies on regeneration in England, Scotland, Wales and Northern Ireland and the extent to which these have incorporated anti-poverty goals. It then moves on to explore the conceptual links between regeneration and poverty and suggest ways in which these links can be examined using the existing evidence base. It concludes with some theoretical discussion of the relationship between regeneration and poverty

- sections 3 and 4 present empirical data on the impact of regeneration on material forms of poverty while Section 5 considers impact on non-material forms of poverty
- section 6 looks at the costs and benefits associated with regeneration activities
- Section 7 reflects on the impact of regeneration on poverty based on current evidence. It also provides policy recommendations on the potential role of regeneration in a broader anti-poverty strategy. This includes reflections on the capacity of the current Coalition government's 'localist' approach to regeneration to address poverty. The section rounds off with suggestions of how the evidence base could be improved.

# Regeneration and poverty: policies and conceptual links

# 2

This section looks at the spatial dimensions of poverty before summarising the course of regeneration policy across the UK over the last 45 years. This is divided into two sub sections: the first focuses on regeneration from the late 1960s until the end of the last Labour administration in 2010; the second looks at policies on regeneration under the current Coalition government. Both sub-sections reflect on the extent to which regeneration policy has explicitly targeted poverty during this period. Noting the lack of direct empirical evidence on the impact of regeneration on poverty, the section concludes by providing a conceptual and theoretical framework for linking regeneration and poverty.

## 2.1. Regeneration policy and practice in the UK

### *Area decline and the spatial dimensions of poverty*

Poverty has long been concentrated in particular areas, as shown in the early mapping of spatial concentrations of poverty in York and London (Booth, 1888; Rowntree, 1901). Regeneration is generally understood, though, to refer to a more recent set of policy responses to the adverse outcomes arising from area decline in the post-war era. This process of decline has not been not uniform across locations but it is widely acknowledged to originate from economic restructuring in recent decades. Contraction in key industries led to a fall in demand for certain types of semi-skilled and unskilled labour. Spatial clusters of worklessness and poverty subsequently emerged as these labour market shocks interacted with historic patterns of land use, suburbanisation, and processes of residential sorting to concentrate those worst affected in particular areas (DETR, 2001; Lupton, 2003, 2013; Social Exclusion Unit (SEU), 2004; Lawless *et al*, 2011). Many of these areas experienced a 'spiral of decline' (Lupton, 2003a: 88; also DETR, 2001; Syrett and North, 2008; Tyler *et al*, 2013) characterised by declining popularity, growing environmental neglect, increases in crime and anti-social behaviour, and the decline or withdrawal of public and private services.

One feature of areas affected by decline is the existence of concentrations of poverty. Whilst there have always been geographical variations in levels of poverty, recent research by Dorling *et al* (2007) suggests that spatial polarisation is also intensifying over time. It shows a growing proportion of the population of Britain people living in areas with high poverty rates<sup>4</sup> between 1970 and 2000. Other studies also show that concentrations of poverty and deprivation can be persistent over time (Pacione, 2004; Palmer, 2006; Ferrari, Lee and Murie, 2007; Tunstall, 2009). Current data indicates that poverty and deprivation remain concentrated in particular areas. Estimates of

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<sup>4</sup> Defined as 'tracts' where more than 28 per cent of people live in poverty.

child poverty in the UK for 2012 show that around 20 per cent of children are poor on average but this rises to over 50 per cent for the 69 poorest wards in the UK (End Child Poverty, 2013). Moreover, the proportion of people in the UK in receipt of working age welfare benefits living in the 20 per cent most deprived areas (as measured by claimant rates) has been calculated at 40 per cent<sup>5</sup>. The US Census Bureau (2011) has derived a rather higher figure for the USA, where around approximately half of the people in poverty (50.2 percent) lived in poverty areas. The last two figures also show that 50 per cent or more of all people who experience deprivation in the UK and US live *outside* deprived areas. This suggests regeneration focussed on the most disadvantaged areas will invariably miss a large proportion of the target population.

### ***Regeneration policies in the UK 1968 - 2010***

Regeneration policies and the extent to which they sought to address poverty have varied considerably over time. Regeneration is commonly identified as emerging in the late 1960s in response to emerging concerns about the 'rediscovery of poverty' (Alcock, 2006; also Cochrane, 2007). With the economic weaknesses of the post-war settlement not yet apparent, policymakers regarded poverty as 'pathological' (Alcock, 2006; Atkinson and Moon, 1994) in stemming from the behavioural and cultural dispositions of individuals clustered in pockets of deprivation. Their response was to launch a series of initiatives including the Urban Programme and Community Development Projects (CDPs) which funded small-scale projects to improve conditions and services in target areas whilst encouraging a culture of 'self-help' among communities. Assumptions around the localised and cultural transmission of poverty were challenged, however, by a growing emphasis on the economic and structural factors contributing to poverty. Action research teams based within CDPs as well as a landmark white paper on Policy for the Inner Cities (DoE, 1977) suggested that urban deprivation was more entrenched than previously understood and required systematic action to tackle structural economic decline.

The response of Conservative administrations in the 1980s was to focus on private-sector led forms of economic and physical regeneration through a range of ABIs including Enterprise Zones, Urban Development Corporations, and Urban Development Grants (later to become City Grants). These programmes sought to stimulate economic development through addressing failures in the land and property market and creating a more entrepreneurial culture in areas deemed dependent on local welfare (Scottish Office, 1988; Imrie and Thomas, 1999; Marinetto, 2003; Mathews, 2010). The assumption that benefits would 'trickle down' to residents meant there was little focus within programmes on addressing worklessness and poverty. In this sense, there was some continuity of previous 'pathological' conceptions. Direct state support to individuals in poverty was seen as anathema to creating vibrant, entrepreneurial and economically successful communities no longer dependent on state welfare.

This approach was largely discredited by the perceived failure of such schemes to benefit residents as measured by, among other things, rising levels of worklessness, crime and environmental neglect (Bradford *et al.*, 1994; Atkinson and Moon, 1994; Lupton, 2003a; Marinetto, 2003). Recognition of these shortcomings saw a marked change of approach with the launch of the City Challenge initiative in 1991 and the Single Regeneration Budget Challenge Fund (SRB) in 1994. These schemes were distinguished by several innovative features: a partnership-based approach involving local government with other agencies and, notably, the communities targeted; a competitive, bid-based mechanism for allocating resources; and a new focus on

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<sup>5</sup> See entry on The Poverty Site at: <http://www.poverty.org.uk/43/index.shtml?2>

social objectives such as crime and employment alongside long-standing physical and economic approaches to regeneration.

The Social Exclusion Unit (SEU) set up by the 'New' Labour government elected in 1997 developed this emphasis on partnership, community engagement and a holistic approach into a National Strategy for Neighbourhood Renewal (NSNR). The associated 'Action Plan' (SEU, 2001) contained proposals for initiatives to connect residents of deprived areas to economic opportunity, but also to address a range of inter-linked problems including poor outcomes in health, crime and education, as well as tackling environmental problems. This period subsequently saw a raft of neighbourhood-level ABIs introduced across a range of policy areas including broad-based neighbourhood regeneration (the New Deal for Communities); physical regeneration (Urban Regeneration Companies); neighbourhood management (Neighbourhood Management Pathfinders and Neighbourhood Wardens); community engagement (the Community Empowerment Fund and Neighbourhood Renewal Community Chests); health (Health Action Zones); housing (Decent Homes, Housing Market Renewal pathfinders) and education and early years (Education Action Zones, Excellence in Cities and Sure Start). Alongside these ABIs, a Neighbourhood Renewal Fund was established to support the 88 most deprived local authorities to establish Local Strategic Partnerships (LSPs) of key statutory agencies and other local stakeholders. LSPs worked towards the strategic aim of 'narrowing the gap' between the most deprived neighbourhoods and the rest of the country by working towards targets (known as local Area Agreements (LAAs)) to address the thematic priorities of the NSNR.

At a broader spatial scale, Regional Development Agencies (RDAs) were launched in 1999 with a remit that included economic development and regeneration. Regional Spatial Strategies were also introduced to provide frameworks for economic development and regeneration in regions outside London. In addition, European Structural funds (the European Social Fund and European Regional Development Fund) have provided funding for economic and social regeneration in the regions.

Despite the strong focus on urban decline, tackling poverty was never an explicit objective of Labour's policies on regeneration. Instead, social exclusion was the dominant concept underpinning the neighbourhood renewal agenda. This is a contested term with multiple and sometimes contradictory meanings (Levitas, 2005). It was described by the SEU as 'a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown' (SEU, 1998). Tackling these multiple, interacting forms of social exclusion was seen, therefore, as the proper focus of urban policy. Poverty was largely addressed through other national policies on wages, tax credits, benefits, pension reforms and promoting employment (Hills, 2013). The final term of the New Labour government saw a shift away from social exclusion, however, towards a narrower focus on economic development (Syrett and North, 2008; DCLG, 2009b; Lupton *et al*, 2013; Pugalis and McGuinness, 2013). The 'Sub-National Review' (HM Treasury, BERR, DCLG, 2007) and 'Transforming Places' white paper (DCLG, 2008a) as well as programmes such as the Working Neighbourhoods Fund placed a singular emphasis on economic growth and tackling worklessness as the primary mechanisms for tackling area-based deprivation. This agenda emerged from a broader debate about the need to align neighbourhood renewal with economic development at wider spatial scales, particularly within functional economic areas at sub-regional level (Syrett and North, 2008).

## ***The Coalition government and a 'localist' approach to regeneration***

There has been a significant shift in regeneration policy since the Coalition government came to power in 2010. All major funding streams supporting regeneration have been discontinued along with many of the institutions and mechanisms established by Labour such as Local Area Agreements (LAAs), Regional Development Agencies (RDAs) and regional spatial strategies (Lupton *et al*, 2013). This has been replaced by a 'localist' (DCLG, 2011) approach to regeneration. This has a three-pronged emphasis on local economic growth, 'community-led' regeneration and public service reform of local government and other statutory agencies (DCLG, 2011, 2012). This localist approach is positioned as a response to previous forms of regeneration under Labour seen as expensive, ineffective, indifferent to the needs of local people and encouraging 'a culture of dependency on the public sector' (HM Government 2012; also HM Government 2010a). The current government emphasise a need to devolve powers and responsibilities to lower spatial levels to encourage locally tailored interventions that rebalance economies away from a reliance on public sector spending towards private sector enterprise as part of a 'Local Growth' agenda (BIS, 2011; DCLG, 2011a,b).

This 'localist' approach to regeneration has found expression in a range of policy initiatives summarised in the government's two main statements on 'Regeneration to Enable Growth' (DCLG, 2011a, b). Key policies are summarised below according to which of the three broad approaches they take:

### **i) Initiatives to promote local economic growth:**

- **Local Enterprise Partnerships (LEPs):** partnerships of private sector representatives and local government tasked with promoting economic growth in the functional economic areas they cover. The government estimates that LEPs and City Deals (see below) will have around £20bn of resources they can influence between 2012/13-2020/21 through a range of funding streams including the Regional Growth Fund, Local Growth Fund, Growing Places Fund, City Deals and European Union Structural and Investment Funds (HM Treasury, 2013)
- **Enterprise Zones:** A total of 24 areas have been designated as Enterprise Zones that offer a combination of financial incentives such as business rates relief and planning simplifications to attract private businesses
- **Regional Growth Fund:** A £3.2 billion fund available until the mid-2020s to support projects and programmes using private sector investment to create economic growth and sustainable employment. RGF funding has been one of the primary sources of funding to LEPs to whom it is distributed on a competitive bidding basis
- **Local Growth Fund (the 'single pot'):** A £2bn (per annum) fund drawn from across the transport, skills and housing budgets which will launch in 2015-16. It will be awarded to LEPs on the basis of negotiated 'Growth Deals' with central government, and provide funding for transport, skills and housing interventions
- **City Deals:** City Deals are bespoke agreements between central government and local authorities that provide cities with new powers in exchange for greater responsibility to stimulate and support economic growth in their area. Powers include raising finance for investment against future income; retaining a share of the tax proceeds of growth; greater powers to deliver skills and jobs provision, support local business and develop local infrastructure; and strengthened governance and accountability structures. Twenty eight City Deals have currently been agreed



- **Growing Places Fund:** provides £500m to LEPs to unblock stalled investment in key infrastructure projects such as homes and transport developments
- **Tax Increment Financing (TIF):** A power to allow local authorities to borrow against predicted growth in their locally raised business rates
- **Community Infrastructure Levy:** A tool allowing local authorities to set a mandatory charge on new development to raise funds to spend on the provision of infrastructure to support growth
- **New Homes Bonus:** Match funds the additional council tax raised for new homes and long term empty properties brought back into use, with a premium for affordable homes, for the following six years
- **Business rates retention:** Enables councils to keep a proportion of business rates revenue as well as growth on the revenue that is generated in their area.

## ii) Initiatives to promote 'community-led' regeneration:

- The **Localism Act 2011** introduced a series of provisions for localised forms of regeneration including:
  - **Community right to challenge:** Gives groups, parish councils and local authority employees the right to express an interest in taking over the running of a local authority service.
  - **Community right to bid:** Requires local authorities to maintain a list of assets of community value which have been nominated by the local community. When listed assets come up for sale or change of ownership, the Act then gives community groups the time to develop a bid and raise the money to bid to buy the asset when it comes on the open market.
- **Neighbourhood plans and the Community right to build:** A new right for communities to draw up a neighbourhood plan and the power to deliver development through the community right to build
- **Neighbourhood Match Fund:** a £30 million small grant programme for community projects in deprived areas. Communities set up local panels to decide on projects for funding in their area
- **Community Organisers:** A national programme that trains Community Organisers to build and mobilise local networks and leadership to drive change in communities.

## iii) Local public service reform

- **Localism Act 2011:** gives local authorities a number of 'new freedoms and flexibilities'. These include more freedom to offer business rate discounts and the ability of Ministers to transfer powers from central government and 'quangos' to local authorities to improve local accountability or promote economic growth.
- **Community Budgets: Whole Place Community Budgets** enable local public service partners to work together to redesign services across organisational boundaries, pooling budgets to address local priorities and improve services, particularly where current delivery arrangements are complex. A smaller complementary scheme, **Our Place Neighbourhood Community Budgets**, provides opportunities for statutory service providers, voluntary and community organisations and residents to work together to run services and manage budgets at the neighbourhood level.

The shift from a focus on social exclusion under Labour towards the localist approach of the Coalition marks a distinct decline in the extent to which regeneration,

even if only implicitly, is directed towards tackling poverty. Key policy documents are notable for their lack of emphasis on the problems facing deprived areas or discussion of the appropriate response (see BIS, 2011; DCLG, 2011a,b). They also focus on promoting economic growth where conditions are favourable rather than targeting disadvantaged areas.

Under the Coalition government, tackling poverty is largely conceived as the preserve of national policy. The approach outlined in the child poverty strategy - 'A New Approach to Tackling Child Poverty' - rejects using fiscal redistribution to reduce poverty because of the way it encourages 'benefit dependency' (DWP and DfE, 2012). Instead they assert the importance of work as the 'best and most sustainable route of poverty' (HM Government 2010b). The Coalition government also maintain the need to tackle multiple forms of deprivation which are seen to contribute to poverty: educational failure; worklessness; family breakdown; severe debt; and health issues, such as alcohol and drug addiction (DWP and DfE, 2012). Discussion of regeneration is very limited in the child poverty strategy although reference is made to the 'role of place' and local mechanisms for tackling poverty (the statutory duties of local authorities to develop child poverty strategies, Community Budgets, the Fairness Premium<sup>6</sup>, more health visitors for Sure Start Children's Centres and the Early Intervention Grant for local authorities). These exceptions notwithstanding, policies on poverty show little strategic alignment with those on regeneration.

What emerges from this overview in the last two subsections is a sense that tackling poverty has, largely, not featured as an explicit or central aim of successive phases of urban regeneration, despite its emergence as an urban policy tool to address the 'rediscovery of poverty'. On the surface this may seem surprising. Poverty is spatially concentrated and there appears a certain logic in seeking to tackle it through spatially targeted interventions. However, regeneration has a central concern with tackling the multiple bases of area decline. Whilst different elements may dominate at any one time, it has never been reducible to a single aim or objective.

### ***Regeneration in Wales, Scotland and Northern Ireland***

There are both striking similarities but also quite significant differences between regeneration policies and programmes in England and those undertaken by the devolved administrations of Scotland, Wales and Northern Ireland. The detailed trajectory of regeneration policy in each of the three devolved countries is provided in separate standalone reviews (Clapham, 2014; Muir, 2014; Robertson, 2014)<sup>7</sup>. The intention here is not to provide a further summary but to briefly reflect upon the key similarities and differences.

Prior to devolution, regeneration policy in Scotland, Wales and Northern Ireland was delivered by a mix of central government departments in Whitehall as well as regional and local government plus non-governmental agencies in the respective countries. Devolution in Northern Ireland, Wales and Scotland in 1998 saw responsibility for regeneration handed over to the three devolved administrations. As in England, responsibility for different types of regeneration remains split across a wide range of agencies both within and outside the devolved governments.

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<sup>6</sup> The £7bn 'fairness premium' has three components. First, all disadvantaged two year-olds have an entitlement to 15 hours a week of pre-school education, in addition to the 15 hours already available to them at three and four years of age. Second, a Pupil Premium provides additional funds to offer targeted help to every pupil eligible for free school meals. Third, a 'student premium' offers support to the least advantaged students to attend university.

<sup>7</sup> Available at <http://www.shu.ac.uk/research/crest/>

There are number of similarities between the approach taken in England and those of other counties in the UK. This is evident, not least, in the inclusion of Scotland (Urban Programme, Community Development Projects, Urban Regeneration Companies), Wales (Urban Development Corporations, Urban Regeneration Companies) and Northern Ireland (Urban Regeneration Companies) in some of the larger regeneration programmes implemented by central government in the last 45 years. There are also similarities in the approach taken within these countries over time. In the 1980s and early 1990s, physical property-led regeneration was a prominent part of the urban policy mix part through programmes such as the Lagside Corporation's development of Belfast's waterfront and the Cardiff Bay Urban Development Corporation in Wales.

As in England, regeneration moved away from property-led regeneration towards a more holistic approach from the 1990s onwards which encompassed social aims. This shift was marked by a more strategic approach to regeneration, although the timing varies between countries. Key strategies include 'People and Place' in Northern Ireland (DSD, 2003b), 'Social Justice: A Scotland where everyone matters' (Scottish Executive, 2006) and, lately, 'Vibrant and Viable Places' in Wales (Welsh Government, 2013a).

This more strategic approach also translated into in a range of ABIs including Neighbourhood Renewal Areas in Northern Ireland, Social Inclusion Partnerships (later to become Community Planning Partnerships) in Scotland and Communities First Partnerships in Wales. These shared many of the defining features of the approach to regeneration in England at the time: a multi-thematic focus including social and economic objectives; engagement with the community; delivery through cross-sectoral partnerships; targets for key outcomes; and a concern to 'bend' mainstream budgets into deprived areas. As with England, there was not always synergy between policies on poverty and regeneration with initiatives on poverty largely aspatial and delivered through mainstream government agencies. That said, the concept of 'social exclusion' sometimes bridged the two policy areas.

These similarities notwithstanding, there have always been distinct differences across the four countries. For example, Northern Ireland has had a particularly strong focus on rural regeneration in recent decades through the Rural Development Initiatives, INTERREG and LEADER programmes. In later years, it has also been distinguished by programmes that promote economic and social development as part of the process of reconciliation between the two main communities (PEACE I, II, III and IV). In Wales, the Communities First programme was, at least at first, distinct from other ABIs because of its primary focus on building community capacity as the precursor for creating partnerships capable of securing the bending of mainstream funding into deprived areas. The challenges in doing this have seen a more recent refocus on achieving outcomes.

However, these differences have perhaps become more sharply delineated since the election of the Coalition government in 2010. Whilst local government has been given greater control over regeneration priorities and budgets in both Scotland and Northern Ireland, there is no equivalent to the 'localist' agenda currently being implemented in England. Scotland, Wales and Northern Ireland all continue to have strategic frameworks for regeneration in place. Strategies on regeneration and poverty have also become more explicitly aligned in Wales and, to a lesser extent, Northern Ireland. Wales in particular is notable for its recent decision to redesignate Communities First as a 'Community Focussed Tackling Poverty Programme' (Welsh Government, 2013b). Wales and Northern Ireland also both continue to address regeneration through ABIs although Scotland has moved far closer to a mainstreaming approach.

These differences contrast sharply with England where ABIs have been discontinued and no overarching strategic framework for regeneration currently 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 policymakers 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.

## 2.2. Conceptualising the link between regeneration and poverty

The preceding sections have highlighted the historic lack of alignment between policies on poverty and regeneration and the lack of an evidence base that reflects directly on the impact of regeneration on poverty. It remains conceivable, of course, that regeneration can have an impact on poverty but making that link requires additional conceptual work. One starting point is to look at how poverty can be understood, including its relationship to place, and then to ask how regeneration activities might bring about change to those dimensions of poverty.

Poverty is most frequently measured in material terms by either looking at household income or ability to afford widely accepted necessities in terms of the consumption of goods or services (Spicker, 2007). Income poverty is usually measured by identifying households whose income is less than 60 percent of the median household income, with adjustments made for household size ('equivalisation'). Thirteen million people were living in poverty in the UK in 2011/12 as measured after housing costs have been deducted (Maclnnes, 2013). The main alternative approach is look at the ability of households to afford what are deemed to be essential needs. 'Consensual' methods such as those used as one element of the 'Poverty and Social Exclusion' (PSE) research programme (Pantazis *et al.*, 2006) undertake survey work to identify what items and activities the population see as 'necessities'. Households unable to access a defined number of these necessities are considered to experience material deprivation.

It follows that any analysis of the impact of regeneration on poverty should look at the material changes that it brings about for residents. As noted already, little research on regeneration measures this directly, either by assessing changes in household income or deprivation. However, there are proxy measures which can be used. Changes in worklessness or levels of employment among residents, for example, may indicate a change in poverty status among households if movement into work raises income above poverty thresholds. There are, though, significant caveats to assuming these proxy measures are closely associated with poverty levels, as discussed in Section 1.3.

Poverty is about more than income or deprivation however. It is widely argued that poverty is multi-dimensional because of its association with a range of non-material factors including poor health or disability, low educational attainment, poor housing, higher rates of offending and higher experiences of crime or perceived environmental neglect (Powell *et al.*, 2001; Lister, 2004; Levitas, 2006; Spicker, 2007; Hills *et al.*, 2010; DWP, 2013; Tunstall, 2013; Unwin, 2013). Following Townsend (1979), poverty has also been defined in terms of the way that it effectively excludes individuals from participation in what might be regarded as the customary life of society (Levitas, 2006).

These non-material dimensions of poverty can also have a spatial dimension. This relates to the subjective experience of living in the social and physical space of 'poor places' that exhibit deprivation in relation to their economic base, physical

environment, social status or service infrastructure (Lister, 2004; Spicker, 2007). Features include poor housing, a run-down physical environment, neglected public space, inadequate services and facilities, and high levels of crime or anti-social behaviour (Lupton, 2003a; Lister, 2004; Spicker, 2007; Batty *et al*, 2010; Crisp, 2012). This broader conceptualisation of poverty overlaps with the notion of social exclusion which has been described as a concept to capture the 'consequence of poverty' (Levitas, 2006: 125), together with its multi-faceted and processual character. Indeed, the neighbourhood renewal agenda under the previous Labour administrations was explicitly premised on the notion of addressing social exclusion as described above in Section 2.1. It seems logical, therefore, to consider the impact of regeneration on both the material and non-material dimensions of poverty in order to capture the full range of intended outcomes.

Based on the discussion above, regeneration may be conceived as having the potential to impact on both the material dimensions of poverty in terms of income poverty or deprivation as well as the non-material dimensions of poverty. It is worth mapping out how regeneration activities have the potential to impact on these different dimensions of poverty as it helps explain the organisation of the rest of this review. This does not imply that they *necessarily* have those impacts. It is simply a conceptual map.

**Table 2.1: Conceptual map of how regeneration impacts on poverty**

Dimensions of poverty	Broad regeneration theme	Key activities within theme	How activity can impact on poverty	Section in review
Material poverty (income poverty or material deprivation)	Business development	<ul style="list-style-type: none"> <li>Land and property development</li> <li>Financial incentives e.g. tax allowances</li> <li>Planning deregulation</li> <li>Place marketing</li> </ul>	'Demand-side' interventions create jobs which raise household income above poverty thresholds	Section 3
	Business support	<ul style="list-style-type: none"> <li>Advice and guidance on business creation, planning and development</li> <li>Access to finance</li> <li>Supporting innovation and cluster development</li> <li>Sourcing premises</li> </ul>		
	Physical regeneration	<ul style="list-style-type: none"> <li>Development and refurbishment programmes of commercial, industrial or residential property (as direct source of jobs)</li> </ul>		
	Tackling worklessness	<ul style="list-style-type: none"> <li>IAG</li> <li>Job brokerage</li> <li>Training and education</li> <li>Pre-employment support</li> </ul>	Supply-side interventions improve employability and support individuals to find work. This can raise household income poverty thresholds.	Section 4
Non-material	Health	<ul style="list-style-type: none"> <li>Public health initiatives (e.g. smoking</li> </ul>	Reduces poor health associated with lack of	Section 5

poverty		cessation) <ul style="list-style-type: none"> <li>Environmental and housing improvements</li> </ul>	adequate nutrition, poor quality housing or insufficiently heated and insulated homes, and environmental factors. May also lead to longer-term material benefits such as access to (better) employment.	
	Education	<ul style="list-style-type: none"> <li>Learning mentors</li> <li>Learning support units</li> <li>Extra-curricular activity</li> <li>Early year's provision</li> </ul>	Improves education attainment. May lead to longer-term material benefits such as access to (better) employment.	Section 5
	Community participation	<ul style="list-style-type: none"> <li>Community events</li> <li>Consultation exercises</li> <li>Resident involvement in regeneration planning and delivery (e.g. as board members)</li> </ul>	Increases participation in social and political life. Resident involvement in service planning and delivery increases effectiveness and may enhance poverty outcomes (material and non-material).	Section 5
	Housing	<ul style="list-style-type: none"> <li>Housing development</li> <li>Housing refurbishment or improvement</li> <li>'Housing plus' activities (crime prevention, community development, social inclusion, environmental improvement and employment and training).</li> </ul>	Housing newbuild or refurbishment (and associated housing plus activities) can enhance health and well-being. There may also be implications for material poverty if improvements reduce heating and maintenance costs.	Section 5
	Crime and the physical environment	<ul style="list-style-type: none"> <li>Environmental improvements (e.g. tackling vandalism/graffiti, providing/upgrading public realm and green space)</li> <li>Community safety initiatives (e.g. measures to prevent crime against property and people, neighbourhood wardens)</li> </ul>	Crime and environmental initiatives help to improve satisfaction with area and reduce fear of experience of crime.	Section 5

### 2.3. Theoretical links between regeneration and poverty

The preceding section explored ways of conceptualising poverty to provide an analytical framework for assessing the existing evidence base. It is perhaps important, however, to take a step back to consider the broader, theoretical links between regeneration and poverty. Establishing these theoretical connections helps

make links between what might otherwise seem like a bewildering array of discrete evidence on interventions across programmes, governments, countries and through time. Locating policy responses and assessing their effectiveness within these theoretical frameworks also avoids a narrow, reductive emphasis on 'what works', which, on its own, only generates 'fragmented understandings' (Cochrane, 2007) of the effectiveness of particular interventions. Theory helps to explore the fundamental assumptions underpinning interventions and, through empirical analysis, the validity of those assumptions. This section looks firstly at debates around 'area effects' before considering the assumed role of structure and agency within policies on poverty and regeneration.

### **Area effects**

Regeneration has been rationalised in a number of ways, many of which relate to the perceived practical benefits of targeting interventions at lower spatial scales. It has been described, variously, as the most efficient and effective way of targeting limited resources to benefit the greatest number of people; an opportunity to develop integrated and tailored solutions to complex problems by harnessing local knowledge; a response to the perceived failure of mainstream services at the local level; and a mechanism for enabling multi-agency working and resident involvement (DETR, 2001; Buck, 2001; Tunstall and Lupton, 2003; SEU, 2004; DCLG, 2008b; Syrett and North, 2008). These explicit justifications suggest there is something about the process of regeneration that makes sense as a way of improving outcomes at lower spatial levels.

Cutting across many of these rationales is a broader notion that spatial targeting makes sense as a way of addressing 'area effects'. These are the particular features of place that are seen to compound disadvantages over and above the effects of individual characteristics. Potential 'area effects' identified within a range of literature include both the features of population such as socialisation processes, restrictive social capital or job finding networks, stigmatisation and cultures of poverty; as well as the characteristics of place themselves including the quality of public and private services, environmental conditions, pollution levels and the degree of physical isolation (Syrett and North, 2008b, Manley *et al.*, 2012). Debates about the nature and existence of area effects are broad and on-going, although most research suggests that the evidence for the existence of area effects is mixed (Buck, 2001; Tunstall and Lupton, 2003; Manley *et al.*, 2012; Kearns, 2012).

The concept of 'area effects' has gained considerable traction with policymakers despite the lack of conclusive evidence to demonstrate their existence. It has proved particularly influential in supporting policies on 'mixed communities' that seek to achieve a greater balance of residents by socio-economic characteristics. The underlying rationale is that 'if concentrations of poverty can make individuals poor(er), then reducing concentrations of poverty would solve the problem' (Manley, 2012: 151). Regeneration and poverty are intimately linked, therefore, as area-based policies are seen as way of mitigating the harmful effects of concentrated poverty. The aim of 'deconcentrating' poverty has found expression in a range of policies in both the UK and internationally where governments have sought to create mixed communities. It includes policies to change the housing tenure mix in deprived areas to attract more affluent residents into disadvantaged neighbourhoods. Programmes in the United States in particular such as Hope VI have also sought to encourage the outward movement of residents living in poverty to wealthier areas.

The lack of conclusive evidence on 'area effects' has led some to suggest that concentrations of poverty are better understood as the consequence of 'sorting effects'. This sees individual on the lowest incomes end up in the most disadvantaged neighbourhoods because they cannot afford to live elsewhere

(Cheshire, 2007). In other words, concentrations of poverty do not compound socio-economic disadvantage but emerge as a consequence of the preferences, resources and restrictions facing individuals and households. The perceived importance of individual or household level characteristics has led some to conclude that improving individual outcomes such as wages, health and skills is best tackled through policies focussing on individuals rather than places (Cheshire, 2007; Manley et al, 2012, Overman and Gibbons, 2011).

However the notion that spatially targeted policies only make sense if area effects can be proven has been challenged. Lupton (2003b) observes that there are a number of other rationales for area-based interventions that do not depend on the existence of area effects. This includes targeting the negative characteristics of areas such as poor housing, high crime, lack of employment and lack of facilities and services. Manley *et al* (2012: 166-67) also suggest that the strong logic for individual targeting to improve outcomes around skills and health does not preclude investment in neighbourhoods to create 'better and safer living environments for the most vulnerable in society, with little other choice than to live where they live'. This paper returns to these debates when exploring the empirical evidence on the effectiveness of various programmes designed to create mixed communities.

### ***Structure and agency***

Theoretical debates about regeneration and poverty are wide-ranging and complex but one area of relevance to this review is the relative emphasis placed on structure and agency within causal explanations. Academics writing from a critical perspective have identified a tendency of policymakers to explain poverty primarily through reference to particular forms of individual or collective agency. Through this lens, policymakers often focus on how individual values, behaviours and outlooks lead to dependence on benefits, thus contributing to self-perpetuating concentrations of poverty and worklessness (Mooney, 2009; Flint, 2010; Clarke and Newman, 2012; Patrick 2012; Hancock and Mooney, 2013; Hodkinson and Robbins, 2013). This perhaps explains the strong emphasis on individual routes out of poverty in recent government publications, particularly through paid work (e.g. DWP and DfE, 2012).

This tendency is also seen to be evident within regeneration policy which, according to some observers, centres on the notion that residents are trapped in debilitating local cultures where dependence on benefits, antipathy to work and reliance on public sector support has left them as passive recipients of state help (Johnston and Mooney, 2007). Seen from this perspective, urban regeneration becomes a tool for reversing these forms of dependence by encouraging individuals or, collectively, communities to take responsibility for improving their own social and economic outcomes (Jacobs and Watt, 2000; Marinetto 2003; Amin, 2005; Cochrane, 2007; Raco, 2009). Policies on poverty and regeneration are linked, therefore, by their tendency to locate problems in individual or cultural explanations and, by extension, to seek to bring about change through encouraging greater responsibility among those affected.

This apparent focus on agency has been critiqued by those arguing for emphasis on structural accounts of change. Commentators suggest that the problems of declining areas are related to broad national and supra-national political and economic processes under neoliberal regimes which has led to uneven economic development and growing socio-spatial disparities (Peck and Tickell, 2002; Jessop, 2002; Amin, 2005; Wacquant, 2008, 2009). In other words, the roots of poverty and area deprivation lie largely outside the area affected themselves. Seen from this perspective, regeneration programmes become little more than 'flanking strategies' (Jessop, 2002; also Atkinson and Moon, 1994; Pugalis and McGuinness, 2013) designed to ameliorate the worst social and economic excesses of neoliberal



development, without challenging the political and economic orthodoxies which generate these uneven outcomes. Indeed, at times regeneration is seen as exacerbating the problem. It has been criticised for intensifying spatial inequalities where it contributes to 'gentrification' or economic development that fails to benefit residents on the lowest incomes (Allen, 2008; Rae, 2013; Muir, 2013).

Other observers have suggested, though, that these more strident critiques fail to recognise that urban regeneration, at least under previous Labour governments, sought to reduce if not necessarily eliminate inequities between neighbourhoods (Lawless, 2011; Lupton *et al.*, 2013). In other words, it had a genuinely 'ameliorative logic' (Lupton, 2013) that was about more than shoring up the cracks in an inegalitarian social and economic system or placing responsibility on residents to improve their own conditions. That said, there is a widespread consensus that regeneration policy alone is insufficient to substantially reduce poverty or broader forms of exclusion. Many of the policy levers that impact on poverty such as those relating to tax, benefits, wages, the terms and conditions of employment, and access to health and education are determined at a national level and therefore outside the scope of regeneration (Powell *et al.*, 2001; Lupton, 2003a; Lawless *et al.*, 2011). By this reading, regeneration invariably has its limits but, nonetheless, should not be dismissed as a mere exercise to gloss over structural processes that produce unequal outcomes at area level.

# The impact of regeneration on material poverty: 'demand side' interventions to create jobs

This is the first of two sections which looks at the impact of regeneration on material forms of poverty. It focuses on 'demand-side' interventions to create jobs whilst section four which follows looks at the impact of 'supply-side' regeneration initiatives on employment and worklessness.

**Key findings** from this section include:

- Regeneration programmes have helped to create jobs although business development and support programmes suffer from relatively high levels of deadweight, displacement and leakage. Nonetheless, most regeneration programmes still exceed government guidance on what constitutes a good job 'additionality' ratio.
- Inward investment may create 'jobs at a stroke' but many of these are taken by existing employees of firms relocating. It also works best where the conditions for growth already exist.
- Activities to help business, including both business development and business support, are the most significant generators of jobs in holistic regeneration programmes. There is no conclusive evidence, however, that either one of the two approaches (business development or business support) is more effective than the other in generating employment.
- There is little evidence that 'demand-side' schemes to create jobs have a significant impact on area-wide levels of worklessness or employment; this suggests poverty impacts may be muted.
- Take up of new opportunities by residents in target areas rarely exceeds fifty per cent although there is evidence that take-up increases if:
  - programmes target sectors or groups less likely to create displacement effects.
  - jobs created are commensurate with the skills and experience of residents - high-skilled jobs in growth sectors may largely bypass residents in deprived areas.
  - training and employment support schemes are set up alongside job creation initiatives to maximise the prospects of residents accessing new opportunities.
- Regeneration activities can provide a direct source of employment where 'local labour' is recruited to deliver physical development. Establishing formal agreements with developers may support the recruitment of 'local labour' but

- there are risks inherent in relying on private sector partners who may withdraw if projects become financially unviable.
- Intermediate Labour Market (ILM) schemes can provide a less risky mechanism for connecting residents to regeneration jobs and have been shown to be effective in helping more marginalised groups into training and employment.

### 3.1. Introduction

The roots of area decline in economic restructuring have meant that a number of regeneration programmes have focussed wholly or partly on trying to create jobs and stimulate economic growth. These initiatives have the potential to reduce poverty if they enable individuals to secure new jobs that raise household income above poverty thresholds or to a point where they no longer experience material deprivation. Over the last few decades there have been three broad approaches to creating jobs within regeneration programmes:

- **business development:** this approach has tended to involve some mix of physical development of land, property or infrastructure; financial incentives such as tax relief; planning deregulation; and place promotion to incentivise private enterprise to locate in target areas. This approach is often driven by a desire to encourage larger-scale inward investment by incentivising existing firms to relocate in target areas.
- **business support:** this strand of activity focuses on supporting new, 'spin-off' or existing businesses through a range of activities including: advice and guidance on business creation, planning and development; access to finance; supporting innovation and cluster development; and sourcing premises or workspace. There tends to a focus on developing small and medium-sized enterprises (SMEs) that are often 'indigenous' to target areas rather than relocations.
- **physical regeneration:** regeneration itself provides direct employment through the array of activities it undertakes. The evidence base tends to concentrate on job creation through physical regeneration, particular in terms of housing development or refurbishment, as this is the domain in which initiatives to use 'local labour' have most commonly been set up and evaluated.

In practice, there may be some overlap between business development and business support programmes. For example, business support programmes may help new or existing businesses to secure premises in newly-constructed industrial or business parks. However, the two approaches have often been treated as distinct and even competing approaches. For this reason, they have been discussed separately below.

Table 3.1 below shows expenditure on core regeneration activities on the two main areas of activity reviewed in this section: business support and business development. Expenditure on physical regeneration is not included as most of this will not be dedicated towards job creation and supporting activities. The estimates below are drawn from a wider piece of research to estimate regeneration expenditure by programme and by activity (Tyler *et al*, 2013). A full dataset and description of the research is provided in Section 6. The table shows that business development and support activities account for over £2bn of regeneration spend, equivalent to a fifth of all core annual average regeneration expenditure in the period covering 2009-10 and 2010-11.

**Table 3.1: Estimates of annual core regeneration expenditure on business support and business development (based on 2009/10 and 2010/11)**

Regeneration Activity	£m p.a.	%
<b>Business support (total) of which:</b>	1266	12.5%
General support for business growth and competitiveness	415	4.1%
Start-up assistance and promotion of spin-outs	197	1.9%
Promotion of business enterprise research and development	654	6.5%
<b>Business development (Industrial and commercial property)</b>	761	7.5%
Total	2027	20%

Adapted from Tyler (2013)

The remainder of this section takes each approach in turn, looking firstly at the evidence of effectiveness in job creation before considering who takes up jobs created.

### 3.2. Business development

Business development was the dominant approach taken in 1980s. The Urban Development Corporation and Enterprise Zone programmes sought to stimulate private sector-led growth through a combination of land reclamation, infrastructure renewal, property development and refurbishment and place marketing. In some cases, this was supported by financial incentives for development and investment. Enterprise Zones exempted businesses from rates on industrial and commercial property and offered 100 per cent tax allowances against capital investment. Derelict Land Grants and Urban Development City Grants (later to become City Grants) helped to bridge financing gaps for physical redevelopment. Similar schemes have been established outside the UK. Both the Zones Franches Urbaines programme in France and State Enterprise Zones in the United States operated on a similar model to the Enterprise Zone programme in the UK.

Business development to stimulate economic growth continued into the 1990s and beyond through new programmes such as Urban Regeneration Companies (URCs) as well as the activities of the Regional Development Agencies (RDAs) created in 1998. These later initiatives maintained a focus on developing industrial and commercial sites but also placed greater emphasis on providing new public realm and housing, often as part of efforts to revitalise hollowed out urban centres in British towns and cities.

#### *Impact on jobs and employment*

One of the measures of success of business development programmes has been the extent to which it generates jobs. Many evaluations provide estimates of jobs created based on self-reported performance by delivery organisations. Performance data alone, however, is of limited use as many of these jobs may have been created anyway without programme support. For this reason it is important to consider 'additionality' in terms of the number of net new jobs created once deadweight, displacement and leakage effects are taken into account<sup>8</sup>. Table 3.2 below shows that this 'gross to net additionality ratio' ranges from between a quarter to a half of all

<sup>8</sup> Additionality has been defined as follows: 'an impact arising from an intervention is additional if it would not have occurred in the absence of the intervention' (HM Treasury, 2003/2011: 101). The concept of additionality incorporates a number of different components: deadweight; leakage; product market displacement and multiplier effects. (Tyler, 2013: 12)

job outputs within a selection of physical regeneration programmes that include business development. Whilst programmes should not be directly compared with one another because of the different methods used to assess additionality, the figures provide some indication of the scale of extra jobs created. The question of what constitutes a 'good' ratio is far from straightforward although guidance from English Partnerships (2008) recommended 32 per cent as the standard for new job creation based on the performance of the SRB programme. By this standard, many of the programmes listed below exceed reasonable expectations.

**Table 3.2: Job Creation Additionality Ratios in Physical Regeneration Programmes**

Programme	Jobs Additionality Ratio
Enterprise Zones - first round (early 1980s)	25%
Enterprise Zones - first & second round (late 1980s/1990s)	45%
London Docklands Development Corporation (1980s)	27%
Tyne and Wear Development Corporation (1990s)	43%
Single Regeneration Budget (late 1990s/early 2000s)	32%
Regional Development Agencies (2000s)	47%
National Coalfields Programme*	55%**
City Challenge	39%**

\* Based on modelled change in area employment levels rather than outputs.

\*\*Authors' calculations (City Challenge figure based on net outputs in City Challenge areas)

Sources: Roger Tym and Partners, 1984; PA Cambridge Economic Consultants, 1995; Brownill, 1999; Byrne, 1999; Tyler *et al.*, 2007; DETR, 2000a; National Audit Office, 2009; Rhodes *et al*, 2009; National Audit Office, 2010

The wide variation shown above may be explained by differences in local contexts, programme design and the type of businesses supported. There is evidence from the Enterprise Zone programme, for example, that job creation potential varies significantly according to the source of investment. Potter and Moore (2000) surveyed all active firms in 22 Enterprise Zones (EZs) that came to the end of their ten year lifetime between 1991-94. They found that existing firms that had located to EZs from ten or more miles away had created more than three times as many jobs than new companies that had set up in EZs. This is perhaps not surprising. Inward investment can create 'jobs at a stroke' (Syrett and North, 2008: 146) whilst new companies take time to grow and generate employment.

Businesses involved in long distance migrations may bring a high proportion of existing jobs with them. While these are clearly not 'additional' in the strictest sense, many will require recruitment of staff to replace those who did not move or who are unable to commute, and hence represent 'new' opportunities for local residents. However, it is clear that inward investors often bring in existing employees rather than creating job vacancies accessible to residents in target areas. Nevin's (1998) survey of businesses supported by the Black Country Urban Development Corporation (UDC) estimated that 59 per cent of all new jobs created were 'transferred' posts not accessible to residents. A similar criticism was made of advanced workspace units constructed by the Scottish Development Agency (SDA) as part of three regeneration projects in Glasgow (GEAR and the Maryhill Corridor Project) and Edinburgh (the Leith Project). These were seen to mostly encourage existing businesses to relocate from other areas without generating significant

amounts of new employment (Donnison and Middleton, 1987). Likewise, an evaluation of 'Zones Franches Urbaines' in France by Mayer *et al.* (2011) concluded that they acted mainly as a "spatial shifter" inducing companies to relocate rather than creating new economic activity and associated employment growth.

Moreover, inward investment can have displacement effects if it opens up direct competition with other firms in target areas or reduces productive economic activity in the area from which it relocates. Displacement was certainly a major criticism of earlier business development regimes which featured a combination of direct and indirect interventions in the land and property market. For example, Potter and Moore's (2000) study of Enterprise Zone (EZ) establishments found that a quarter of employment was in 'short distance transfer' firms that had chosen Zones in preference over another local area within ten miles. In addition, nearly 40 per cent of these firms identified competitors in the local area. In many EZs in the United States such employment gains were offset by job losses associated with the continued disappearance of existing businesses through closure, ultimately balancing out as a zero net effect (Bondonio and Engberg, 2000; Greenbaum and Engberg, 2004; Bondonio and Greenbaum, 2007). However, in some cases there were positive employment effects reported, particularly where the emphasis was more on service sector rather than manufacturing activities (Billings, 2009; Imrohoglu and Swenson, 2006; Kolko and Neumark, 2009). This appeared to be associated with differential availability and take-up of tax credits related to capital investment and labour recruitment, with manufacturing broadly favouring the former and services the latter.

There is less evidence, however, of displacement effects in the areas from which firms relocate in terms of what happens with former sites. Studies of property vacancy chains found a majority of former premises being taken up by both new and existing firms, although some remained empty two years after the original occupiers moved to their new location (Robson *et al.*, 1999; Francis and Thomas 2006).

There is some evidence that displacement effects are not uniform. Potter and Moore's (2000) research on Enterprise Zones found that displacement varied according to the location of markets for products or services as well as by sector. Firms that relocated from over 10 miles were far less likely to face local competition than those closer to Enterprise Zones because of their greater tendency to 'export' products and services outside the area. In addition, firms involved in manufacturing experienced far lower levels of local competition (nine per cent) than those involved in retail (68 per cent). This suggests there are benefits in encouraging particular types of investment least likely to generate displacement effects.

Inward investment may remain an attractive strategy, at least in terms of creating jobs, but its viability varies according to economic conditions and the particular features of place. The evaluation of the Local Enterprise Growth Initiative (LEGI) programme found targets for attracting private sector investment into deprived areas were missed because of the deteriorating economic circumstances before and during the recession of 2008-09 (DCLG, 2010a). This prompted a shift in focus towards supporting and retaining existing businesses in areas. These findings indicate that inward investment is closely related to the economic cycle and more likely to work in a period of growth.

There is also evidence that some types of areas prove more attractive than others. A study of Enterprise Zones found inward investors prefer, and are more likely to generate employment, in 'accessible areas' (outside urban centres but easily accessible from major population centres) compared with 'urban core areas' or 'remote rural areas' (Potter and Moore, 2000). Bennett *et al.*'s (2000) research on coalfields regeneration also found areas in more rural and isolated locations often lost out in competition for inward investment to nearby cities and areas on key

transport routes. Beatty *et al.*'s (2007) study of employment change in the British coalfields since 1985 also showed that those areas with good access to transport networks had recovered reasonably well, whilst those further away had continued to stagnate. In combination, these findings suggest that inward investment tends to work best where the conditions for growth already exist, either because of a favourable economic climate or an advantageous location. They also underline the importance of pump-priming expenditure on land reclamation and infrastructure provision (Squires and Hall, 2013) and the limited control that public agencies have over the pattern, extent and timing of private investment (Chignier-Riboulin and Hall, 2013).

Potter and Moore's (2000) survey of EZs also looked at the factors influencing location decisions. The most important factors were those internal to the programme: relief from local business rates was important to location decisions (63 per cent) followed by enhanced capital allowances against tax for property investment (33 per cent). The most important of the non-EZ influenced factors in terms of attracting inward investment was labour availability (27 per cent) followed by the availability of other non-EZ government incentives (14 per cent) including Regional Selective Assistance and Regional Development Grant.

### ***Take-up of jobs***

The extent to which jobs created through regeneration activities impact on poverty will depend on who takes up jobs, what kinds of jobs they are and any changes in pre- and post-employment incomes experienced. The most common approach of studies is to address the first of these issues in terms of take up of jobs by residents in regeneration areas. The implicit assumption is that the benefits of regeneration are maximised if jobs go to local people in deprived areas rather than 'leak out' to other, potentially less disadvantaged, individuals living elsewhere.

'Local' residents are often identified by reference to some geographical construct. This usually relates to those living in target areas or in surrounding areas defined by distance from programme area or level of disadvantage, but in some cases has been left to survey respondents to interpret. These variations are likely to have had a strong influence on the wide range of results, but in all cases the focus is on places rather than people. In other words, the emphasis is on where jobs are taken up rather than the characteristics of individuals who secure them. Table 3.3 sets out the headline indicators from these studies, along with the basis of their calculations. Again, differences in local contexts, programme content and sectoral structures as well as definitional divergences are likely to underpin the variations revealed.

**Table 3.3: Proportion of New Jobs Taken up by 'Local Residents'**

Programme	Estimated Take-up (%)	Basis of calculation
Bristol Development Corporation	44.5	Residents of surrounding postcode sectors containing substantial deprived areas
Leeds Development Corporation	39.6	
Central Manchester Development Corporation	19.5	
National Coalfields Programme*	60.0	Residents of coalfield areas
Enterprise Zones (First and second rounds)	65.6 <sup>†</sup>	Residents living 'locally'
Enterprise Zones (Third round)	23.0	Residents living within 2 miles
Zones Franches Urbaines (Paris)	23.1	Residents living within the zones
State Enterprise Zones (Indiana)	14.7	

NOTES: \*Includes an element of economic, social and community-based, as well as physical intervention.

†Authors' estimate averaging across the occupational breakdowns given in original studies

Sources: Deas *et al*, 2000; House of Commons Committee of Public Accounts, 2010; PA Cambridge Economic Consultants, 1995; Potter and Moore, 2000; Syms and McIntosh, 2004; Gobillon *et al.*, 2011; Papke, 1993.

These figures underline why there is often concern about the challenges in connecting local residents to economic opportunities that result from regeneration. It is rare that more than half of jobs created are taken up by residents in target areas. There may be a number of reasons for this. One irony is that physical redevelopment may increase the access of 'non-residents' to any new employment. For example, improved transport links will assist in-commuting and new house construction will attract new residents, both strong sources of potential competitors for long-standing residents (Judge, 1989; Syms and McIntosh, 2004; Barber and Hall, 2008). Recruitment methods may also affect the degree of take up of jobs by residents. Nevin's (1998) survey of employers in the Black Country UDC area found that nearly 73 per cent of firms used word-of-mouth to recruit. This may militate against those furthest from the labour market living in deprived areas with fewer personal contacts in employment.

Evidence also shows that occupational mix of the new jobs affects patterns of take-up. Studies show a much higher percentage of residents are successful in moving into work where jobs created include a fair proportion of semi-skilled and manual employment (Deas *et al.*, 2000; Potter and Moore, 2000). This is likely to reflect the match between employment at this occupational level with the skills of local residents. Conversely, the employment generated through physical regeneration may bypass residents if not commensurate with their skills and experience. Studies of land assembly and redevelopment schemes by UDCs in Sheffield and Cardiff found that the compulsory purchase and clearance of low cost, run down industrial property reduced the availability of lower-skilled manual work most appropriate for local residents (Dabinett and Ramsden, 1999; Thomas and Imrie, 1999).

Certainly, there is wider evidence that jobs growth in itself, whether generated through regeneration or not, will not always benefit residents of regeneration areas. The NDC evaluation (DCLG, 2009a) reported that NDC areas with greater increases in local employee jobs experienced less improvement in employment rates. Evaluators suggested this may be due, in part, to a mismatch between the type of jobs created and skill levels of residents. More buoyant economies will obviously



create more jobs but these may be taken by inward commuters if requiring higher levels of skills and experience than widely available among resident populations.

One piece of research suggests these issues are particularly acute where regeneration seeks to stimulate growth in high value sectors. Burfitt and Ferrari's (2008) study of plans to redevelop the site of the former Rover car plant in Longbridge into a science and technology park is a case in point. Their analysis concluded residents in disadvantaged neighbourhoods surrounding the former Rover site, many of whom had been most affected by its closure, were unlikely to benefit from the proposed redevelopment and the high-skilled jobs it was intended to create. Based on existing patterns of residence among high-skilled workers in Birmingham, the authors suggest new jobs and attendant economic benefits will leak out to better skilled workers in more affluent areas. They conclude that policies for economic diversification and growth will not always compensate those affected by the decline of former industrial sites.

Almost all the discussion on take up jobs created, nevertheless, concerns the extent to which work is secured by residents living in or around target areas. Comparatively little has been written about who takes up jobs in terms of socio-demographic characteristics, employment status or economic circumstances. This limits discussion about the extent to which jobs created, even if secured by 'local' people, help to reduce poverty. After all, take up alone is no indication of change in poverty status. Those accessing employment may not have been living in poverty or, if they were, may not earn enough in new jobs to lift their household above poverty thresholds. Moreover, the focus on local take-up may also be misleading. It is possible that new jobs help non-residents who commute in to move out of poverty. Leakage does not necessarily preclude reductions in poverty.

A handful of studies look at impact on unemployment, either at individual or area levels. Thus, Potter and Moore (2000) estimate that only 35 per cent of the additional jobs created in first and second round Enterprise Zones in the UK had been taken by people who had previously been out of work. In other words, most employment generated through physical regeneration goes to those already in employment. The extent to which job creation impacts upon aggregate levels of unemployment at the area level is mixed. Gobillon *et al.* (2011) calculate that job creation in areas designated as *Zones Franches Urbaines* in Paris had merely generated a three per cent increase in the number of unemployed people who lived in the vicinity moving into work.

That said, there is some evidence on Federal Employment Zones in the United States which points to a positive effect on both unemployment and poverty rates in the surrounding area (Ham *et al.*, 2011; Squires and Hall, 2013). A key difference here is that this programme incorporated complementary 'place-based people' measures over and above fiscal incentives and deregulation. These were aimed at equipping local residents with appropriate skills for (and in some cases directly matching them with) the new employment opportunities. This suggests job creation programmes work best when complemented by employability support schemes. This is a point that also emerges in the literature on business support programmes reviewed in Section 3.3

### **Summary**

Business development schemes can help create jobs in deprived areas but schemes are subject to high levels of deadweight, displacement and leakage. Inward investment seems particularly suited to creating employment 'at a stroke' but is not a strategy that works for all areas. Inward investors prefer locations near, but not in the heart of, major conurbations.

There is evidence that some residents do secure new employment although little data on the circumstances of those who benefit. There is also limited, and mixed, evidence on the extent to which programmes improve area-wide outcomes in terms of worklessness. This makes it difficult to reflect on the likely extent to which job creation programmes help to reduce poverty.

Studies suggest that both take-up and area outcomes may be improved if jobs created are commensurate with the skills of residents and accompanied with employment support initiatives to connect residents to jobs. Strategies targeting growth sectors that generate high-skilled jobs may not benefit residents in deprived areas. The clear implication is that targeting is important otherwise the benefits will not filter down to those in need.

### **3.3. Business support**

Business support programmes have become a more prominent feature of regeneration in recent years. They have featured both as part of large-scale ABIs including the City Challenge, Single Regeneration Budget (SRB) and New Deal for Communities (NDC) programmes as well as through dedicated business schemes targeting deprived areas such as the Local Enterprise Growth Initiative (LEGI) and the Phoenix Development Fund. This growth of business support initiatives within the 'demand-side' mix of interventions can be understood, in part, as a response to perceptions that physical regeneration alone was too vulnerable to leakage of job opportunities (Syrett and North, 2008). Business support programmes aim to address this by focussing more on stimulating the creation or growth of indigenous business rather than attracting inward investment, although the latter may still remain a component.

Under the last Labour government, these business support initiatives aimed to address the twin objectives of improving the economic competitiveness of deprived neighbourhoods whilst creating employment for local residents (Syrett and North, 2008; DCLG, 2010a). Specifically, programmes sought to tackle the barriers associated with enterprise in deprived areas including physical dereliction, crime against businesses, lack of access to finance or premises and low entrepreneurial skills among residents (DCLG, 2007a). Initiatives typically included some combination of enterprise education; support for start ups (financial support, business planning, advice and mentoring) or existing businesses (networking activities and workspace); and attracting investment (place promotion and business crime initiatives).

#### ***Impact on jobs and employment***

The extent to which business support interventions create additional jobs depends on three main factors: whether new enterprises are sustainable (survival), how many jobs would have been created anyway (deadweight) and whether new or expanding enterprises reduce productive economic activity in other competing local businesses (displacement). The evidence available suggests all three are significant issues that constrain the employment creating potential of business support projects.

A study of grants made to business through the Urban Programme in two London boroughs (Wandsworth and Haringey) found over half (53 per cent) of the businesses closed within a ten year period (1981-91), mostly due to the business being liquidated (Baldock, 1998). However, it must also be remembered that low survival rates are characteristic of all new businesses. Business demography statistics show, for example, that only 60 per cent of all new businesses survive for three years (ONS, 2013). Both Urban Programme areas cited perform worse but this is perhaps to be expected given they target businesses in disadvantaged areas.

Other research also shows that deadweight and displacement effects can also limit the impact of business support initiatives. The evaluation of LEGI programme (DCLG, 2010a) estimates, for example, that 12,000 new businesses were supported by projects but many were focussed on local markets where other similar firms operated. Consequently, once displacement as well as deadweight effects were taken into account, net additional business formations were either 5,890 (49 per cent) or 2,371 (19 per cent) depending on the model used.<sup>9</sup> Net additional job creation is also low in the LEGI programme with an estimate of six per cent for employment created by existing businesses and 16 per cent for start ups.

Displacement effects have also been reported in programmes supporting community enterprise despite assumptions these organisations are less prone to competition than for-profit organisations. Armstrong *et al*'s (2001) evaluation of the ERDF-funded Community Economic Development Initiative (CEDI) in Yorkshire and the Humber between 1994-96 found community enterprises supported were more likely to create jobs than private enterprises, but also more prone to cause displacement effects. The clear implication is that many business support projects, whether working with for-profit or community-orientated enterprises, operate in crowded local markets.

However, not all business support programmes seem to have experienced such high levels of deadweight and displacement. The City Challenge evaluation (DETR, 2000a) reported that 45 per cent of jobs (19,826 in total) created in target areas through business support activities were additional; the equivalent figure for SRB was 44 per cent<sup>10</sup> (1,629 jobs) (Rhodes *et al*, 2009). A separate study of a 'community enterprise' scheme in the SRB programme also reported low levels of deadweight and displacement (Brennan *et al*, 1999). This was attributed to close targeting of entrepreneurs from ethnic minority groups who were unlikely to have started enterprises anyway and faced limited competition in local areas. This finding from the SRB programme indicates targeting may be an important factor in raising levels of additionality.

One important question is whether business support activities create more net jobs than business development schemes. In other words, is it more effective to encourage the growth of smaller SMEs within target areas through a stronger emphasis on advice and support than to try and attract larger-scale investment by developing commercial, industrial or retail sites? Levels of additionality outlined above for jobs created within business support projects are broadly in line with the range with those for business development projects reported in Table 3.3. None exceed 50 per cent and some are considerably lower.

The City Challenge evaluation (DETR, 2000a) makes a direct comparison of the two types of activity. It found physical business development activities (including refurbishment and development of retail centres, offices and industrial or business parks) accounted for 55 per cent of all new jobs compared with 21 per cent from business support activities (DETR, 2000a). The superior performance of business development activities may partly be a reflection of spend, however, as it accounted for 40 per cent of City Challenge monies relative to eight per cent for business support. By contrast, levels of additionality in terms of jobs created were broadly comparable: 39 per cent for business development and 44 per cent for business support. This implies that neither approach is any or more or less susceptible to deadweight and displacement effects. What is clear, though, is that all activities to

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<sup>9</sup> The 5,890 figure is derived from modelling whilst the 2,371 is based on performance management data combined with survey-based estimates of displacement. The first is seen as overestimate as it includes existing businesses that moved into LEGI areas whilst the second is likely to underestimate the true figure because it overestimates displacement and deadweight impacts and underestimates multiplier effects.

<sup>10</sup> This also includes physical regeneration jobs in the seven case study areas examined.

help business, including both business development and business support, are the most important generators of jobs in holistic regeneration programmes. They accounted for 76 per cent of all jobs in City Challenge and 69 per cent of all jobs in SRB (DETR, 2000a; Rhodes *et al.*, 2009 [author's calculations]).

The question remains, though, whether the jobs created through regeneration are sufficient in quantity to translate into improvements in broader economic outcomes at the area level. Few studies attempt to make the link, although two that do conclude that impacts on worklessness are negligible. Brennan *et al.*'s (1999) study of two SRB business support schemes in two London Boroughs (Brent and Harrow) found impacts on worklessness were low. They estimate that the total additional number of jobs created (181) would only translate into 0.1 percentage point fall in the unemployment rate assuming every single job went to an unemployed resident. They conclude these enterprise support schemes do not have the 'critical mass to provide the catalyst for dynamic change which could transform the local economy in the medium and longer term' (*ibid.*, 19). A similar conclusion can be drawn from the national evaluation of LEGI. Analysis shows that apparent narrowing of the gap between worklessness rates in the 20 LEGI areas with national performance was not statistically significant once controls were added (DCLG, 2010a).

### **Take-up of jobs**

One of the rationales for business support schemes is to minimise the 'leakage' of jobs and income that has been associated with large-scale physical regeneration programmes in the past (Imrie and Thomas, 1999; Armstrong *et al.*, 2001; North *et al.*, 2003). The assumption is that smaller-scale, local business support schemes will be more likely to provide work for residents than larger business development schemes that may attract a high proportion inward commuters for new jobs. However, there is little evidence available to assess this claim. High figures are reported for take up of jobs within businesses supported by the Urban Programme in the London Boroughs of Haringey (71.5 per cent) and Wandsworth (48 per cent) (Baldock, 1998). The higher take-up in Haringey was attributed to its more targeted focus on specific industrial sectors (such as clothing manufacturing) and disadvantaged groups in the borough; Wandsworth concentrated more broadly on maximising private sector investment. This implies that scheme design may play a significant role in increasing local take-up. However, the author also concludes that take-up could have been increased if business support activities had been closely integrated with local training initiatives to connect residents to jobs.

In other evaluations, take up of jobs created is estimated across all thematic areas of intervention so it is not possible to isolate the impact of business support schemes. However, the figures are worth reprising as they show high levels of take up. The SRB evaluation (Rhodes *et al.*, 2009) estimated that 71 per cent of jobs created across six case study area went to residents in SRB areas; in the City Challenge programme 62 per cent of jobs went to residents in target areas plus a further 27 per cent to people living elsewhere in same local authority (DETR, 2000a). This suggests that, overall, regeneration does create employment accessible to those living in or near target areas.

As with business development, however, there is evidence that take up is shaped by the degree of fit between jobs created with the skills and experience of the local population. Raco *et al.*'s (2003) study of a Local Development Company in Glasgow, the Govan Initiative, suggested the focus on supporting expanding business in higher-skilled sectors was unlikely to benefit local residents with low levels of skill. Survey research found that only eight out of 28 expanding companies in the area employed local residents; those with a strong focus on high-tech sectors recruited almost entirely outside the area. Business support initiatives delivered through the

Urban Programme in London also generated far high levels of skilled professional or managerial jobs (51 per cent) than semi-skilled or unskilled jobs (28 per cent), which reduced local take-up as residents were more likely to secure the latter (Baldock, 1998). One implication is that business support initiatives should focus closely on generating jobs appropriate to local residents. Alternatively, they should be complemented by training programmes to provide residents with the skills and qualifications to compete successfully.

There is little evidence, though, about the social or economic characteristics of local residents who take up jobs generated through business support initiatives, either as entrepreneurs or employees in businesses supported. This makes it difficult to reflect on the extent to which such initiatives help to reduce poverty or a proxy such as worklessness. The LEGI evaluation (DCLG, 2010a: 14) cites evidence that 34 per cent of start-ups were by women and 32 per cent by members of minority ethnic communities as indicative of its capacity to support 'vulnerable groups'. However, this provides no reliable indication of whether beneficiaries were likely to be experiencing poverty at the point of support. Moreover, data on start-ups cannot be assumed to provide some measure of change in income levels as it is feasible that entrepreneurs receive little income at first until they start generating turnover. For this reason, it is an even less reliable proxy measure than movement into employment as a paid employee.

A study of two Urban Programme business support schemes in Haringey and Wandsworth did look at take-up by unemployed residents (Baldock, 1998). This found that 53 per cent were supported into jobs in Haringey and 48 per cent in Wandsworth. The proportions suggest business support initiatives can be effective in engaging those out of work although, as a single piece of evidence, it does not point conclusively to the value of this particular approach in supporting the unemployed.

### **Summary**

Overall, the evidence suggests that business support activities may create additional jobs in regeneration areas although the extent of additionality is limited by low survival rates as well as deadweight and displacement effects. There is also not much data to reflect conclusively on whether business support initiatives overcome the 'leakage' effects associated with physical regeneration, but levels of additionality seem broadly comparable.

Unfortunately, there is very little evidence to conclude whether the number of jobs created through business support schemes scale up into area-wide changes in levels of employment and worklessness. However, the scant data which exists does not suggest significant positive improvements. It is also difficult to reflect on the likely impact on poverty of business support initiatives because of the lack of data on the characteristics of residents who take up jobs.

A further issue with time-limited business support programmes is that the full employment benefits of new businesses may not always be evident within the lifetime of programmes and associated evaluations. Equally, extending the time frame of analysis may see more businesses fail so it is difficult to reflect conclusively how the timescales of evaluation is likely to affect observed outcomes.

What is clear, though, is that targeting by sector or group appears to increase the success of business support activities, both in terms of reducing displacement and increasing access to disadvantaged groups. This highlights the importance of carefully designed programmes if programmes are most likely to benefit those who are workless or living in poverty. As with business development, attention also needs to be paid to the occupational level of jobs created to ensure they match the skills

and experience of target groups. Further, integration of business support initiatives with local training provision may also be necessary to ensure that residents can compete for employment opportunities.

### 3.4. Physical regeneration

The programmes described above focus primarily on creating jobs through encouraging business formation, relocation or expansion. This section looks at the jobs created directly through physical regeneration activities. The evidence here is relatively thin so it is not discussed in as much detail as the two business-focused approaches.

Regeneration programmes can themselves provide employment, particularly through activities undertaken as part of the development or renewal of commercial or industrial property, housing, infrastructure and the physical environment. Such work has been identified as a valuable source of employment in programmes including the housing-led Small Urban Renewal Initiatives (SURIs) in Scotland (Pawson *et al.*, 1998) and the SRB programme (Rhodes *et al.*, 2009). In the SRB programme, for example, nearly a quarter of all net new jobs (23 per cent) created across seven case study areas were generated through physical, environmental and housing improvement (*ibid.*, author's own calculations). This is still dwarfed by jobs created through business regeneration activities (mainly business support and some development of workspace) which account for two thirds of net jobs created. Nonetheless, it indicates the capacity of regeneration programme to directly create jobs through its core activities.

Some regeneration programmes put mechanisms in place to maximise the employment opportunities for residents arising from regeneration activities. For example, schemes to recruit and train local labour in construction work were implemented in the SRB, NDC and National Coalfields programmes. Evidence on their impact is mixed. The SRB scheme on the Chalkhill estate in London was widely regarded as a 'flagship' project (Rhodes *et al.*, 2009) because of the way it directly trained and recruited residents to undertake the refurbishment of the estate. It offered eighteen months waged work as part of placements as well as construction training to NVQ Level 2. However, the precise number of beneficiaries is not stated. Another approach taken by Belfast City Council was to set up a dedicated employment support project - the Belfast Gasworks Employment Matching Service (GEMS) - to connect local people to jobs created through physical regeneration. This was a direct response to concerns that the employment benefits of regeneration were not reaching residents of more disadvantaged areas surrounding the development. Between 2002-08 the GEMS project supported 1,000 individuals into work although this measure of outputs provides no indication of additionality or broader impact on area-wide levels of worklessness (Plöger, 2008).

Such schemes have not always been considered effective though. In some cases, the employment benefits of physical regeneration have not been realised at all. The National Audit Office's (2009: 26) evaluation of coalfields regeneration programmes in England identified 'missed opportunities' where residents were not trained up to access construction work or gain jobs with employers locating on the redeveloped sites. This was attributed to lack of training provision, with 16 of the 20 sites reviewed not having a dedicated training programme in place for local people.

Where schemes have been put in place, they have not always been successful in locking in benefits, even where formal agreements have been in place with developers to recruit local labour. The use of legally binding clauses by the Knowsley NDC partnership to get developers to train and recruit local residents collapsed when the construction of affordable housing was suspended at the start of the 2008-09

recession (DCLG, 2009b). As other research shows, developers will avoid or abandon schemes in economically vulnerable areas if the risks are deemed to have become too high (Dolphin 2009; Ecotec/GVA Grimley, 2009; Cole and Haigh, 2010).

Local labour schemes may be less risky where funded directly through public sector programmes. More recently, the Decent Homes (DH) housing improvement programme in England has, in most places, incorporated provision for both local employment agreements and training opportunities. Decent Homes and its follow-on Backlog programme has been a massive intervention, running since 2000 and aiming to improve the condition of 1.6 million social housing dwellings classed as 'non-decent' (39 per cent of the total) at a cost of almost £24 billion by 2015 (National Audit Office, 2010; Homes and Communities Agency website). In many cases contracts for improvement work to date have required recruitment of people living within the local authority area in question (albeit with varying target proportions).

Schemes have also incorporated apprenticeship schemes for disadvantaged residents and those not traditionally engaged in the construction industry, such as women, people from black and minority ethnic (BME) groups and ex-offenders, as well as the long-term unemployed. In South Yorkshire this has been done through the parallel Construction JOBMATCH initiative funded by the European Social Fund (ESF) (Benington *et al.*, 2010). Elsewhere, several places have launched 'One in a Million' (or similar 'pro rata') schemes, in which contractors commit to enrolling one apprentice for every £1 million spent, again targeting disadvantaged communities (Benington *et al.*, 2010; Jones, 2012). However, there has as yet been no assessment of the scale and impact of these components of the programme on either people or places.

Another alternative model that does not rely on potentially 'footloose' private sector investment is to fund jobs directly through Intermediate Labour Market (ILM) programmes. An ILM typically provides a temporary waged job that is intended to deliver some social benefits alongside outcomes experienced directly by participants. This approach has been used effectively as part of social housing improvement programmes. The Wise group set up an ILM to support the long-term unemployed to deliver a major programme of refurbishment to social housing in Glasgow and the London borough of Newham. The scheme paid the 'rate for the job' (£116/week at the time) for 44 weeks and provided opportunities for on and off-the job training.

An evaluation found that the scheme engaged high numbers of long-term unemployed (81 per cent of trainees in Glasgow and 65 per cent in Newham) (McGregor *et al.*, 1997). It also produced higher job entry rates than national training schemes in comparable areas. Outcomes also proved sustainable for some of the beneficiaries furthest from the labour market: 44 per cent of trainees who had been unemployed for two years or more before joining the Wise Group were in a job six months after leaving. It is likely that some of these transitions would have lifted some individuals and households out of poverty. Moreover, the scheme delivered social and economic benefits for the beneficiaries of refurbishment work including reductions in heating costs and burglary as well as a higher sense of commitment to area.

## **Summary**

Regeneration can function as a direct source of jobs although the benefits may leak out if appropriate training or employment programmes are not put in place to make jobs accessible to residents. Establishing formal agreements with developers may support the recruitment of 'local labour' although there are risks inherent in relying on private sector partners. ILMs can provide a more secure mechanism for connecting

residents to jobs and have been shown to be effective in helping more marginalised groups into training and employment.



# The impact of regeneration on material poverty: 'supply-side' interventions to help individuals into work

This section looks at the impact of 'supply-side' regeneration initiatives on employment and worklessness.

**Key findings** include:

- Regeneration programmes to tackle worklessness can increase individual prospects of gaining employment but not on a scale that appears to change worklessness outcomes at the area level.
- The capacity of programmes to achieve positive impacts appears to be limited by a number of factors including the challenges in establishing partnerships with key mainstream providers, the level of spend, conditions in the wider economy and the dynamics of population change.
- There is little evidence to support the common assumption that regeneration directly drives outward migration by supporting people into work who then move out.
- Increasing spend improves worklessness outcomes, although it is difficult to determine whether spend could be 'ramped up' to the point where benefits are evident at the area level.
- Regeneration is not always effective in supporting individuals facing multiple barriers into work. There are also issues with job quality, with schemes often unable to insulate participants from the kind of low-paid, low-skilled work often associated with in-work poverty.

## 4.1. Introduction

Tackling worklessness has become a growing priority within regeneration programmes in recent years. This is partly due to perceptions that the 'trickle-down' approach of physical and economic regeneration in the past failed to connect residents to employment opportunities created. Whilst tackling poverty has rarely been an explicit aim of these initiatives, they clearly have the capacity to impact on poverty where they help individuals access work that brings household income above poverty thresholds.

The main holistic regeneration programmes in recent years - City Challenge, the Single Regeneration Budget (SRB) and the New Deal for Communities (NDC) - all included an explicit focus on tackling worklessness among residents. Worklessness was also a key priority of the National Strategy for Neighbourhood Renewal. More recently, the Labour administrations of 1997-2010 introduced a series of ABIs with a singular focus on tackling worklessness. These included Employment Zones, Action Teams for Jobs, Working Neighbourhoods Pilot, City Strategy Pathfinders and the Working Neighbourhoods Fund.

This swathe of initiatives shared a largely 'supply-side' focus on improving employability in terms of the skills, qualifications, job search capabilities and attitudes of the workless, in line with prevailing orthodoxies of national employment policies (Peck, 2001; Theodore, 2007; Syrett and North, 2008; Crisp, 2009). This supply-side emphasis was driven, in part, by a perception among policymakers that the existence of employment alongside spatial concentrations of worklessness pointed to a lack of appropriately qualified, skilled and motivated workers rather than a lack of jobs (Syrett and North, 2008; also HM Treasury, 2003). It is also assumed that targeted initiatives can benefit both from the local knowledge and networks of staff as well as freedoms and flexibilities over the time, money and type of support that can be offered which do not exist in more prescribed mainstream interventions.

Key features of such programmes have included pre-employment support such as job search; Information, Advice and Guidance (IAG); job brokerage; access to education, training or apprenticeships; and in-work support such as job retention payments. In some cases, financial or 'in-kind' support is provided to assist with some of the costs associated with returning to work including transport, childcare, clothing and equipment. Many regeneration programmes use a number of these approaches in tandem, but it is rare to see evaluations try to isolate the outcomes of any particular approach. Far more detailed comparative evaluations of different supply-side models are available at national level and a full summary is available in separate evidence on employment and poverty (Ray *et al.*, 2014).

Table 4.1 below shows that estimated annual expenditure on supply-side interventions around worklessness and skills development was around £629 million in the period 2009-2011. This is equivalent to only 6.2 per cent of all regeneration spend, showing that this theme has always been a relatively marginal activity within regeneration policy, especially when compared with business support and development which accounts for 20 per cent of all spend (see 3.1).

**Table 4.1: Estimates of annual core regeneration expenditure on worklessness, skills and training activities (based on 2009/10 and 2010/11)**

Regeneration Activity	£m p.a.	% of all annual core regeneration expenditure
<b>Worklessness, skills and training, of which:</b>	629	6.2%
Helping people to become work-ready	134	1.3%
Helping people into work (including re-entrants)	215	2.1%
Helping people to stay in work	21	0.2%
Helping employees and businesses with skills development in the workplace	259	2.6%

Source: Tyler, 2013

The sections below look at the available evidence in terms of the impact of supply-side initiatives on employment and workless at both the area and individual level.

## 4.2. The impact of worklessness initiatives

### *Impact at area level*

Evaluations of regeneration interventions to tackle worklessness most commonly assess impact by looking at changes in levels of worklessness and employment at the area level. This is often expressed in relative terms to national or sub-national benchmarks. Formal evaluations of major regeneration programmes over the last two decades all suggest that target areas have 'narrowed the gap' with national rates across a range of indicators. Programme evaluations of SRB, NDC, City Strategy Pathfinders (CSP) and the NSNR in England as well as People and Place in Northern Ireland all show target areas experiencing a proportionately larger increase in employment and decrease in worklessness than achieved nationally<sup>11</sup> (Rhodes *et al.*, 2009; DCLG, 2009a, 2010b; DSD, 2010; Green and Adam, 2011).

However, 'narrowing the gap' does not necessarily imply a positive programme effect as other external factors may have contributed to change. Indeed, the picture becomes more mixed where evaluations use a counterfactual to identify what degree of change occurred over and above what might have happened anyway. A National Audit Office (NAO, 2009) report on the regeneration of the coalfields in England<sup>12</sup> reported that falls in unemployment were only in line with trends in the years immediately preceding the programme.

Other evaluations compared performance in target areas with similarly deprived 'comparator' areas. On this basis, SRB areas performed better in terms of percentage point falls in unemployment but worse in relation to percentage point increases in employment (Rhodes *et al.*, 2009). By contrast, NDC areas outperformed comparator areas in terms of employment but worklessness fell by 0.4 percentage points less than in comparator areas (DCLG, 2009a). The NDC evaluators concluded that 'this evaluation does not, therefore, as yet suggest that NDCs have collectively made a great deal of impact on worklessness and economic development' (*ibid.*, 105). Similar findings were evident in an independent evaluation of the Communities First programme in Wales (Hincks and Robson, 2010). Between 2001-08, both Communities First areas and deprived comparator neighbourhoods saw economic inactivity decrease and unemployment increase by approximately the same amount. The authors reflected that 'the gains that have been made in Communities First areas have been relatively marginal' (*ibid.*, 17).

There is some evidence of more positive impacts from other programme evaluations. Using econometric modelling, the NSNR evaluation found that the most deprived Lower Super Output Areas (LSOAs) in NSNR areas were more likely to improve and less likely to decline in terms of performance on worklessness relative to the most deprived LSOAs in non-NSNR areas (DCLG, 2010b). The final evaluation of City Challenge (DETR, 2000a) also suggested that the programme had made a positive and statistically significant contribution to reducing unemployment, although the calculations underpinning this claim are not clear.

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<sup>11</sup> Worklessness is measured differently across evaluations with some focussing on unemployment whilst others use a composite measure of key out-of-work benefit claimant groups.

<sup>12</sup> This includes the National Coalfields Programme, Coalfields Regeneration Trust and the Coalfields Enterprise Fund

Very few studies consider the impact of regeneration on the income of residents. One exception is a report using the Economic Deprivation Index<sup>13</sup> to look at changes in rank on the income domain in NDC areas (DCLG, 2010c). It found NDC areas performed worse than both similarly deprived comparator areas and all neighbourhoods in the bottom quintile of the index. Between 1999-05 more than half of NDCs experienced a worsening position on the income domain; by contrast, sixty per cent of comparator areas and bottom quintile neighbourhoods experienced an improvement.

Overall, the evidence above suggests regeneration has, at best, a mixed and often modest impact on aggregate levels of worklessness, employment and income in target areas. However, these figures do not capture individual level change. An alternative way of looking at programme impact, therefore, is to look at the probability of positive change at the individual level.

### ***Impact at individual level***

A number of studies have looked at the proportion of individuals achieving different outcomes in a 'policy-on' area compared with a 'policy-off' area to try and isolate the programme effect. Using this approach, there appears to be a stronger, positive effect. Analysis suggests individuals were more likely to:

- enter work and sustain employment for 13 weeks in Employment Zones than areas with only mainstream, mandatory New Deal provision<sup>14</sup>; there was, however, a marked convergence between the performance of Employment Zones and mandatory New Deals over longer periods (DWP, 2007a)
- enter work in Working Neighbourhoods Pilot areas compared with similar areas where the programme was not in place (DWP, 2007b)
- leave unemployment benefits and illness/disability benefits in NDC areas than claimants living in the rest of the country (Noble *et al*, 2005).

These analyses still rely, however, on looking at broad populations of workless residents in 'policy-on' and 'policy-off' areas. There is surprisingly little evidence that observes the impact on *direct* beneficiaries of regeneration interventions. A notable exception is analysis of the probability (known as 'odds ratio' (OR)) of residents who participate in NDC employment support projects finding jobs compared with non-beneficiaries (DCLG, 2009a). Using household survey data, the evaluation shows that participants were significantly more likely (adjusted OR of 2.6; significant at a 0.01 level) than non-participants to make a transition from not having employment in 2002 to having employment by 2004. In other words, there appears to be a statistically significant NDC 'effect' on the likelihood of becoming employed. Overall, these evaluation findings suggest area-based programmes are more likely to have positive impacts at the individual rather than area level. Possible explanations for this are explored below.

There is, though, very little data on precisely who benefits from interventions to tackle worklessness. One exception is analysis by Romero (2009) using household survey data from the NDC programme. This shows workless NDC residents were no more likely to enter work than a matched sample in a comparator area unless they were on incomes of less than £299/week *and* either in full-time education, training or on IB/SDA. It concludes the programme 'had a redistributive effect, by increasing the

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<sup>13</sup> At the time, the Economic Deprivation Index (EDI) tracked Income and Employment deprivation between 1999-05. It has since been updated.

probability of entering into employment especially among the lowest-salary earners' (ibid., 331).

There is countervailing qualitative evidence, however, from other ABIs about the impact on more marginal groups. Evaluations of NDC, Employment Zones and Working Neighbourhood Pilots all report difficulties in helping individuals facing the most severe barriers into work (Walton *et al*, 2003; DWP, 2007a,b). This includes those with longer periods of unemployment, a history of unemployment, few or no qualifications, poor basic skills, drug and alcohol problems and mental health issues. Many of these factors are associated with poverty which suggests targeted programmes may not be reaching those most in need.

Even where individuals are supported into work, the likelihood this will lift households above poverty thresholds will depend, in part, on the type of work secured. Data on the nature of jobs secured is, however, limited. Qualitative evidence from the NDC programme found residents tended to move into low-wage, low-skilled sectors including administration, retail, security, hospitality, cleaning, catering and driving (DCLG, 2009b). Indeed, some NDC projects focussing on particular sectors such as retail systematically directed participants towards the lower end of the labour market. This has implications for poverty outcomes as these are precisely the kinds of jobs associated with low wages. As MacInnes *et al* (2013) show, 30 per cent of jobs (1.4 million) that pay below the living wage of £7.45 are in the wholesale, retail and transport sectors. Low wages do not automatically lead to in-work poverty, though, as this will depend on factors such as the number of adults in a household who work as well as the volume of hours worked (Aldridge *et al*, 2012; Lawton and Thompson, 2013). Nonetheless, the relationship between low pay and in-work poverty does raise concerns about the type of work regeneration programmes support residents into.

This is not to suggest individual projects cannot make a difference to the type of jobs accessed. The NDC evaluation also highlighted the capacity of small-scale community initiatives to transform employment opportunities for residents in deprived areas (DCLG, 2009b). The West Bowling Youth Initiative in Bradford was singled out for the way it engaged young Asian men in their pre-teens in sports and cultural activities as a platform for identifying and nurturing aspirations. Subsequent employment support provided over a period of years led to sustainable, higher-paid and higher-skilled employment such as youth work and social work. However, the existence of such projects is rare and scope for scaling up such activities to circumvent the kind of 'poor work' (McDowell, 2003; also Fletcher *et al*, 2008; Crisp *et al*, 2009; Shildrick *et al*. 2013) that dominates local labour markets in deprived areas seems limited.

### 4.3. Explaining outcomes

The data presented above suggests regeneration activities to tackle worklessness have only modest impacts at the area level, even if they generate more significant change for individuals. A number of possible explanations can be suggested for the failure of individual-level change to scale up into area-wide improvements, including factors both internal and external to programmes. Three internal factors (partnership, programme design and spend) and two external factors (wider economic growth and population change) are explored below.

#### **Partnership**

A potential constraint on programme impact is the scope of regeneration agencies to work with mainstream providers involved in the employment and training agenda. The NDC evaluation observed difficulties in involving Jobcentre Plus and the Learning Skills Council (now the Skills Funding Agency) because their jurisdictions

extended beyond the neighbourhood level at which NDC operated (DCLG, 2009b). Local Strategic Partnerships within NSNR areas also struggled to secure the strategic involvement of Jobcentre Plus because of the organisation's broader geographical remit as well as its focus on national targets and priorities (Syrett and North, 2008; DCLG, 2010b). These findings suggest there are particular difficulties in co-ordinating programme and mainstream activities in relation to tackling worklessness at lower spatial scales.

### **Programme design**

One important question about the overall model is whether it is better to tackle worklessness through holistic programmes where worklessness is one strand of activity or through programmes with a singular focus on worklessness. One assumption is that holistic programmes are preferable as there may be mutually reinforcing benefits between different strands of activity.

The evidence to support this assumption is sparse but positive, with one piece of data implying the benefits of a holistic approach. Modelling of relationships between outcomes experienced by a longitudinal panel of NDC residents found positive associations between improvements in mental health and movement into employment (DCLG, 2010d). The report does not identify the direction of causality or try to determine the contribution of the NDC programme to these outcomes. Nevertheless, it does imply that a holistic approach may be preferable as other programme activities that improve health outcomes may also bring about positive employment change. However, this evidence alone would seem insufficient to assert the benefits of holistic programmes over those with a more singular approach.

Other research that reflects on programme design highlights the features that are identified by programme staff and beneficiaries as contributing to positive experiences and outcomes. Qualitative research shows importance is placed upon some combination of outreach work; intensive face-to-face work with clients; responsive, flexible and accessible staff; partnership working with other local agencies; a local presence; engagement with employers; support with the costs associated with work such as transport and childcare; knowledge and understanding of local areas; and a voluntary approach that contrasts with the mandatory nature of some mainstream employment provision (DWP, 2006, 2007a,b; DCLG, 2009b). Nonetheless, the evidence on the limited impact of worklessness programmes suggests that putting these mechanisms in place is not, in itself, enough to generate area-wide improvements.

### **Spend**

Spend is another factor that seems significant in explaining change. Analysis of spend across a range of holistic regeneration programmes indicates that initiatives to tackle worklessness do not receive significant amounts of spending, despite the economic basis of area decline. It accounted for 15 percent of total programme spend in SRB including training initiatives (Rhodes *et al*, 2009); 12 per cent in NDC (DCLG, 2010e); 11 per cent of the Belfast Action Teams programme in Northern Ireland including business support (PA Cambridge Consultants, 1992 in Birrell, 1994); and only seven per cent in City Challenge (DETR, 2000a).

These figures do not necessarily capture all spending on worklessness. Regeneration programmes can boost resources by 'bending' mainstream spend into programme activities. This can make a significant difference. The NDC programme, for example, levered in an extra 86p for every £1 spent on worklessness interventions (DCLG, 2010f). Even allowing for this, total programme spend including levered resources is still likely to be much less than spending by mainstream

agencies on tackling worklessness. Estimates produced by the NDC evaluation team (DCLG, 2010g) using Bradford in as an illustration show that mainstream spending in 2005-06 (£4,700 per capita) dwarfed NDC spend (£530 per capita) by a ratio of nearly 10 to 1. These figures include other public services (health, education, housing and emergency services) as well as initiatives to tackle worklessness but, at the very least, provide some indication of the scale of NDC spend relative to mainstream spend.

One implication is that the scale of regeneration spend has not been sufficient to impact on levels of worklessness at the area level. This raises the question of whether additional spend would boost outcomes. Existing evidence based on comparisons of performance across programme areas suggests this may be the case. NDC evaluators found NDC Partnerships spending more on worklessness tended, on average, to see more positive change in their employment rates (DCLG, 2009a). The NSNR evaluation also found an association with levels of NRF spend at the local authority level and improvements in absolute and relative levels of worklessness (DCLG, 2010b). There is also some indication that a minimum level of spend might be necessary to ensure improvement. A stronger relationship between spend and levels of worklessness was apparent once levels reached over £400 per capita of the working-age population (ibid.) The question remains, however, whether regeneration programmes can ever spend enough to have a significant impact on worklessness at the area level. As the next two sub-sections shows, it is not just factors internal to regeneration programmes that influence outcomes.

### *The wider economy*

The employment prospects of residents living in regeneration areas will be shaped by the availability of appropriate work at wider spatial scales. The precise geography of what constitutes a 'local' labour market for residents will depend on a number of factors including their proximity to areas providing jobs, willingness to travel and access to affordable transport.

Studies indicate an association between the strength of the wider economy and the economic status of residents in regeneration areas. The NDC evaluation shows significant positive correlations between employment and unemployment levels in NDC areas and those of parent local authorities (DCLG, 2009a). It also shows that some of those furthest from the labour market benefit in this way: NDCs located in stronger labour markets were more likely to see Incapacity Benefit/Severe Disability Allowance<sup>15</sup> claimants re-engage in the workforce than districts with weaker levels of labour demand (ibid.) Econometric modelling also showed that regional GVA growth was positively associated with reductions in worklessness in both LEGI and NSNR areas (DCLG, 2010a,b). The type of work may matter too. The NSNR evaluation shows that local availability of lower skilled work (NVQ Level 2 or lower within 5km) is associated positively with improvements in the performance of more deprived NSNR areas relative to non-NSNR comparator areas in terms of levels of worklessness (DCLG, 2010h). This may be related to propensity to travel among the low-skilled. Analysis of 2001 Census data showed the probability of commuting less than five kilometres increases as skill levels decline, with those working in elementary and personal service having the shortest average commute (Green and Owen, 2006).

Certainly, there is evidence to suggest that demand-side factors can inhibit take up of paid employment, both in terms of the quantity and quality of work. A lack of jobs was cited by residents and stakeholders as a barrier to work in evaluations of City

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<sup>15</sup> Data covered the period before the introduction of Employment Support Allowance.

Challenge, SRB, NDC, and the Working Neighbourhoods Pilot (DETR, 2000a; DWP, 2007; Rhodes *et al*, 2009; DCLG, 2009b). Meanwhile, low pay, temporary jobs and a mismatch between available low-skilled service sector work and residents' skills and aspirations were identified as limiting access to sustainable work in several programmes including NDC, Employment Zones and Action Teams for Jobs (Sanderson *et al* 2005; DWP, 2006, 2007; DCLG, 2009b).

On balance, the strength of the wider labour market consistently emerges as being significantly related to levels of employment and worklessness. This suggests supply-side initiatives to raise employability can only be effective if economic conditions are buoyant enough to absorb this new supply of labour. It indicates a need for concurrent initiatives to generate sufficient demand to absorb the supply of workless residents. The issue of scale is also important. Most supply-side initiatives to tackle worklessness through regeneration have operated at the neighbourhood level yet labour markets operate at wider spatial scales. This raises the question of the appropriate spatial level for job creation interventions and how this can be aligned with neighbourhood level activities.

### **Population change**

It is often assumed that population change can have a significant impact on poverty and worklessness outcomes at the area level. Evidently, outcomes will change depending on the economic circumstances of in-movers and out-movers. A further assumption about population change is that it can reduce the measurable impacts of regeneration programmes if those who 'get on, get out' to be replaced by less affluent incomers. This highlights potential tensions between policies on regeneration and poverty. Policy interventions that lift households above poverty thresholds may be considered successful for those individual who experience positive change. This may but run counter to regeneration objectives, however, if this subsequently encourages outward movement.

Past studies show there may be some grounds for asserting the tendency of disadvantaged areas to 'lose' more affluent residents. Research on deprived neighbourhoods in Birmingham observed net gains in incoming residents who were either in manual occupations, had never worked or were long-term unemployed compared with net losses of individuals in managerial and professional occupations (Fenton, 2010). Similarly, the NDC evaluation found those in jobs and who are in, or who intend to enter, the owner-occupied sector were being replaced by those less likely to be in employment and more likely to be relatively less well off and to live in rented accommodation (DCLG, 2007b).

However, even if this dynamic does exist, it has been described as a 'heroic' (DCLG, 2010f: 80) assumption to attribute this to the *direct* impact of regeneration activities. One of the only pieces of research on the motivations of outmovers found no indication among the 300 people surveyed that this was triggered by involvement in NDC projects (*ibid*). It would seem, therefore, that concerns about the leakage of residents who benefit from direct interventions are overstated.

Other research has looked at the impact of population change in regeneration areas on economic outcomes in regeneration areas. Work by Robson *et al.* (2009) using Census 2001 data identified four types of neighbourhood based on population movements in and out of the 20% most deprived English LSOAs:



- **Transit** areas: most in-movers come from less deprived areas and most out-movers go to less deprived areas.
- **Escalator** areas: most of the in-movers come from areas that are equally or more deprived and most out-movers go to less deprived areas.
- **Gentrifier** areas: most in-movers come from less deprived areas and most out-movers go to similarly or more deprived areas.
- **Isolate** areas: households come from and move to areas that are equally or more deprived areas.

This typology has been used to look at relationships between mobility and economic change. An independent evaluation of the Communities First programme in Wales found that 'gentrifier' areas performed best between 2001-08 against five core indicators<sup>16</sup>, including three relating to worklessness (Hincks and Robson, 2010). The authors conclude this shows that the effectiveness of regeneration will be shaped by the functional role of areas within the wider housing market. They claim those areas less attractive to upwardly mobile households will need additional support to overcome more entrenched forms of deprivation.

Interestingly, a similar application of the typology to NSNR and non-NSNR areas in the most deprived 20 per cent of LSOAs shows a different pattern (DCLG, 2010b). Reductions in the worklessness rate between 2001-07 in NSNR LSOA areas were highest in 'isolate' areas (-2.8 percentage points) followed by 'gentrifier' areas (-2.5 percentage). This data suggests that 'isolate' neighbourhoods with the least favourable dynamics may still perform well compared with 'gentrifiers'. Population change and neighbourhood function in wider housing markets do not appear, therefore, to *invariably* shape economic outcomes.

Even more notable is that percentage point falls in worklessness in NSNR LSOAs are over double the falls in comparator non-NSNR areas: 'Isolates' experience a reduction of 2.8 percentage points in NSNR LSOAs against a 1 percentage point fall in non-NSNR areas; the respective decreases for 'transits' are 2.2 percentage points for NSNR LSOAs and 1 percentage point for non-NSNR areas. Evaluators suggest that the superior performance of NSNR 'transit' and 'isolate' areas against non-NSNR areas points to a programme effect. Overall, the findings from the NSNR evaluation imply regeneration can bring about positive economic change over and above what might be expected, even in neighbourhoods where residential mobility patterns appear least likely to contribute to reductions in worklessness. The apparent lack of a clear relationship between neighbourhood type and worklessness outcomes suggest population dynamics have only limited purchase in explaining economic change.

## Summary

The evidence presented above suggests that area-based programmes do not fully vindicate their rationale of using a distinctive local approach, often supported by additional resources, to tackle spatial concentrations of worklessness that mainstream programmes fail to address. They may increase individual prospects of accessing employment but this does not translate into aggregate improvements at area level. The capacity of programmes to achieve positive impacts appears to be limited by a number of factors including the challenges in partnership working, programme design, levels of spend, conditions in the wider economy and the dynamics of population change. Given that the last two factors are largely outside the control of regeneration programmes, this perhaps confirms the limits of small-scale, supply-side initiatives to comprehensively tackle worklessness at sub-local scales.

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<sup>16</sup> The five indicators are: Percentage change in working-age population claiming Jobseeker's Allowance (JSA); percentage change in working-age population who are economically inactive; percentage change in unemployment rate of working-age population; change in population; mean change in house prices.

There is some evidence that increasing spend improves worklessness outcomes, although it is difficult to determine whether spend could be 'ramped up' to the point where it significantly changes outcomes at the area level. There are also issues with job quality. Regeneration schemes are often unable to insulate participants from the kind of low-paid, low-skilled work often associated with in-work poverty.

# 5

## The impact of regeneration on the non-material dimensions of poverty

This section looks at the impact of regeneration on the non-material dimensions of poverty in terms of five key outcomes: health, education, community participation, housing, and crime and the physical environment. It distinguishes between interventions which focus primarily on people (health, education and community participation) and those which target features of place (housing, and crime and the physical environment).

Key findings include:

- People-based interventions around health, education or community participation are more effective in improving processes of service delivery, particularly around partnership and community engagement, than generating better outcomes.
- The limitations of people-focussed interventions may be explained by short timescales, the challenges in influencing the spend and activities of mainstream providers, and the relatively small scale of interventions.
- Place-based interventions around housing, crime and the physical environment deliver a broad range of benefits that ameliorate some of the adverse outcomes associated with poverty. These include improvements in health and well-being; satisfaction with home and area; and fear, or experiences, of crime and anti-social behaviour.
- There is little evidence that 'mixed communities' initiatives improve economic opportunities for lower income households. This challenges the assumption underpinning the notion of 'area effects' that 'deconcentrating' poverty reduces the compounding effects of spatially concentrated disadvantage.
- There is evidence that wrapping 'bricks and mortar' housing projects up in a broader 'housing plus' package may also increase the sustainability of outcomes.
- Improvements in health and well-being through place-based interventions contrast markedly with less favourable outcome from interventions directly targeting health. This suggests indirect mechanisms that improve living conditions may be more effective than 'pure' health initiatives.
- Overall, regeneration programmes appear far more effective in tackling the non-material dimensions of poverty through delivering place-based rather than people-based initiatives.

## 5.1. Introduction

This section explores the extent to which regeneration impacts on wider non-material dimensions of poverty. There is long-standing recognition that poverty is associated with a range of adverse outcomes beyond a lack of income or material resources at both an individual and area level:

- **individual outcomes** include low education attainment, poor health and exclusion from social, or political participation
- **area outcomes** in 'poor places' including deteriorating housing, inadequate community facilities, crime and anti-social behaviour, environmental neglect and lack of, or poor quality, green space.

These outcomes are sometimes elaborated in wider concepts of 'multiple deprivation' or 'social exclusion' that capture the multi-dimensional and dynamic nature of poverty. They relate to the broader conditions and circumstances which frame the 'lived experience' of people in poverty. As such they are less amenable to analysis by means of quantitative indicators which can be used as a proxy for low incomes. While 'hard' quantitative data is quoted in this section where relevant, inevitably the focus is on 'softer' qualitative findings.

The relationship between poverty, broader forms of social disadvantage and place have provided the rationale for a series of area-based interventions. A useful distinction can be made between interventions that focus on 'people' and those that concentrate on 'place'. People-based interventions seek to address adverse individual outcomes through interventions to improve health, education and community participation. The assumption is that these outcomes matter in their own right but, also, that deprivation is multi-dimensional and requires action across several domains to address the interplay of barriers individuals face. Tackling one domain (e.g. health) may therefore bring about positive change in another (e.g. employment) because of the interrelationships between the two. Place-based interventions target adverse area outcomes although, clearly, improvements are intended to generate benefits for individuals such as improvements in satisfaction with housing or area. Key rationales include improving living conditions as well as making areas more attractive places to live and work as the basis for encouraging new investment.

There is a long tradition of place-based interventions in regeneration, particularly in relation to housing. Attention initially focused on 'slum clearance' in the 1950s and 1960s but switched to large monolithic social housing estates in the 1980s seen to suffer from low maintenance levels, building and design inadequacies, and high unemployment rates associated with deindustrialisation. People-based interventions have a shorter pedigree. With some notable exceptions such as Community Development Projects, it was not until the early 1990s that people-based interventions became a prominent feature of ABIs such as the City Challenge, SRB and, later, NDC programmes. They were also the dominant focus of a raft of single-themed programmes such as Health Action Zones, Education Action Zones, Excellence in Cities, and Sure Start. The distinction between people and place-based interventions is not exclusive. Holistic programmes typically combine a range of both types of initiatives (Griggs, 2008). However, it remains a useful distinction analytically because of its relationship with outcomes, as described below.

From this initial review it is possible to value the key components of regeneration that are orientated towards addressing the non-material dimensions of poverty. In line with previous work by Tyler *et al.* (2013), these components are summarised in

Table 5.1, along with their estimated annual share of the core regeneration budget for England in 2009/10 and 2010/11.

**Table 5.1: Estimates of annual core regeneration expenditure on people-based and place-based interventions (based on 2009/10 and 2010/11)**

Regeneration Activity Type	£m p.a.	% of all annual core regeneration expenditure
<b>People-based interventions</b>		
Community Development (volunteering, community facilities, investment in community organisations, formal participation)	35	0.3
Health (healthy living, smoking cessation, drug and alcohol treatment, teenage pregnancy, supported living)	17	0.1
Education (truancy, classroom assistants, raising aspiration mentors, family learning support)	70	0.6
<b>Total share of budget on 'people-based' interventions</b>	<b>122</b>	<b>1</b>
<b>Place-based interventions</b>		
Housing (New dwelling construction, demolition and new build, improving existing stock)	6460	64
Environmental (Open space/community space/nature reserves, public realm, street and environmental cleanliness)	437	4.4
Crime (neighbourhood wardens, community policing, CCTV, partnership working)	19	0.2
<b>Total share of budget on 'place-based' interventions</b>	<b>6916</b>	<b>68.6</b>

Adapted from Tyler (2013)

The table shows that 'people-based' interventions aimed at addressing social disadvantage remain marginal to ABIs in terms of the overall allocation of resources. Only one per cent of total spending is dedicated to these activities compared with 68.6 per cent on place-based activities in 2009-11. One reason for these significantly different levels of spend may be that people-based strategies for addressing social disadvantage are overwhelmingly implemented through mainstream social policy. It could also reflect the tendency of regeneration activities to prioritise place-based interventions because of the potential to achieve 'quick-wins' (Jones and Evans, 2013) and demonstrate commitment to an area's improvement (Jeffrey and Pounder, 2000). It is also the case that place-based interventions are more likely to incorporate expensive capital investments in development activities, compared to the relatively cheaper, revenue projects which tend to characterise people-based interventions. In this context it is noteworthy that housing accounts for the major part of all spend on place-based interventions. Once this is stripped out, crime and environmental initiatives comprise only 4.6 per cent.

The difference may also reflect the policy environment at the time for which the data was compiled. The large share taken by new or improved housing activities undoubtedly reflects the prevailing policy mix at the time, with the Housing Market Renewal, Decent Homes and Affordable Homes programmes all in full swing. A similar breakdown for the early 2000s would probably have shown quite a different pattern, with social activities accounting for more funding as central parts of the New

Deal for Communities programme, the Neighbourhood Renewal Fund and (at the time) more generously resourced European Structural Funds programmes.

The remainder of this section reviews the evidence on the impact of regeneration on five of those non-material dimensions: health, education, community participation, housing, and crime and the physical environment. There are, clearly, other factors associated with poverty but these are the five domains that tend to be prioritised with regeneration programmes. In respect to their relationship to poverty, the impacts of these interventions are not generally aimed at, or measured in terms of, bringing about changes in the economic fortunes of individuals, households or the wider economy. In other words, they are not aimed at reducing material poverty, at least not in the short-term. Evidently, there may be assumptions that improvements in one outcome such as education or health may have a material impact in the longer term if, for example, it facilitates entry into work. But these relationships are rarely explored empirically. In this context, then, the impact of social regeneration is assessed primarily through the lens of its ability to ameliorate the non-material dimensions of poverty.

## 5.2. People-based interventions

### *Health*

It is widely acknowledged that poverty and health are closely associated. For example, individuals experiencing poverty and social exclusion are at increased risk of poor mental health (Pantazis *et al*, 2006). This may have both causation and selection effects. Poverty can lead to poor health through lack of adequate nutrition, poor quality housing or insufficiently heated and insulated homes, stress and environmental factors. Equally, poor health may lead to poverty through lost income associated with limitations in earning capacities or additional costs related to treatments, services or facilities required. Either way, exploring the evidence base of the impact of regeneration on health is an important part of understanding its capacity to mitigate the adverse experiences of health associated with poverty.

The Black Report, published in 1980 (Department of Health and Social Security) identified persistent disparities in health and mortality rates between social classes and, in particular, highlighted the high number of premature deaths amongst people in social class five (the most deprived), compared to social class one (the least deprived) (DCLG, 2010i). The report concluded that persistent and increasing inequalities in health outcomes were attributable to a wide range of social disparities around income, education, housing, diet, employment and conditions of work. The report contained wide ranging recommendations focused on social policy measures to combat health inequalities including improved access to services for people living in deprived areas. Although the findings, and recommendations, were not adopted by the then Secretary of State, the report remains an important benchmark for establishing the relationship between deprivation and health. It has influenced subsequent policy including the recent Marmot review ('Fair Society, Healthy Lives') published by the (Department of Health, 2010). This confirmed relationships between social inequalities and health as a key factor in persistent health inequalities. It also concluded that improving health outcomes requires action across a range of policy objectives including good employment, a healthy standard of living and healthy and sustainable communities.

Much of the data on health and regeneration relates to initiatives implemented under the Labour government of 1997-2010, although an evaluation of the Single Regeneration Budget (SRB) Challenge Fund (DCLG, 2007) suggested that very few SRB schemes prioritised spending on interventions to improve health outcomes. The health gap between areas in receipt of SRB monies and the national average also

widened over the period of analysis (1994 to 2004). Later, Health Action Zones (HAZs) were established as one of the first of a flurry of ABIs introduced after the election of Labour in 1997. They were intended to modernise health care and address health inequalities affecting deprived communities. The HAZ programme evaluation by Bauld *et al* (2005) identifies three broad strategic objectives for HAZs: to identify and address public health needs in deprived areas; increase the effectiveness, efficiency and responsiveness of services; and develop partnerships for improving people's health and relevant services, adding value through creating synergy between the work of different agencies. A total of 26 HAZs were established covering 34 health authorities and 74 local authorities, with an average population size of 500,000. HAZs were in operation for a relatively short period: although originally announced with a seven year funding span, they were funded for only three years by central government, and in the early 2000s their functions were subsumed by both by new neighbourhood renewal programmes and the NHS.

The short lifespan of HAZs may explain the limited health outcomes identified in the national evaluation of HAZs (Bauld *et al.*, 2005). The evaluation observed that HAZs were encouraged to set themselves ambitious goals, but very few of them were accomplished in any clear or convincing fashion, and the initiative was not around long enough to effect any substantial changes. This could also account for the limited outcomes observed. HAZ areas did not experience greater improvements to population health when compared to non-HAZ areas between 1997 and 2001. There were, however, examples of improvements to services, in the form of increased collaboration and local capacity for change.

Later neighbourhood renewal programmes, such as the National Strategy for Neighbourhood Renewal (NSNR) and New Deal for Communities (NDC) included health as one element of holistic regeneration programmes. As with the HAZ programme, most improvements observed related to the process of delivery in terms of innovation, increased resident involvement and partnership working. Again, the evidence on health outcomes is less positive. The evaluation of the NSNR (DCLG, 2010b) reported that gaps in health outcomes between Neighbourhood Renewal Fund (NRF) and non-NRF areas had widened over the period of the evaluation, particularly in relation to mortality rates. In Northern Ireland, the mid-term evaluation of the holistic 'People and Place' regeneration programme also found little positive impact on health outcomes, with suicide increasing in target Neighbourhood Renewal Areas (NRAs) compared with non-NRAs (DSD, 2010).

Perhaps the most comprehensive evidence on the impact of regeneration on health comes from the national evaluation of the NDC programme. This gathered data on neighbourhood change through four waves of a household survey conducted in NDC areas and similarly deprived comparator areas between 2002 and 2008. In broad terms, NDC areas experienced absolute improvements in most health outcomes over the period of the evaluation (see Table 5.3) and the gap between NDC areas and national benchmarks in relation to health also improved (DCLG, 2010f). The only exception was the number of residents reporting that they did not take exercise three times a week, where the gap between NDC areas and national average worsened.

**Table 5.3 New Deal for Communities health indicators: eight indicators demonstrating most change**

	<b>% of residents agreeing with statement (2008)</b>	<b>% of residents agreeing with statement (Change 2002-2008)</b>
Felt calm and peaceful most/all of the time during past four weeks	54	<b>6</b>
Trust local health services a great deal/a fair amount	81	<b>6</b>
Smoke cigarettes	35	<b>-5</b>
Very/fairly easy to see family doctor/GP (a)	75	<b>4</b>
Feel own health not good	19	<b>-4</b>
Never eat five portions of fruit or vegetables in a day	15	<b>-4</b>
Felt down in the dumps most/all of the time during past four weeks	8	<b>-3</b>
Been a happy person most/all of the time during past four weeks	67	<b>2</b>

Source: Ipsos MORI NDC Household Survey 2002-2008

Base: All; (a) All seen GP in last year

Bold: Change significant at the 0.05 level (Z test)

However, NDC areas only improved significantly on two health indicators (from a total of six) when compared to change in similarly deprived comparator areas: the numbers of residents recording a high SF 36 score (indicating good mental health) and those thinking that that their health was worse than a year ago. Interestingly, improvements in mental health outcomes for NDC residents were highlighted as one of only two statistically significant impacts at programme level, with the other being improvements to area satisfaction (ibid.). Analysis also reveals a link between the two with improvements in mental health strongly correlated to perceptions of area improvement. This has important implications as it suggests that positive outcomes in different domains may be related, providing a potential validation for a holistic approach.

There is also evidence from other programmes that interventions which are not primarily concerned with health can, nonetheless, generate beneficial health outcomes. This is evident with the Decent Homes programme which ran between 2000 and 2012, and aimed to improve the condition of 1.6 million social housing dwellings classed as 'non-decent' (39 per cent of the total). Programme evaluations of the Decent Homes programme noted a lower incidence of cardiovascular and respiratory complaints, a reduction in falls and accidents requiring medical attention, and fewer GP visits and hospital admissions (Gilbertson *et al.*, 2008; Jones, 2012; 2013). This underlines the potential for regeneration programmes to deliver broad ranging benefits.

### **Education**

Education has been a long-standing concern of regeneration policy because of the association between area deprivation and educational attainment. The Plowden Report published 45 years ago (Central Advisory Council for Education, 1967) was one of the first to identify lower attainment of children living in deprived urban areas. This led to the establishment of 'Educational Priority Areas' in the late 1960s to tackle



educational disadvantage (Batty, 2013). Policy tools implemented in EPAs included improved school buildings and additional resources to attract teachers to work in poor communities, although these were absorbed into mainstream budgets over time.

In more recent years, there have been four other key ABIs to improve educational outcomes in deprived areas for which robust evidence is available:

- **Education Action Zones (EAZs):** EAZs sought to address educational disadvantage through area-based partnership models, involving competitive bidding for funds. Qualitative evaluation of the programme included interviews with Zone directors and head teachers plus headteachers and local education authority (LEA) officers in non-EAZ areas (Halpin *et al.*, 2004).
- **Excellence in Cities:** the Excellence in Cities (EiC) programme emerged from the 1997 White Paper Excellence in Schools (HMSO, 1997). Launched in 1999, it offered schools and LEAs opportunity to work in partnership to raise standards in urban schools through seven key strands: support for gifted and talented pupils; provision of Learning Mentors; Learning Support Units; City Learning Centres (ICT resources); EiC Action Zones; and the extension of existing Specialist and Beacon school programmes. The programme was evaluated between 2000 and 2003 using data derived from surveys of pupils, form tutors and head teachers in EiC and non-EiC schools, alongside data from interviews with Partnership Co-ordinators, employer surveys and case studies (DfES, 2005).
- **NDC:** The NDC programme supported a wide range of interventions designed to improve attainment levels in NDC areas. These included pupil development; extra-curricular activity; study support; specialist support; English as an additional language (EAL) provision; and early years. The average NDC partnership supported 12 projects in the education theme; much of this involved channelling additional resources through schools in an attempt to improve outcomes for local pupils. NDC was the subject of a ten year evaluation combining quantitative and qualitative data (Batty, 2013).
- **NSNR:** Like NDC, the NSNR covered the full range of social regeneration domains: health, education; community safety and the environment (which in this case included housing). The aims of the NSNR were to enhance and focus mainstream service delivery; support community involvement in planning and delivering area improvements; and deliver better co-ordination at local, regional and national levels. Between 2001 and 2008 almost £3billion of NRF/WNF funds were allocated to the most deprived areas in Britain. Approximately 18-20 per cent of programme spend in 2005-6 was allocated to education interventions (DCLG, 2010d). Programme evaluation involved analysis of area-based data for NSNR and non-NSNR areas, and local case studies.

Evidence on the impact of these initiatives is equivocal. There is some evidence of improvements in terms of the process of delivering area-based education programmes. The evaluation of EAZs report on their positive contribution to fostering collaboration between schools and inter-agency activity within and beyond EAZ areas (Halpin *et al.*, 2004). However, it also highlights problems in 'joining up' education provision locally arising from the compartmentalisation of agencies and an over-emphasis on school-based solutions. The evaluation also highlights the lack of a clear evidence base in relation to the factors associated with successful collaboration. It comments on particular on a lack of understanding amongst EAZs of the conditions within schools which were more or less likely to encourage joint working. It also highlights problems associated with the introduction of quasi-markets for education, which were seen to inhibit collaborative working.

Evaluation data on the impacts of ABIs in terms of educational attainment suggests that outcomes are more mixed. NSNR data provides a positive assessment. Analysis of data for NSNR and non-NSNR areas suggests that the strategy had a positive impact on educational outcomes. Modelling indicates that this impact equates to an estimated average improvement equivalent to one GCSE grade per pupil in the most deprived 15 per cent of LSOAs (DCLG, 2010b). Evidence from other ABIs indicates more variable performance. Findings from the evaluation of EiC (DfES, 2005) show greater improvements in attainment at some levels for pupils in target areas compared to non-EiC areas. However, performance varies according to school, pupil characteristics, subject and Key Stage considered. For example, there were particular improvements in relation to attainment in Mathematics at Key Stage 3 (equivalent to increasing the percentage of pupils in these schools achieving Level 5 or above by between 1.1 and 1.9 percentage points). However, evidence did not suggest that EiC had impacted on levels of attainment in English or Science at Key Stage 3, or on attainment at the end of Key Stage 4 (DfES, 2005).

The NDC evaluation concludes that the NDC programme did not make a decisive difference to the attainment of pupils in NDC areas. The NDC Household Survey of residents showed absolute levels of attainment improved for pupils in NDC areas over the period of the evaluation as shown by Table 5.4, in line with national trends (DCLG, 2010f).

**Table 5.4: New Deal for Communities education indicators: eight indicators demonstrating most change**

	% of respondents (2008)	% of respondents (Change 2002-2008)
Use Internet at home	51	<b>27</b>
Key Stage 4, five or more GCSEs at A* to C	48	22
Use PC at home	57	<b>22</b>
Use email at home	44	<b>22</b>
Key Stage 3 English, level 5	58	12
Key Stage 2 English, level 4	68	11
Use Internet at work/place of study	24	<b>6</b>
Use email at work/place of study	22	<b>5</b>

Source: Ipsos MORI NDC Household Survey 2002-2008; SDRC

Base: All

**Bold:** Change significant at the 0.05 level (Z test)

However, improvements were similar to those observed in similarly deprived comparator areas. Overall, education saw the least change of all the six outcomes targeted by the NDC Programme (DCLG, 2010e), and unique to this outcome, higher levels of NDC spend on education were associated with less positive change in NDC areas overall. Analysis suggests that there were problems associated with establishing collaborative relationships between schools (Batty, 2013). This may reflect tensions arising from NDCs attempts to encourage an area-based approach with agencies whose main objective is attaining national targets. Other issues highlighted included the tendency of NDC partnerships to use schools as a 'valve' to meet annual spending targets, contributing to an over-emphasis on additional school-based resources such as extra teaching assistants without improving outcomes. The evaluators suggest resources may have been better concentrated on

out of school activities to support children and young people (DCLG, 2010). Additional community-based learning support and strengthening home-school relationships may well have, they argue, contributed to greater improvement

### ***Early years provision***

Alongside educational programmes for school-age children, there have also been ABIs that focus on early years provision. Although not strictly 'educational' interventions, such programmes reflect the logic that investment in the early years of childhood is likely to be more effective in improving later outcomes than intervention at any other stage (Department of Health, 2010). Early years interventions are also seen as a key part of the Coalition Government's approach to tackling poverty (DWP and DfE, 2012), although the role of parenting in explanations of poverty remains contested. Two key programmes in recent years are:

- **Sure Start:** Sure Start Local Programmes (SSLPs) aimed to support young children and their families in England by bringing together early years education, childcare, healthcare and family support services in deprived areas (there were slightly different arrangements for support for young children and families in Scotland, Wales and Northern Ireland). A comprehensive evaluation of the programme (see <http://www.ness.bbk.ac.uk/>) studied outcomes for children and families in SSLP areas, compared to children and families in similar areas not having a SSLP (Department for Education, 2010).
- **Cymorth:** Cymorth was introduced in 2003/4 by the Welsh Assembly Government and provided £235 million over five years to provide a network of targeted support to children and young people under the age of 25. It was part of a package designed to impact on child poverty by providing early years intervention. It subsumed previous programmes such as Sure Start, Children and Youth Partnership Fund, National Childcare Strategy, Youth Access Initiative and Play Grant. Funding was delivered through Children's and Young People's Framework Partnerships in each local authority area and it was required to focus funding on deprived areas in general and Communities First areas in particular.

The national evaluation of Sure Start has produced over 40 different reports and publications assessing the development and impact of this initiative on a wide range of outcomes for children, families and communities. Reflecting evidence that suggests that home environment and parental engagement have a strong relationship to attainment, especially in younger children (see DfES, 2003), and thus the potential to impact on poverty outcomes in later life, much of the evaluation work has sought to identify the impact of the programme on child development and parenting outcomes. Findings have differed over time, as the programme developed, and as the exposure of children and families to the intervention increased.

Later findings suggest that there were positive programme impacts on family functioning and maternal well-being, which were apparent after taking into account pre-existing family and area characteristics. The evaluation explored 15 family/ child outcomes at age seven. Four positive effects emerged, two of which applied to the whole population and two to sub-populations. Compared to mothers in non-Sure Start areas, mothers in Sure Start areas reported engaging in less harsh discipline; providing a more stimulating home environment for their children; providing a less chaotic home environment for boys (not significant for girls); and having better life satisfaction (lone parent and workless households only). These effects applied across the full range of Sure Start areas regardless of level of deprivation. The evaluation did not reveal any consistent evidence of programme impact in relation to child development at aged seven. The authors suggest that this might in part be due to methodological issues arising from use of the Millenium Cohort Study (MCS) as a

comparator for the study and the introduction of free entitlement to pre-school education across England which meant that MCS children also benefitted from early years intervention (Melhuish *et al*, 2010).

The evaluation of the Cymorth programme in Wales (Welsh Government, 2009) reported positive findings, but mainly in relation to issues of process. It found Cymorth had been successful in its goal of improving partnership working in support of services for disadvantaged children and young people; helped put preventative services in place and on the agenda of the mainstream service providers; and introduced innovative ways of working. However, there was a lack of systematic evidence on outcomes across the programme.

### **Community participation**

A central aim of regeneration programmes in recent years has been to increase the capacity of people living in deprived areas to contribute to the development of their community. Mechanisms for involvement range in intensity from one-off community events through to active involvement on the Board of regeneration partnerships. Community engagement initiatives work on the dual assumption that residents have the right to be involved in programmes affecting their area and, also, that this involvement can enhance the effectiveness of outcomes (Purdam and Crisp, 2009).

Community engagement has been a feature of successive, holistic ABIs since City Challenge but, arguably, reached its zenith under the Labour administrations of 1997-2010. The NDC programme in the 2000s, for instance, placed local residents at the heart of partnerships overseeing ten year regeneration programmes in deprived areas. Resources to support the 'community' dimension of the programme comprised 18 per cent of overall programme spend (DCLG, 2010j). This was complemented by a series of other community and engagement initiatives. A suite of Community Participation Programmes (CPPs) were implemented by Labour including Community Empowerment Networks (CENs), Community Chests (CCs) and Community Learning Chests (CLCs). These aimed to stimulate and support action in disadvantaged neighbourhoods; encourage more people to be involved in the regeneration of their neighbourhoods; facilitate the inclusion of voluntary and community sector organisations as equal partners in neighbourhood renewal partnerships; and to provide investment in the infrastructure needed to allow groups and residents to work together and make an informed contribution (ODPM, 2005).

There is a substantial literature on community development and engagement in relation to regeneration programmes (e.g. Foley and Martin, 2000; Raco, 2000; Marinetto, 2003; Diamond, 2004; Purdam and Crisp, 2009). This literature is often highly critical, with the purpose and value of community engagement contested. Critics have argued, variously, that community engagement fails to involve the most disadvantaged; is rendered impotent by the centralising frameworks imposed on programmes; sidelines the plurality of views within communities; and neglects the structural causes of area decline (Marinetto, 2003; Amin, 2005; Raco, 2009). Much of this literature is theoretical, however, and the findings presented below review the empirical evidence from the most significant programmes within recent years with community engagement objectives. Much of this empirical evidence tends to focus on the processes of engagement, commenting on the strengths and limitations of the structures and mechanisms put in place to involve local people in the regeneration of deprived areas. By contrast, there is a paucity of evidence on the impact of community engagement on individuals and areas. This is perhaps explained by the conceptual and methodological difficulties in identifying outcomes of such activities (Purdam and Crisp, 2009).

Looking firstly at Community Participation Programmes (CPPs), a qualitative evaluation of the programme found the impact of CPPs was variable, and depended on local institutional and community priorities (ODPM, 2005). Overall, CPPs were seen to have succeeded in building capacity, confidence and social capital (by stimulating local activity, encouraging a range of groups to get involved, and building local groups capacity, confidence and skills). They were also seen to have made a small but significant contribution to neighbourhood renewal through improving co-ordination and cohesion, building links with service partners and influencing monies spent. The evaluation explored differences between neighbourhoods where CPPs were in place, and those that had not had CPP programmes, although it did not establish whether non-CPP neighbourhoods had other community development mechanisms in place. It concluded that the absence of CPPs or NRF resources in the two comparator neighbourhoods contributed to additional difficulties in these areas. These included a tendency for engagement to be limited to pockets of successful activity and problems in sustaining community interest beyond the immediate concerns of individual neighbourhoods. This contributed to a greater likelihood of lack of co-ordination and learning across the community sector in these areas.

Other evidence points to the positive contributions that community engagement has made to the implementation of ABIs in deprived areas (see, for example, Neumark, 2010). This suggests that communities have brought resources and capacity to ABIs, and have influenced interventions to meet local needs. But there is also some evidence that community engagement can present challenges for ABIs. This includes the substantial effort and resources needed to maintain participation and the tensions that emerge when trying to reconcile the priorities of residents with those of agencies (DCLG, 2010f,j).

There is surprisingly little evidence on the outcomes and impact of engagement on deprived individual and areas. A review of the impact of community involvement in regeneration programmes in Scotland (Scottish Government Social Research, 2010) concluded that qualitative, often case study-based, evidence suggested positive impacts in terms of increased social capital and community belonging. At the same time, it identified a need for 'higher quality quantitative and qualitative evidence to more effectively determine the impact of community engagement' (ibid).

An exception is the NDC evaluation (DCLG, 2010j) which looked at relationships between involvement and outcomes for NDC areas, and for those individuals who had participated in NDC activities. The evaluation looked at change across a range of 'community' outcomes including involvement in NDC and/or local activities; trust in local agencies; attitudes towards neighbours and local area; and quality of life. It concludes that there is no evidence that the programme resulted in stronger, more cohesive communities. At the area level there is nothing to suggest NDC areas saw more change in these community outcomes than other deprived localities. Moreover, NDC areas spending more on community dimension did not experience greater change than those doing less. However, individuals involved in NDC activities experienced more gains than those who were not, especially in relation to area satisfaction and community belonging. This indicates that community engagement may benefit those who participate but this does not translate into area-wide improvement. One key reason for the lack of impact on community outcomes may be that levels of involvement remained insufficient to impact at the area level despite substantial investment in the community theme: one fifth of NDC residents were involved in NDC activities at some point during any two year period (Lawless and Pearson, 2012).

A further issue is that while community involvement can bring substantial benefits to regeneration programmes, there can also be tensions between residents' priorities and what might be argued by others to be the most effective use of local resources.

For instance, in NDC, there were examples of residents prioritising (and directing resources toward) initiatives to address crimes such as burglary and theft, even where evidence suggested that the instances of those crimes were falling. This is in contrast to violent crime, which rose significantly in NDC areas over the lifetime of the programme, but which received far less attention from NDC boards (DCLG, 2008c).

### **Summary**

The evidence on people-based interventions suggests that regeneration is more effective in improving the process of service delivery, particularly around partnership and community engagement, than it is generating positive outcomes. Health and education outcomes for areas targeted remain broadly in line with comparably deprived areas, with the exception of mental health which saw statistically significant improvements in NDC areas. The association of better mental health with improved perceptions of area appears to validate a holistic approach where a particular outcome may occur as result of other types of intervention.

That said, there have been improvements in the way communities have been involved in identifying issues and planning the delivery of services. Participation has also been shown to generate benefits for individual involved. However, this does not seem to translate into area-wide change in 'community' outcomes such as involvement and trust.

There may be a number of reasons why people-based interventions do not seem to have a significant impact on the non-material dimensions of poverty. First, they may simply be too short to generate improvements which require complex and long-term interventions, as noted in the HAZ evaluation. Second, it may reflect the difficulties in influencing mainstream service delivery and spend which may be a critical part of success. In the case of education initiatives, mainstream providers work to national priorities and do not share the same spatial focus as regeneration agencies. These are not natural partnerships. Wider evidence from both the NDC and SRB evaluations suggest few, if any, mainstream agencies significantly altered spending or activities to prioritise deprived areas (DCLG, 2010; Rhodes *et al.*, 2009). Finally, spending on people-based outcomes is comparatively small compared with place-based interventions, as shown in Table 5.1. It is less likely, therefore, that interventions will ever reach significant numbers of people in target areas. As such, the outcomes from these interventions are unlikely to be picked up by 'top-down' survey data which has typified the methods adopted by many of the evaluations reviewed here.

## **5.3. Place-based interventions**

### **Housing**

The potential impacts of improvements in housing on poverty largely relate to its non-material dimensions. Housing improvements may generate cost savings for households through reduced heating and maintenance costs. However, an upgrade in housing conditions, either through newbuild or refurbishment, can also improve quality of life through a number of associated benefits such as enhanced health and well-being.

Housing regeneration originated with Comprehensive Development Areas in the 'slum clearance' phase of the 1950s and 1960s, and was followed by the General Improvement Areas and Housing Action Areas of the late 1960s and early 1970s. All of these tended to focus on concentrations of pre-First World War dwellings in inner city locations. By the early 1980s, however, attention had largely switched to large

monolithic social housing estates variously suffering from low maintenance levels, building and design inadequacies, and high unemployment rates associated with deindustrialisation. This concern led to a series of estate-based regeneration initiatives, in which dwelling improvement played a central role: Estate Action; Priority Estates Programme; Housing Action Trusts; Estates Renewal Challenge Fund (ECRF); and the Mixed Communities Initiative. Like other area-based initiatives these were implemented in just a small number of localities, leaving the majority of similarly affected areas untouched. Nevertheless, in themselves they did help to improve the living conditions of many disadvantaged households through dwelling refurbishment, with positive effects reported in terms of better health, satisfaction with home and neighbourhood, and increased optimism for the future (Stewart and Taylor, 1995; DETR, 2000b; Atkinson and Kintrea, 2000; Evans and Long, 2000; Hull, 2000; Critchley *et al.*, 2004, Go Well, 2013).

However, such benefits may be less widespread or short-lived if not backed up by actions to address social and economic objectives, or indeed to sustain the processes of changes that have been instituted (Tunstall and Coulter, 2006). There is extensive evidence that investment in 'bricks and mortar' alone has a limited impact on income poverty and social deprivation, as well as on negative area perceptions. The evaluations of Estate Action and City Challenge alike pointed to the erosion of improvements due to vandalism and graffiti (DoE, 1996); lack of attention to improving local image so that areas remained unpopular and improved dwellings remained empty (Russell *et al.*, 2000); and even the abandonment of improved dwellings in one scheme in Blackburn three years after completion (SEU, 1998).

There is some evidence, however, that a more comprehensive (or 'housing plus') approach can help generate a broader range of more sustainable benefits. Most housing-based ABIs since the mid-1990s have involved a mixture of projects focusing on crime prevention, community development, social inclusion, environmental improvement and employment and training. Where this more holistic vision has been adopted it has brought with it associated benefits such as reduced crime levels, better community spirit, greater commitment to the area, enhanced skills and increased employment (Fordham *et al.*, 1997; DETR, 2000b). An assessment of six case study areas where a 'housing plus' approach had been adopted reported both individual and area impacts, although these varied considerably between sites (Evans, 1998). Around 20 per cent of resident respondents stated that they had benefited personally from improved facilities and services for children; up to 30 per cent through better shops; up to 22 per cent from crime reduction; up to 67 per cent from public transport improvements; and up to 17 per cent as a result of environmental improvements.

This is not say that residents will be spared any adverse effects, especially in cases involving wholesale estate restructuring and tenure diversification on the back of new build owner-occupied housing. This process has generally been described as long and protracted, generating uncertainty and disruption for existing residents, especially where it involved 'decanting' or other temporary household moves (Tiesdell, 2001; Cole *et al.*, 2003; CRESR, 2005; Batty *et al.*, 2010). Such problems can perhaps be mitigated by sensitive management of the process, as in the case of Liverpool Housing Action Trust (HAT) (Cole *et al.*, 2005).

Similar disruptive effects have been reported for the more recent Housing Market Renewal Pathfinders (HMRPs) (National Audit Office, 2007). These initiatives were much larger in scale, equating to sub-regional rather than local interventions, and taking in the full range of housing tenures and dwelling types. Such areas contain poor households not only living in social rented properties, but also those in private dwellings, whether rented or owner-occupied. As such they have been more exposed to market fluctuations; where improvements to dwellings and environments

make an area more attractive, growth in demand is likely to be accompanied by increases in house prices and rent levels. This in turn has led to concerns over the potential exclusion of the poorest households through lack of affordability (Pemberton, 2009; Leather and Nevin, 2013). Conversely the abandonment of the programme after 2010 left some aspects of area strategies stranded midway through the redevelopment process, leaving remaining residents to continue living in places now blighted by boarded-up dwellings, rubbish-strewn demolition sites and an associated shrinking of local amenities.

On the positive side, part of the restructuring undertaken by many HMRPs involved the provision of low-cost affordable dwellings, although the precise scale of this remains unclear (Audit Commission, 2009; Leather and Nevin, 2013). However, the extent of housing refurbishment (over 100,000 dwellings according to Leather *et al.* (2012) is impressive, leading to improved living conditions, enhanced health and higher feelings of safety due to better security and reduced incidence of crime (DCLG, 2009c; National Audit Office, 2007; Leather and Nevin, 2013). While the proportion of poor households inhabiting such areas is unknown, nevertheless it is clear that there will be a reasonable number affected by these positive impacts.

Similar effects, but on a far larger scale, have been found in connection with the Decent Homes programme. This England-wide programme was introduced in 2000 and aimed to improve the condition of 1.6 million social housing dwellings classed as 'non-decent' (39 per cent of the total). In many cases these improvements have been made in the context of wider neighbourhood renewal programmes. The National Audit Office (2010) estimated that by April 2009 the programme had improved housing conditions for 1.4 million social rented households, most of which by definition would have been in some form of need. Alongside the amelioration in living conditions (e.g., reduced damp, mould and draughts) were a number of associated benefits for residents. Domestic energy efficiency increased as a result of installation of better insulation and new boilers, generating a potential saving of £300 to £400 per household (Bennington *et al.*, 2010; Jones, 2012). However, many households used this to increase thermal comfort, thus spending the same amount on fuel as before, rather than using it to escape from fuel poverty (Gilbertson *et al.*, 2008; Jones, 2012). This is generally referred to as the 'rebound effect', and has been found to be particularly high amongst low income households in the UK (Milne and Boardman, 2000; Hong *et al.*, 2006).

Unfortunately there has been no systematic tracking of indirect benefits such as health improvement across the programme as a whole, as Bennington *et al.* (2010) observed. However, a Health Impact Assessment conducted for Ealing Homes concluded that improved energy efficiency would reduce heart disease and excess winter deaths; increased thermal comfort along with improved ventilation would lessen the likelihood of respiratory disease; better domestic conditions and security would have a positive impact on mental health; and internal remodelling would help towards a decrease in falls, trips, scalds and burns (Gilbertson *et al.*, 2008). Jones (2012, 2013) reached similar conclusions in her studies of Nottingham and Bassetlaw.

Whilst improvement packages delivered through Decent Homes varied by area, the overall impact has been a significant impact in the physical conditions of housing for participating households. Follow-on maintenance programmes should ensure that this persists for some time. As one report concluded: 'The programme has had a dramatic, positive effect on the living conditions of almost all social housing tenants.' (House of Commons Communities and Local Government Committee, 2010). Unsurprisingly, overall satisfaction with home and neighbourhood amongst tenants has increased substantially, and along with it their feelings of well-being (Bennington *et al.*, 2010; Hickman *et al.*, 2011). Direct tenant involvement in planning and design



processes has also helped in this regard (National Audit Office, 2010; Jones, 2012). This echoes previous findings from housing projects funded under City Challenge and SRB, for example, where 'planning for real' and similar participatory exercises involving local residents helped to create a sense of 'ownership' of the work undertaken (Taylor, 1996; Russell *et al.*, 2000; DETR, 2000b; Cole and Reeve, 2001; Cole *et al.*, 2004; Cole *et al.*, 2005; Pawson *et al.*, 2005).

### *Mixed communities*

One important facet of many housing improvement programmes has been the fostering of 'mixed communities'. While the 'mixed communities' approach has been used in many countries and in several different guises, the underlying rationale is that a 'substantial diversification of housing type and tenure, combined with improvements to facilities, services and opportunities will both improve life chances for disadvantaged residents and attract new wealthier residents' (Tunstall and Lupton (2010: 3). In other words, greater social interaction between wealthier incomers and less affluent existing residents may expose the latter to increased economic opportunities. This deconcentration of poverty is seen, therefore, to dilute the area effects perceived to compound individual disadvantage.

The most recent initiative of this type to involve regeneration of specially designated areas was the Mixed Communities Initiative. This ran between 2006 and 2009 and covered twelve demonstration projects spread across England. As the process was calculated to be a protracted one (schemes have projected lifespans of between 10 and 20 years) evaluation evidence to date has focused on implementation processes rather than outcomes. However, a key finding was that existing residents tended to be doubtful about the benefits of increasing social mix, though they did welcome the environmental and amenity improvement elements of the schemes, as well as refurbishment of their own homes (DCLGo).

More extensive evaluation has been undertaken of the Housing Opportunities for People Everywhere (HOPE) VI programme introduced in the United States 1992 to transform the physical and social shape of 'severely distressed' public housing. This sought to reduce concentrations of poverty by replacing the worst developments with less dense, better quality housing and by creating mixed-income communities. Original residents were helped to relocate either to other more affluent neighbourhoods on a permanent basis or, after temporarily being decanted, back into new HOPE IV developments.

A longitudinal panel survey of programme beneficiaries in 2005 found those assisted to move into private rented accommodation with vouchers were now living in areas with lower rates of poverty and reported dramatic improvements in neighbourhood safety (Comey, 2007). However, there is little evidence that moving to more affluent areas impacted positively upon the economic circumstances of residents. The same survey showed that voucher holders supported to access private housing faced significantly more financial hardship those who had relocated to other public sector housing (Burton *et al.*, 2007). This may be explained by adjustment to paying utilities previously included in rent payments in public housing. Moreover, living in areas with lower rates of poverty did not seem to affect employment outcomes. At baseline in 2001, 48 percent of working-age respondents were not employed and this remained virtually unchanged in the 2003 and 2005 follow-up surveys (Levy and Wooley, 2007). Instead, individual attributes, particularly poor physical and mental health, were identified as the most significant barriers to work. These findings appear to challenge the notion of 'area effects'. Moving to areas with lower levels of poverty did not significantly alter economic outcomes for programme beneficiaries.

These findings echo the critical comments made by many policy analysts in relation to the mixed communities approach. Indeed, a compendium of recent empirical studies (Bridge, *et al.* 2012: 319) comes to 'the overwhelming conclusion....that social mix policies are largely ineffective in enhancing the welfare of the poorest urban residents, and in some cases detrimental to the welfare of the urban poor'. It does appear that the level of mix projected at the programme design stage has seldom been actually achieved (Pinto, 1993; Tunstall, 2012), and that diversifying tenure in an area is not necessarily synonymous with attracting mixed income households (Jones and Murie, 2006; Tunstall and Coulter, 2006). Another issue has been that even where different households do co-locate, this has seldom been backed up by provision of venues or mechanisms through which interaction between them can take place (Atkinson and Kintrea, 2000). More fundamentally, and as outlined in the section on area effects, it appears to overemphasise the relative influence of area effects in terms of social interaction relative to economic and labour market processes in explaining concentrations of poverty (Cheshire, 2007).

Changing tenure mix will, however, 'dilute' concentrations of poverty and worklessness in compositional terms if it brings in new residents that enjoy better economic outcomes than existing residents. Indeed, the limited evidence available suggests housing programmes can impact positively on worklessness in this way. NDC evaluators found areas with increasing owner-occupation saw greater improvement on worklessness outcomes over time (correlation coefficient 0.36, significant at five per cent level) (DCLG, 2010d). The study suggests this may be the result of a dynamic where housing development schemes leads to greater tenure diversification. However, this does not necessarily mean that outcomes improve for original residents, although the study did not reflect on the extent to which this is the case.

### ***Crime and the physical environment***

There are longstanding acknowledgements of the relationship between poverty and crime. People living in deprived communities are more likely to commit, but also be a victim of, a range of crimes against both property and people (DCLG, 2008c). Poverty is also associated with adverse perceptions of the quality of the local environment and availability of open space (Pantazis *et al.*, 2006). Interventions to address issues around crime and the environment have the capacity, therefore, to change experiences of poverty by:

- increasing satisfaction with area as a result of a decline in environmental neglect such as vandalism and graffiti or through environmental improvements such as the provision, upgrading and maintenance of green space; tree and flower bed planting; restructuring of physical layouts; and general cleaning up.
- reducing fear or experiences of crime and anti-social behaviour as a result of community safety interventions.

Recent years have seen a number of interventions put in place to improve environmental conditions, crime and anti-social behaviour in deprived neighbourhoods. In particular, the neighbourhood renewal programmes implemented under the Labour governments of 1997-2010 had a strong focus on the 'cleaner, safer, greener' agenda. Both the Neighbourhood Wardens and Neighbourhood Management Pathfinders programmes aimed at addressing low level crime, anti-social behaviour and environmental degradation. Similar initiatives have also featured within broader ABIs, most notably as part of the NDC programmes. The main purpose has been to address low-level crime and anti-social behaviour issues and to increase the attractiveness of targeted areas to potential investors, businesses and households. Environmental improvements have taken a number of forms including initiatives to address problems such as litter, graffiti and vandalism

as well as improving the quality of public realm and green space. Issues of crime and anti-social behaviour have also been tackled through projects to reduce crimes against properties and people.

There is evidence from holistic ABIs to show that regeneration has contributed to positive changes in residents' satisfaction with their neighbourhood and overall quality of life (Russell *et al.*, 2000; Murtagh, 2001; DCLG, 2007; Audit Commission, 2009; Bennington *et al.*, 2010; Leather and Nevin, 2013). The mid-term evaluation of the 'People and Place' initiative in Northern Ireland also reported that crime and anti-social behaviour had both fallen (DSD, 2010). External perceptions may also improve as a result of environmental improvements, leading to a lessening in stigma (Atkinson and Kintrea, 2000), although this is by no means inevitable (Dean and Hastings, 2000).

Some of the most detailed evidence on impact comes from schemes that focus primarily on issues relating to the environment and community safety. One of these is Neighbourhood Management Pathfinders (NMPF) introduced in NSNR areas. Their role was to bring together local residents and service delivery agencies to improve local services and increase access and take-up. The national evaluation highlighted the Pathfinders' role in facilitating greater community and voluntary activity and improving relationships between local residents and service providers (DCLG, 2008d). It also noted that the Police and local authority environmental service departments were the strongest and most active partners. This may explain why the most substantive changes to emerge from the programme were those associated with improvements to community safety and environments. Between 2003 and 2006, relative to their counterparts in comparator areas, residents in NMPF areas reported:

- greater improvements in area satisfaction (an increase of four percentage points in Round 1 areas and two percentage points in Round 2 areas, compared to no change in comparator areas).
- feeling that they had influence on local decisions (rising from 23 per cent to 26 per cent in Round 1 areas, and from 23 per cent to 24 per cent in Round 2 areas, both rising faster than their comparator).
- greater satisfaction with street cleaning (an increase from 60% to 68% whilst the equivalent figure for comparator areas fell).
- fewer problems with litter/rubbish and vandalism/graffiti (which fell between by 5 and 10 percentage points respectively, outstripping change in comparator areas).

Similarly positive results were reported for the Neighbourhood Wardens (NW) programme. This was introduced to provide a visible presence aimed at deterring crime and anti-social behaviour as well as a mechanism for addressing environmental neglect. The national evaluation (ODPM, 2004) reported that residents in NW areas experienced more positive change in relation to quality of life and perceptions of anti-social behaviour than similarly deprived comparator areas between 2002-03:

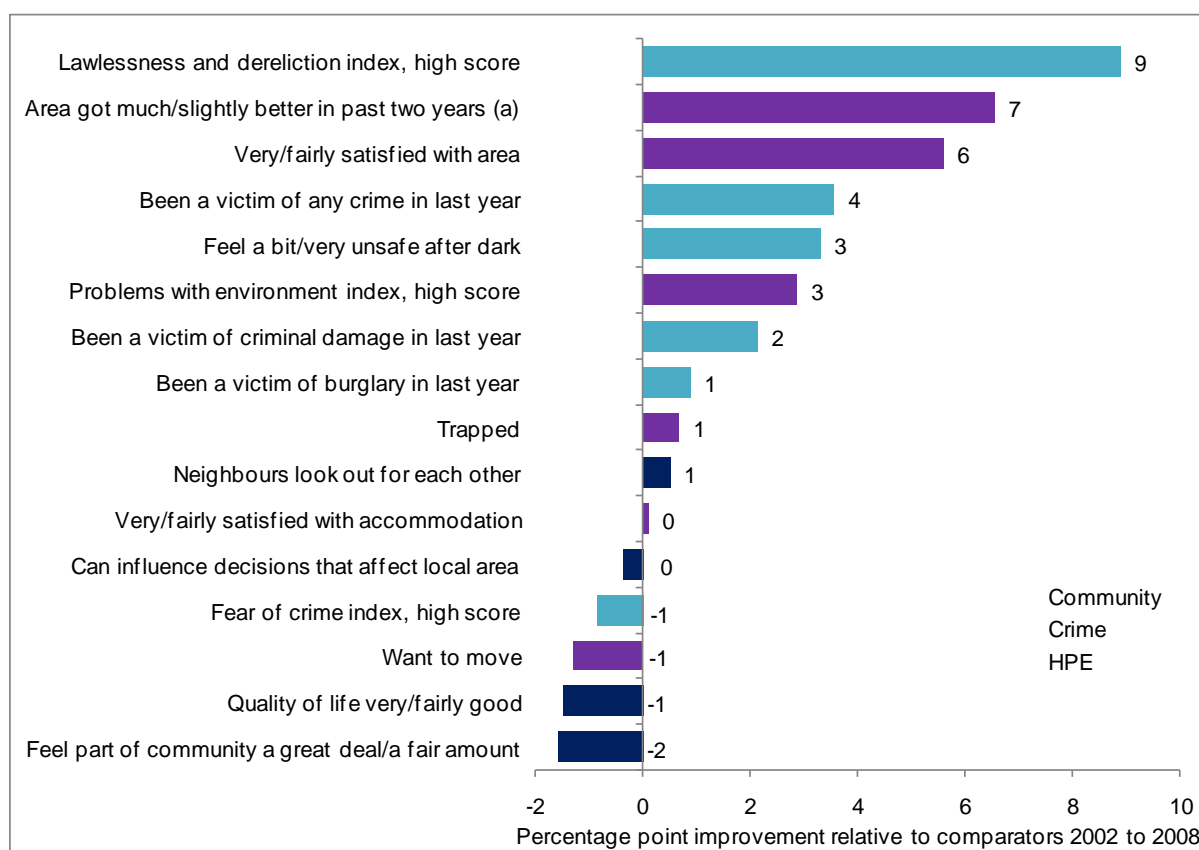
- the number of residents in NW areas reporting fear of mugging/street robberies reduced by 10 percentage points compared to a small increase in comparator areas and no change nationally.
- 27 percent of residents in NW areas reported an increase in satisfaction with their neighbourhoods - higher than comparator areas where satisfaction levels increased by 22.2 percent.

- a six percentage point increase in residents saying that warden areas had got better as a place to live in the last 18 months (from 23.6 percent to 29.4 percent). This compared to a slight decrease in the comparator areas (from 15.8 percent to 15.3 percent).
- a greater correlation between those residents reporting that 'wardens make me feel safer' and improved perceptions of neighbourhood relative to comparator areas.

In NDC areas, crime and environmental interventions often mirrored those implemented through NMPF and NW programmes. NDC partnerships worked with local authority environmental departments to address problems such as litter and vandalism, graffiti and burned out cars. Many NDC partnerships supported warden schemes, either supplementing local authority warden schemes or employing them directly through NDC sponsored projects. They also worked closely with crime and community safety partnerships and with local Police forces. NDC resources were frequently used to support additional policing, providing flexible budgets to allow police to respond quickly to issues in NDC areas, or employing additional officers to patrol NDC neighbourhoods.

The NDC evaluation reported substantial improvements for residents in NDC areas (DCLG, 2010k). Change in 11 out of 18 crime and environmental indicators improved more in NDC areas than in similarly deprived comparator areas between 2002 and 2008 (see Figure 5.5). A positive score indicates that NDCs have seen more improvement (or less deterioration) than comparators; a negative score indicates that NDCs have seen less improvement (or more deterioration) than comparator. Change for six of these indicators was statistically significant: criminal damage; crime in general; lawlessness and dereliction; satisfaction with area; thinking area had improved; and problems with the environment. For many NDC partnerships interventions to address anti-social behaviour and environmental degradation proved early 'quick wins' with rapid improvements in crime and dereliction indicators observed in NDC areas decreasing over time.

**Figure 5.5: New Deal for Communities: crime and environment - improvement in NDC areas relative to comparator areas: 2002 to 2008**



Source: Ipsos MORI NDC and Comparator Household Surveys 2002-2008

Base: All; (a) All lived in area two or more years

Environmental improvements and crime are usually tackled through discrete sets of interventions. There is some evidence from abroad, though, that positive outcomes from one type of intervention may spill over into the other domain. Studies of the Philadelphia Land Care programme in the US found that greening vacant lots has been associated with local residents reporting lower levels of stress and increased exercise, and a reduction in certain types of crime (gun assaults, vandalism and criminal mischief) (Branas *et al*, 2011; Heckert and Mennis, 2012). However, these only affected some areas treated by the programme, not all. This positive link between 'greening' and the lower incidence of certain crimes (especially gun crime, assault and burglary, but not theft) has been supported by other non-regeneration based research (Kuo and Sullivan, 2001; Wolfe and Mennis, 2012). Similarly, there is some evidence that increased provision of greenery helps to improve residents' perceptions of neighbourhood safety (Garvin *et al.*, 2012). Overall, there is a wealth of evidence to suggest environmental improvements may have positive impacts on crime. Once again, this legitimates the assumption that holistic approaches are preferable because a broader range of interventions can maximise positive change against any single outcome.

Similarly, housing refurbishment programmes have also been shown to have positive impacts around crime. Installation of domestic security measures are reported to have been followed by a 42 per cent fall in reported burglary in Decent Homes areas of Nottingham, twice the level for the city as a whole (Jones, 2012). Meanwhile, there is some evidence that reductions in both crime and anti-social behaviour resulted from design-led approaches such as security-conscious design of

remodeled estates and the introduction of CCTV (Cole and Reeve, 2001). Most of the programmes involving housing improvement have included varying elements from this 'defensible space' agenda.

Broadly, all the place-based interventions that addressed community safety and environmental issues generated positive change, particularly in terms of higher levels of satisfaction with the area and the local environment as well as reductions in fear of or experiences of crime. Consistent improvement across a range of indicators suggests that this is one of the domains where regeneration is most effective.

One explanation for these positive outcomes may be the existence of genuinely effective partnership working. There is a natural alignment of regeneration priorities with the remit and spatial focus of the agencies involved in this theme. Police and local authority environmental departments were identified as being particularly helpful partners in neighbourhood renewal (DCLG, 2008c). These agencies have a clear spatial remit, and in relation to the Police in particular, the ABIs outlined above coincided in many areas with the introduction of neighbourhood policing. A review of NDC interventions in the crime theme (ibid.) identified a series of further factors explaining positive change including establishing a forum for agencies and communities to come together; developing a clear strategic approach; having a neighbourhood focus; and providing funding to enhance mainstream activities by key service agencies.

### **Summary**

This review of the evidence indicates that place-based interventions around housing, crime and the physical environment deliver a broad range of benefits that ameliorate some of the adverse outcomes associated with non-material form of poverty. Positive changes observed include improvements in satisfaction with home and area; health and well-being; and fear, or experiences, of crime.

In terms of housing, refurbishment schemes appear particularly effective in generating positive outcomes without the disruption associated with large scale demolition and development. There is also evidence that wrapping 'bricks and mortar' projects up in a broader 'housing plus' package may also increase the sustainability of outcomes. Schemes to reduce crime and the physical environment also appear to work well. This may be explained by the natural alignment between regeneration boundaries and the spatial remit of partner organisations.

The association between place-based interventions and improvements in health and well-being contrast markedly with less favourable outcome from interventions directly targeting health (see Section 5.2). This indicates they may be as, or even more, effectively addressed through indirect mechanisms that improve living conditions than 'pure' health initiatives. More broadly, the apparent effectiveness of regeneration programmes in delivering place-based compared with than people-based initiatives strongly commends the former as an approach to tackling the non-material dimensions of poverty.

# Measuring the financial costs and benefits of regeneration programmes in tackling poverty

This section explores the costs and benefits of regeneration activities.

**Key findings** include:

- Total regeneration annual spending on regeneration fell from £11.2bn in 2009/10 to £9.1bn in 2010/11.
- Regeneration spending varies considerably by theme: between 2009 and 2011 housing-related regeneration accounted for 64 per cent of average annual spend compared with 19 per cent for worklessness, skills and business development activities.
- This imbalance shows that regeneration spending is skewed towards interventions more likely to improve the non-material experiences of living in poverty than to reduce material poverty itself.
- Cost benefit analysis indicates that regeneration more than pays for itself. Estimates show that, in combination, regeneration activities produce somewhere between £2.30 and £3.50 of value for every £1 invested.

## 6.1. Introduction

This section reviews the evidence on the financial costs and benefits of regeneration programmes in tackling poverty. It does this in three stages. First, it begins by discussing conceptual issues involved in identifying costs and benefits. Second, it reviews research and evaluation evidence on the costs and benefits of regeneration programmes in recent years. Third, it concludes by suggesting where research might usefully be progressed in the future.

## 6.2. Conceptual Issues

There are a number of conceptual issues in trying to value the benefits of regeneration. One is the difficulty in establishing causal pathways to identify how inputs (resources expended) and the activities they support translate into outputs, outcomes and impacts that can be attributed to policy interventions (see DCLG, 2010). Establishing these pathways is complicated within regeneration because of the interaction between different types of intervention. Benefits that arise from one type of intervention can affect the volume and quality of others. For example, a policy that improves the health of residents in an area may increase their ability to find

better paid jobs. Ideally, a comprehensive assessment of the benefits provided would require all these possible interactions to be modelled and summed in some way. However, the difficulties in doing this means that most evaluations of area based regenerations simply list a 'basket' of benefits. Thus it is not always possible to identify and, by extension, value the inputs and activities that have contributed to a particular set of outcomes. To go back to the example above, the value of employment benefits will typically be assessed solely in relation to the input costs of employment projects when a health initiative may have contributed to some of the outcomes.

A further issue with identifying the costs and benefits of regeneration is that the benefits from area-based initiatives may also build up over a considerable period of time and also vary in their durability. Most recently, research commissioned by DCLG has developed an approach that can, at least in part, overcome some of these problems (Tyler *et al*, 2013). This approach is featured in the analysis presented in Section 6.3 and Appendix 1.

A final issue relates to measuring the costs of regeneration. In an ideal world the focus of regeneration research would be on estimating the real resource costs<sup>17</sup> of policies and comparing them with the benefits to society. A cost benefit account could then be created. In practice, the costs of most regeneration policies are generally considered to be just the public expenditure associated with them. This has led to the Value for Money (VfM) of regeneration policies being assessed by referring to the public expenditure incurred in creating a unit of benefit. A common example of this is the derivation of 'cost per job' estimates. In some cases it may be more appropriate to consider the impact of regeneration policy on preventing public expenditure through Exchequer savings. Employment outcomes, for example, will generate savings in terms of reduced expenditure on out-of-work benefits, as well as increased revenue from taxation. Unfortunately, public expenditure on regeneration programmes is often poorly recorded and inadequately distinguished from other forms of mainstream public expenditure. Monitoring systems are often quite weak.

### **6.3. Financial costs and benefits of regeneration policies**

#### ***Overall spend by programme and by theme***

Tables 6.1 and 6.2 show how much has been spent on core regeneration activities in the final year of the last Labour government and the first year of the Coalition government that replaced it. Estimated annual expenditure in 2009/10 was £11.2bn, falling to £9.1bn in 2010/11. This marked fall indicates the decline in regeneration funding that has occurred under the new government. While some schemes such as NDC were already being wound up before the changeover, the figures also reflect the explicit intention of the Coalition government to cut regeneration spending. As a recent House of Commons Select Committee observed most of the programmes listed in Table 6.1 have now come to an end and they have not been replaced (House of Commons, 2011).

Table 6.2 is taken from Tyler *et al*. (2013), and illustrates the proportion of expenditure allocated to different types of activity across the four broad themes of worklessness and business development (just under one fifth of the total); industrial and commercial property (just over ten per cent); and infrastructure and homes,

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<sup>17</sup> 'Real resource costs' comprise the amount of capital and revenue expenditure incurred by the public purse on an intervention (or series of interventions), less any income generated from the subsequent sale or rent of any land, buildings, goods or services. In 'Invest to Save' calculations the latter are extended to include expenditure savings (e.g., from reduced welfare benefit claims) on the one hand, and increased revenue from both direct and indirect taxation on the other.



communities and environment (around 70 per cent)<sup>18</sup>. This indicates the predominance of housing-related forms of physical regeneration which account for over twice the combined total spend on the 'worklessness, skills and business' and 'industrial and commercial property and infrastructure' themes. This has implications for the broader impact of regeneration on material poverty, as spending is skewed towards interventions that are perhaps less likely to generate economic growth, create jobs and reduce worklessness. Certainly the evidence from SRB shows that business development is the theme most likely to create additional jobs, particularly when compared with housing-related activities (see Section 3.3). Regeneration as measured by spend, therefore, is focused on activities more likely to improve experiences of living in poverty in particular places, rather than to reduce poverty itself.

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<sup>18</sup> Table 6.2 sets out 'core' regeneration programme activity funded by DCLG, the Homes and Communities Agency (HCA), the Department for Business, Innovation and Skills (BIS) and the European Regional Development Fund (ERDF) in England. These programmes may be regarded as the minimum level of regeneration activity delivered at the time.

**Table 6.1: Estimated main regeneration programmes delivered by DCLG, HCA and the RDAs\***

Delivery body/Programme	Estimated expenditure	
	2009/10 (£m)	2010/11 (£m)
DCLG		
Working Neighbourhoods Fund (WNF)	508	508
Local Enterprise Growth Initiative (LEGI)	99	100
Coalfields Regeneration Trust (CRT)	18	18
New Deal for Communities (NDC)	179	65
Neighbourhood Management Pathfinders/Groundwork	18	21
Homes and Communities Agency		
National Affordable Housing Programme	3248	2480
National Affordable Housing Programme (Housing Pledge)	375	381
Property and regeneration	406	211
Growth funding	278	190
Thames Gateway	79	79
Community Infrastructure Fund	132	160
Places of Change	24	23
Social Housing Efficiency Programme	3	2
Gypsy and Traveller Site Grant	32	32
Decent Homes - Gap Funding	100	80
Housing Market Renewal	346	311
HCA Academy	6	6
New Communities Fund	3	10
Other	9	9
Kickstart housing (Housing Stimulus Package)	320	80
Kickstart Housing (Housing Pledge)	252	252
Local Authority Build (grant) (Housing Stimulus Package)	15	35
Local Authority Build (grant and borrowing) (Housing Pledge)	36	204
Housing Environment (Housing Stimulus)	75	29
Public Land (Housing Pledge)	0	16
ALMO	909	609
Housing PFI Credits	950	925
Housing Stimulus LA Build (Borrowing)	15	35
Regional Development Agencies (including some inward investment and trade development expenditure outside our definition 'core' regeneration programmes).		
RDA single budget	2260	1762
RDA management of ERDF	494	467
<b>TOTAL</b>	<b>11189</b>	<b>9100</b>

Source: Tyler *et al* (2013).

**Table 6.2: Estimates of annual core regeneration expenditure by activity (based on 2009/10 and 2010/11)**

Regeneration Activity (Theme, Activity Category, Activity Type)	£m p.a.	% of all annual core regeneration expenditure
Theme 1. Worklessness, skills and business development	1894	18.8%
<b>Worklessness, skills and training, of which:</b>	629	6.2%
Helping people to become work-ready	134	1.3%
Helping people into work (including re-entrants)	215	2.1%
Helping people to stay in work	21	0.2%
Helping employees and businesses with skills development in the workplace	259	2.6%
<b>Enterprise and business development, of which:</b>	1266	12.5%
General support for business growth and competitiveness	415	4.1%
Start-up assistance and promotion of spin-outs	197	1.9%
Promotion of business enterprise research and development	654	6.5%
Theme 2. Industrial and commercial property and infrastructure	1143	11.3%
<b>Industrial and commercial property development</b>	761	7.5%
<b>Infrastructure, of which:</b>	382	3.8%
New road building	226	2.2%
Highway improvements	48	0.5%
Traffic calming	0	0.0%
Public transport improvements	60	0.6%
Access to broadband	49	0.5%
Theme 3. Homes, communities and the environment	7052	69.9%
<b>Housing growth and improvement, of which:</b>	6479	64.2%
New build	5296	52.5%
Improving existing stock	1017	10.1%
Demolition and new build	148	1.5%
Reducing homelessness	19	0.2%
<b>Community development, of which:</b>	35	0.3%
Volunteering	4	0.0%
Investment in community organisations	11	0.1%
Formal participation	4	0.0%
Community facilities	17	0.2%
<b>Environmental improvement, of which:</b>	430	4.3%
Open space	103	1.0%
Community space	39	0.4%
Nature reserves	0	0.0%
Public realm	288	2.8%

<b>Neighbourhood renewal, of which:</b>	109	1.1%
Crime reduction – neighbourhood wardens and community police	8	0.1%
Crime reduction – multi-agency partnership working	10	0.1%
Crime reduction – CCTV	1	0.0%
Health improvement – healthy living	11	0.1%
Health improvement – smoking cessation	1	0.0%
Health improvement – teenage pregnancy	1	0.0%
Health improvement – drug and alcohol treatment	1	0.0%
Health improvement – supported living	3	0.0%
Education – truancy	1	0.0%
Education – classroom assistants	13	0.1%
Education – raising aspiration mentors	25	0.2%
Education – family learning support	31	0.3%
Street and environmental cleanliness	7	0.1%
<b>Total</b>	<b>10090</b>	<b>100.0%</b>
<b>NB Due to rounding some Tables may not sum exactly to the stated totals/sub-totals</b>		

Source: Tyler *et al* (2013).

### ***Financial costs and benefits by theme***

A recent major research study commissioned by DCLG examined the costs and benefits of regeneration (see DCLG, 2010l,k). This involved reviewing hundreds of evaluations, academic reports and other 'grey literature' to identify data on these costs and benefits. This data was used as the basis for estimating the expenditure, outputs and outcomes, cost per unit of change achieved and the financial benefits associated with a wide range of regeneration activities. This sub-section draws on that research in presenting the evidence on costs and benefits by broad theme. Most of the evidence is presented in Appendix A for reasons of space, but an indicative example of the costs and benefits associated with interventions to tackle worklessness is outlined below. This is followed by a table summarising the cost/benefit ratios for each theme.

Many different types of ABI as well as mainstream DWP policies have been concerned with getting people into work. The emphasis has varied depending on the economic status of the individual and whether the aim is to help people to become work ready, move people into work or help people to stay or progress in work. Table 6.3 shows the costs and benefits associated with these activities within regeneration programmes. It is worth explaining each row in this table as the format is replicated in the tables in Appendix A:

- a) An estimate of the average annual spend on key worklessness activities ('helping people to become work-ready' and 'helping people into work (including re-entrants)) through regeneration programmes in England over the period 2009/11 (£0.349 billion). Table 6.2 above breaks down this spend in full.
- b) An estimate of the public sector cost for each net additional job secured (£13,320). This is the average estimate: the range of unit cost estimates for moving an individual into work ranged from £7,400 to £19,000.

- c) Estimates the number of outcomes (jobs secured) achieved by dividing total spending by the average unit cost of moving someone into a job (a/b). This equates to 26,000 people supported into work.
- d) Estimates the value generated for each job secured per annum based on an estimate of 'direct' benefits (a DWP estimate of the average gross earnings of a Jobseekers Allowance claimant that obtains work) and indirect benefits (DWP estimates of savings that accrue from improved health and reduced property crime/damage when someone moves into work). It should be noted the strength of these relationships is unclear and the subject of ongoing research.
- e) The total value of all net additional benefits (c x d).
- f) The 'present value' of benefits is the future value (cost or benefit) expressed in present terms by means of discounting. In simpler terms, it is the total value of benefits achieved taking into account the time it takes for benefits to be experienced in full (build-up) and the period over which they may last (duration). Some activities may generate costs or benefits that last beyond 12 months so the total 'present' value can be different from that experienced in a single year (the estimate provided in row e). In this particular case, worklessness benefits are assumed to only last for one year which is why the values in rows e and f are the same.
- g) The total present value (£0.362bn), i.e., the sum of all present values given in (f).
- h) The benefit-cost ratio (BCR) expressed as (g/a). It may be easiest to think of this as the financial benefits for every £1 spent on a particular activity. In this case each £1 spent on tackling worklessness generates an estimated £1.04 of value.
- i) Alternative BCRs based on more cautious assumptions (not applicable in this case). The basis for the alternative BCR is explained in this row in all the tables in Appendix 1.

**Table 6.3: Bringing together financial costs and benefits for regeneration initiatives that address worklessness**

	Direct benefits	Indirect benefits	
	Real resource benefit through earnings	Shadow prices: health	Shadow prices: property crime
a) Expenditure	£0.349 billion		
b) Public sector cost per net additional positive outcome into employment	£13,320		
c) Net additional positive outcomes into employment (a/b)	26,200		
d) Value per net additional positive outcome into employment per annum	£11,779*	£513 **	£1,522 ***
e) Value of net additional benefits p.a. (c x d)	£0.309 billion	£0.013 billion	£0.04 billion
f) Present Value <sup>19</sup> of benefits	£0.309 billion	£0.013 billion	£0.04 billion
g) Overall PV of benefits	£0.362 billion		
<b>h) Benefit Cost Ratio (g/a)</b>	<b>1.04</b>		
i) BCR based on more cautious valuation assumption	N/A – estimates already considered to be at low end of possible range		

\* DWP estimate of gross earnings of average JSA claimant into work

\*\* applying DWP guidance on valuing the impact of progression into employment on health for non-ESA programme participants, inflated to 2009 prices

\*\*\* applying DWP guidance on valuing the impact of progression into employment on crime, assuming 50/50 male/female and 33% aged 17-24 and 67% aged 25+

Table 6.4 below brings together the available evidence on the benefit cost ratios (BCR) associated with the main types of regeneration activity. It shows estimates based on cautious assumptions and a central valuation derived from recent research undertaken by DCLG (2010l,k). The table shows that there is a wide range of BCRs but the activities that stand out as generating the most financial value are general business support; supporting start-ups and spin-outs; industrial and commercial property; and acquisition, demolition and new build. This in itself tells us little about its impact on poverty. For example, business support activities may create high levels of value in terms of the GVA per job created, but these jobs may not be taken up by, or benefit in some other way, individuals living in poverty. Conversely, activities in the 'Homes, communities and environment' theme shown to be effective in tackling non-material forms of poverty in earlier sections tend to produce lower BCRs. This would not seem a reason to sideline such activities, though, especially as they still generate positive BCRs. Cost benefit calculations provide little guide as to the most approaches to tackling poverty.

The final line of the table shows the overall BCR for regeneration based on the total costs and benefits associated with all the regeneration activities analysed. It shows regeneration produces somewhere between £2.30 and £3.50 of value for every £1 invested. It is beyond the scope of this review to benchmark this performance with non-spatial national programmes but, on the basis of the data below, there would

<sup>19</sup> A future value (cost or benefit) expressed in present terms by means of discounting.

seem no *financial* reason to exclude regeneration as a policy option for tackling poverty.

**Table 6.4: Benefit Cost Ratios by Activity Type - central and cautious valuation applied to outputs derived using average unit costs**

Activity type	Valuation basis	Central valuation	Cautious valuation
<b>Theme 1: Worklessness, skills and business development</b>			
Tackling worklessness	Consumption benefits (earnings) plus indirect crime and health benefits	1.04	1.04
Skills and training	Production benefit - Earnings uplift arising from skills enhancement	2.2	1.6
General business support	Production benefit - GVA	8.7	6.0
Start-up and spin-outs	Production benefit - GVA	9.3	6.8
Business enterprise research & development	Production benefit - GVA	2.5	1.8
<b>Theme 2: Industrial and commercial property</b>			
Industrial and commercial property	Production benefit - GVA	9.96	5.8
<b>Theme 3: Homes, communities and environment</b>			
New build housing	Consumption (property betterment) and production benefits (GVA)	2.6	1.7
Housing improvement	Consumption benefits - property betterment and social benefits	2.0	1.3
Acquisition, demolition and new build	Consumption benefits - property betterment and visual amenity enhancement	5.5	3.7
Communities: Volunteering	Shadow price of volunteer inputs - minimum wage	1.1	1.1
Communities: investing in community organisations	Shadow price of social enterprise 'GVA'	1.8	1.3
Environmental: open space	Consumption benefits - Willingness To Pay	2.7	1.8
Environmental: public realm	Consumption benefits - Willingness To Pay	1.4	0.9
Neighbourhood renewal	Consumption benefits - value transfer from NDC evaluation which adopted shadow pricing approach	3.0	3.0
<b>BCR for all regeneration activities (real resource)</b>		<b>3.5</b>	<b>2.3</b>

#### 6.4. Improving the evidence base on the costs and benefits of regeneration

It is clearly important that there should be robust evidence on the costs and benefits of regeneration policies. The data presented in this section and Appendix A highlights the best available evidence at present, but this is more that could be done to improve this evidence base. Further research is required on the following topics:

- assembly of logic chains that show how different forms of area-based intervention can affect poverty both *directly* and *indirectly*

- develop a methodology that will enable a better understanding of *who* actually benefits from each type of area-based regeneration initiative
- understand more about the geography of the impacts of regeneration programmes
- understand more about the duration of impact and thus the extent to which different outcomes are sustained over time
- encourage the use of standardised approaches in evaluations to enhance comparability and aggregation of findings. This might be assisted by making available a toolkit<sup>20</sup> that sets out the key elements that should be considered, the methods and data required and standardised metrics.

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<sup>20</sup> A Toolkit approach was developed to assist in the neighbourhood management initiatives: see CEA (2007).



## Final conclusions and policy recommendations

This section reflects on the empirical evidence presented in the previous three sections to draw up a series of policy recommendations about the potential role of regeneration in tackling poverty. It locates these recommendations in the context of current policies on regeneration by asking what the implications of a 'localist' approach are for poverty in deprived areas.

**Key findings** include:

- Regeneration has been more effective in tackling 'non-material' forms of poverty than it has been in reducing 'material' forms of poverty.
- Place-based interventions (housing, crime and the physical environment) contribute far more to improving the non-material dimensions of poverty than people-based interventions (health, education and community participation)
- Non-material improvements should not be underestimated: change in the way people feel about the place where they live matters even if their underlying economic circumstances do not improve as significantly.
- The capacity of regeneration to generate jobs and employment that could benefit those living in poverty could be enhanced, however, through:
  - 'job-proofing' future regeneration strategies and programmes to maximise the numbers of direct employment opportunities arising through regeneration activities.
  - ensuring job-creating initiatives carefully target sectors and groups least likely to generate displacement and are integrated with training and employment provision to reduce leakage.
  - implementing large scale Intermediate Labour Market (ILM) schemes targeting areas of high worklessness that could provide a valuable source of jobs for those furthest from the labour market.
- The important 'ameliorative' role regeneration plays in improving conditions in deprived areas means place-based interventions to improve housing, the environment and community safety should remain priorities within regeneration strategies.
- The Coalition Government's 'localist' approach to regeneration raises concerns about cuts in funding; a lack of strategic approach; the viability of community-led regeneration; the dominant focus on economic growth; and the lack of institutional mechanisms to align sub-regional growth initiatives with the needs of deprived neighbourhoods. This policy framework may prove regressive and intensify spatial inequalities without greater strategic focus and funding.

- Addressing the lack of a comprehensive strategy for regeneration in England is a key priority that would bring it into line with Wales, Scotland and Northern Ireland. Such a strategy need not be entirely centralised and prescriptive: exploratory work around developing a Minimum Acceptable Place Standard (MAPS) suggests ways of directly involving residents through consensual methods to establish priorities for areas.

## 7.1. Tackling the material dimensions of poverty

The evidence suggests that regeneration has, at best, only had a modest impact on material forms of poverty but is far more effective in tackling non-material forms of poverty, particularly through place-based interventions. Looking firstly at impact on material poverty, regeneration programmes have demonstrated some capacity to improve outcomes around worklessness and employment at the individual level. However, this does not seem to translate into area-wide improvements. There appear to be a number of reasons for this. The scale of spend may be insufficient; programme effects may be swamped by wider economic processes or population change; and jobs created can 'leak out' or displace existing activities so that local residents do not necessarily benefit from economic growth. There is no evidence to suggest that any particular approach - business development, business support or tackling worklessness - is, in itself, able to overcome these challenges. On the surface, therefore, seems little evidence to commend regeneration as a tool for tackling material poverty.

These findings are perhaps not surprising. Past research has argued that regeneration alone is unlikely to be sufficient to substantially reduce poverty or broader forms of exclusion. Many of the policy levers that impact on poverty such as those relating to tax, benefits, wages, the terms and conditions of employment, and access to health and education are determined at a national level and therefore outside the scope of regeneration (Powell *et al.*, 2001; Lupton, 2003a; Lawless *et al.*, 2011). Regeneration can never be a complete panacea for area-based deprivation.

For some commentators, the limited impact of regeneration on economic outcomes suggests a need to fundamentally rethink approaches to spatial policy. Perhaps controversially, it has been suggested that policymakers should focus on supporting growth in successful areas and reducing the barriers to mobility to encourage migration from less affluent areas. It has been proposed, for example, that government should support the expansion of residential and commercial property supply in more economically prosperous places (Leunig and Swaffield, 2007; Overman, 2011). Providing residents in disadvantaged areas with housing vouchers would reduce the barriers to mobility to more economically successful areas (Overman, 2011). Proponents still recognise that ABIs may generate valuable area-level benefits such as enhanced public space or lower crime but do not see this, in itself, as validating the dominant model of regeneration of targeting deprived areas (Overman and Gibbons, 2011).

The notion of supporting movement to prosperous areas to improve economic outcomes for residents in disadvantaged areas assumes, however, that regeneration is systematically incapable of stimulating growth in declining areas. This perhaps fails to account for the possibility that the failure of regeneration to improve economic outcomes is not a failure of spatial policy *per se* but of the particular form in which it has been implemented so far. There are alternative models which could improve the effectiveness of spatially targeted programmes in creating jobs and employment. These options are explored below

However, the evidence presented in this review still shows that regeneration can deliver jobs, whether through business development, business support or physical regeneration activities. The challenge lies in maximising the extent to which employment opportunities are taken up by individuals in target areas. The evidence indicates that take-up can be increased where job creation interventions target sectors and groups least likely to generate displacement effects. In addition, it needs to be complemented with appropriate training and employment support provision to ensure that residents are well placed to access new opportunities. The experience of Enterprise Zones in particular shows that, without such provision, there is no guarantee jobs will 'trickle down' to those who need them most. A key recommendation, therefore, is that current and future regeneration strategies and programmes to create jobs need to be carefully targeted and also seek to integrate training and employment support provision.

Another important finding is that job creation outcomes are best in areas where the conditions for growth are already favourable because of, for example, proximity to good transport links or economically successful centres of growth. In areas that do not enjoy these conditions, it may be better to try and ensure that residents can access opportunities elsewhere. This can be done through initiatives to improve awareness of job opportunities and transport links, as some commentators advocate (e.g. North *et al.*, 2003). At the same time, it must be remembered that commuting is not an option for everyone living in deprived areas. As other research shows, barriers include the cost and time involved in commuting; a lack of suitable public transport including services that accommodate non-standard hours; and localised spatial horizons in terms of knowledge of employment opportunities and aversion to 'unfamiliar places' (Gore *et al.*, 2007; Green and White, 2007; Fletcher *et al.*, 2008).

However, there is still more that can be done to benefit less economically successful areas. Regeneration can function as a direct source of jobs, particularly through physical development activities. One option, then, is to ensure that any future regeneration programme is 'job-proofed' to maximise the number of employment opportunities that arise through regeneration activity that are available to local residents. There may be further scope for drawing on the best examples of integrated training and employment programmes designed around regeneration activities, particularly construction, to ensure this is embedded in all future programmes.

However, these jobs may be not be accessible to residents unless private developers are contractually committed to recruit within target areas. Even then, private developers may reduce the scale of, or even abandon developments, if economic circumstances change and anticipated financial returns diminish. An alternative, and perhaps more secure, option is to directly fund ILM schemes to lock-in benefits for residents. The ILM model used by the Wise Group for housing refurbishment schemes in Glasgow shows this can be successful in engaging and supporting more marginal individuals, many of whom will be experiencing poverty, into sustainable employment. Evidence reviews of ILMs have advocated this approach as tool for regeneration because of their proven capacity to engage some of the hardest-to-reach whilst delivering wider social benefits (Marshall and Macfarlane, 2000; Finn and Simmonds, 2003). Marshall and Macfarlane's (2000) survey of ILM schemes in Britain challenge a common perception views that ILMs are expensive because of wage costs, arguing that these are balanced out by the greater job outcome and retention rates of ILMs over other schemes.

There is agreement, however, that ILMs need to be carefully designed to maximise impact and to ensure that there is adequate support to manage the transition from ILM schemes into unsubsidised work. Key factors to put in place identified by evidence reviews and empirical studies include: targeting of most disadvantaged

groups and areas; local design and control; strong local partnerships; access to training; support with job search; work that resembles a 'real' job; and support to manage the transition from benefits into waged work (Marshall and Macfarlane, 2000; Finn and Simmonds, 2003; CESI, 2011). There is a model for this kind of scheme on a national scale, albeit not strictly a regeneration programme. The £680 million Future Jobs Fund set up by the last Labour government in response to the 2008-09 recession provided temporary waged work in public or third sector organisations for young people aged 18-24 claiming Jobseekers Allowance. All work undertaken was required to have direct benefit for the wider community. FJF had a spatial component in that some of the jobs created were targeted at 'hotspots' where unemployment was at least 1.5 percentage points higher than the national average.

DWP's (2012) assessment of the scheme identified highly positive outcomes. The scheme created 105,000 jobs and participants were estimated to be seven per cent less likely to be on benefits and 11 per cent more likely to be on unsubsidised employment than non-participants after two years. A separate independent evaluation also identified a number of benefits (CESI, 2011). These included providing people with 'a real job with a real wage' at a time when few were available; raising people's career aspirations; and supporting the hardest-to-help including long-term benefit claimants facing multiple barriers to work. However, some participants reported that access to appropriate training and jobsearch support could have been improved. This highlights the importance of integrating employability support into programmes.

A similar programme - Jobs Growth Wales - continues to operate in Wales. It provides six month paid job placements for 18-24 year-olds paid at or above the national minimum wage for a minimum of 25 hours per week and a maximum of 40 hours. It differs from the Future Jobs Fund with its emphasis on private sector placements. Performance to date based on monitoring data is impressive, although the full evaluation has yet to report. As of January 2014, it has employed 8,354 young people. In the programme's largest strand (private sector placements) 80 per cent of young people have progressed into sustained employment, an apprenticeship or further learning upon completion of their six month opportunity (Welsh Government, 2014).

This approach continues to appeal to policymakers in the UK. The Labour party have recently stated they want to implement a new FJF-style scheme known as the Compulsory Jobs Fund (Labour, 2014). This will provide waged work for six months in the private or voluntary sector for 18-24 year olds claiming Jobseeker's Allowance for 12 months or more and adults aged 25 or over claiming Jobseeker's Allowance for over 24 months. The estimated £5.5bn cost over the lifetime of the next parliament will be met by taxing bank bonuses and restricting pensions tax relief from very high earners.

A key question is whether such large-scale job creation schemes can be targeted to benefit disadvantaged areas. One proposal suggests it can. Spatial targeting has been explicitly advocated by the Industrial Communities Alliance as a model for a new job creation scheme targeting areas with the highest levels of worklessness (Industrial Communities Alliance, undated). They suggest that the programme could be dovetailed with other national policy priorities. For example, reaching targets for the 'green' economy and lowering carbon emissions creates the opportunity for thousands of jobs to make Britain's housing stock more energy efficient. Many of these jobs would not require high levels of re-skilling and they would be predominantly 'local'. The cost to the Exchequer of implementing such a scheme is

estimated at £580m per 100,000 individuals<sup>21</sup> supported, once reduced benefits and increased tax receipts are taken into account.

Cuts in spending in regeneration, may make the prospects for such a scheme unlikely. However, it is not a significant sum either in the context of annual spending on core regeneration or the total amount spent on tackling poverty through cash transfers delivered through the tax credits and benefits system, as detailed below. Also, proponents of the scheme suggest it could be funded through existing government spending or through a one-off levy such as a windfall tax on utility companies or a tax on bankers bonuses. The benefits of such a scheme are that it could, at a stroke, create jobs at an appropriate skill level for residents in deprived areas. This would not only benefit those who secured employment but also the beneficiaries of any work undertaken.

## **7.2. Tackling the non-material dimensions of poverty**

One of the strongest and most persistent conclusions to emerge from this review is that place-based interventions (housing, crime and the physical environment) contribute far more to improving the non-material dimensions of poverty than people-based interventions (health, education and community participation). This may be explained by the far greater visibility of place-based interventions and their capacity to generate 'quick-wins' that benefit larger numbers of people. By contrast, people-based interventions reach fewer people, require longer time-scales to bring about change than most time-limited programmes allow, and lend themselves less readily to influencing, or 'bending the spend', of mainstream providers. Moreover, spend on people-based initiatives has only ever comprised a fraction of the core regeneration budget. It is perhaps not surprising, therefore, that it has not brought about significant change.

The clear policy implication is that place-based interventions to improve housing, the environment and community safety should remain priorities within regeneration strategies. Housing schemes may be expensive, particularly where focused on demolition or new development. By comparison, however, environmental, 'neighbourhood management' and community safety schemes can be delivered at relatively low cost, and have only ever accounted for comparatively small shares of the overall regeneration budget (see Table 6.2). There is a strong case, therefore, for ensuring that ring-fenced funding is provided by central governments to support these kinds of revenue-focussed activities which avoid the high costs of more capital intensive programmes.

This is not to suggest there is no value in high-cost schemes. The scale and success of the Decent Homes programme indicates that, with the right level of funding, improvements can benefit a substantial number of households. It addresses a common criticism that regeneration programmes only tends to benefit a small number of areas, often excluding significantly more disadvantaged households than it supports. The centralised delivery model through DCLG also counters criticisms of large-scale top-down approaches to regeneration by showing this approach can work. This is not to deny the value of smaller-scale, localised interventions that involve communities. Nonetheless, the apparent success of the scheme suggests there is still a strong case to be made for capital-intensive, centralised regeneration programmes at a national scale.

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<sup>21</sup> The calculations assume that all beneficiaries are in receipt of disability benefits (Incapacity Benefit or Employment and Support Allowance)

A wider point to be made about the impact of regeneration on non-material forms of poverty is that it challenges the prevailing Coalition government view that regeneration is expensive, ineffective and inattentive to the needs of residents (HM Government 2012; also HM Government 2010a). The evidence presented in this review indicates it is far from a broken model. Granted, it may not significantly improve economic outcomes and the importance of this should not be downplayed. At the same time, the apparent capacity of regeneration to improve perceptions and experiences of living in deprived areas should not be underestimated. Improvements in housing, the physical environment and perceptions of crime and anti-social behaviour clearly matter for those living in poverty in disadvantaged areas. For this reason, they are legitimate policy goals in themselves as commentators suggest (Lupton 2003, Manley *et al.*, 2012). To couch these benefits in economic terms as mere enhancements in 'consumption value' (Overman, 2010) is to perhaps deny the significance of these changes. Residents living in poverty often have strong, if also ambivalent, attachments to place; are embedded in geographically proximate networks of family, friends and neighbourhoods; and some, though not all, have spatially circumscribed lives (Batty *et al.*, 2010; Crisp and Robinson, 2010; Robinson 2012). For such individuals and households, enhanced living conditions in their area may be highly significant.

These findings also suggest a more fundamental point about the circumstances when regeneration is most effective in tackling poverty. It works best when it performs an 'ameliorative' function, investing or levering in additional resources into neighbourhoods to provide services that impact on quality of life. It is less effective when it seeks to play a 'transformative' role, bringing about fundamental change at the individual level through improving outcomes around health and education. In some respects, this aligns with theoretical critiques of regeneration as a 'flanking strategy' (Jessop, 2002) that only marginally addresses the adverse outcomes of economic and political processes that create and perpetuate socio-spatial disparities.

However, this should not invalidate regeneration as an approach entirely. Its ameliorative function can play an important role in alleviating some of the place-based, non-material dimensions of poverty such as high crime, environmental neglect and neighbourhood stigma. Unchecked, these can cause significant distress to residents living in deprived areas (e.g. Batty *et al.*, 2010; Crisp, 2013). A further reflection is that place-based interventions do not always rely on residents to modify values, behaviours and aspirations to bring about positive change, as some of the critical literature suggests (e.g. Cochrane, 2007; Raco, 2009). Elements of regeneration such as housing improvements and tackling environmental neglect can be delivered and generate immediate benefits without prior expectations of residents. In other words, it does not always perform an 'enabling' function based on assumptions that residents need to be weaned off dependence on state support. This reading of regeneration may be true of some types of intervention, such as those around employment, health or education, but is not necessarily true of changes to the physical environment.

There are invariably limits to what regeneration can achieve, particularly in relation to tackling material forms of poverty. It does not command anything like the level of resources as policies on cash transfers which has the most direct effect on income poverty. To give one example, average annual spend on regeneration was £9.1bn in the period 2009-2011 (Tyler, 2013) compared with £182.8 billion in 2010-11 (at 2009-10 prices) on tax credits and benefits (Hills, 2013). Redistributive tax and benefits mechanisms can make a significant impact on poverty. Under the Labour administrations of 1997-2010, relative income poverty fell to its lowest level for 25 years whilst child poverty fell by a third and pensioners by a quarter (*ibid.*). Regeneration is never going to have this kind of transformative effect with

approximately one twentieth of the budget spread across a series of programmes with multiple aims and objectives.

Nevertheless, the evidence shows that regeneration can still play a valuable role in tackling some non-material forms of poverty. The significance of these improvements should not be underestimated. Claims that regeneration papers is a 'flanking measure' (Jessop, 2002) that papers over the cracks of deep structural inequalities perhaps underplay the importance of social change, even if unaccompanied by far-reaching economic improvements. Moreover, it is also possible that regeneration could bring about more significant change in material poverty if it creates jobs on a larger scale that directly benefit residents in target areas through, for example, a large scale ILM as advocated above. As such, it could play a valuable, complementary role to national policies on tax, benefits, wages and employment as part of a drive to tackle poverty in the UK.

### **7.3. Reflecting on the 'localist' approach to regeneration**

The evidence of the impact of past regeneration programmes can be brought to bear to reflect on the Coalition Government's current 'localist' approach to regeneration, as fully outlined in section 2.1. A number of points can be made.

First, the 'localist' approach represents a significant cut in government spending on regeneration. Data provided by DCLG to the House of Commons Committee on Regeneration (House of Commons, 2011) estimates that spending in 2010/11 amounted for £7.9 billion but was set to fall by around half to £3.87 billion in 2011/12. This cut seems likely to have an adverse outcomes given the observed relationship between spend and positive change that was evident, for example, in past programmes to tackle worklessness. Moreover, the way that remaining funding is allocated also gives cause for concern. The allocation of the Regional Growth Fund through rounds of competitive bidding represents a move away from allocating funds on a formula basis according to levels of deprivation. This may reward areas best placed to engineer private sector-led economic growth rather than those most in need. There are also concerns that incentive-based mechanisms for securing funds such as the New Homes Bonus and Tax Increment Financing will favour areas best positioned to enjoy growth (Batty *et al.*, 2010; House of Commons, 2011).

These concerns about regressive spatial impacts seem borne out when looking at individual programme allocations. The National Audit Office report on the New Homes Bonus (National Audit Office, 2013) shows that allocations per household per annum are consistently higher in London and the southern regions of England compared with regions in the North and Midlands between 2011/12-2013/14. They conclude this imbalance reflects local economic circumstances and the strength of local housing markets that in turn affect the level of housing development. The Growing Places Fund allocated on a formula rather than competitive basis has also had uneven outcomes in favouring high growth areas. It is allocated on the basis of population density and employed earnings (employment multiplied by earnings). Analysis of the geographical distribution of the Growing Places Fund demonstrates that some of the LEP areas with the strongest economic performance received relatively more funding under this initiative (Pike *et al.*, 2013). This particular allocation mechanism has been described as 'an innovation in spatial policy in rejecting any compensatory or redistributive principle of moving public resources from richer to poorer areas, seeking to focus on areas with the greatest potential for immediate economic growth' (*ibid.*, p18).

By contrast Regional Growth Fund allocations allocated on a competitive basis show a slant towards poorer performing regions and LEP areas (*ibid.*, 19). Moreover, combined LEP resource allocations between 2011-2020/21 including GPF, RGF and

EU Structural and Investment Funds show allocations are tilted towards economically weaker LEP areas and core city regions (ibid., 22). The top four recipient areas (£400m plus) are Cornwall & the Isles of Scilly, the North East, Greater Manchester and the Leeds City Region. This suggests that individual programmes may be regressive but these may be balanced out by other programmes that distribute more funding to more disadvantaged areas. However, the precise balance of programmes analysed will clearly affect whether a regressive geographical impact is identified.

It is doubtful whether mechanisms to encourage the more efficient and effective use of mainstream resources could compensate for cuts in regeneration funding by encouraging more strategic and targeted interventions. Community Budgets allow for budgets to be pooled across agencies as well as service redesign and integration to target issues or areas of concern. However, pilots have discretion over the issues they focus on and it is not apparent that regeneration is being prioritised. The four areas piloting Whole-Place Community Budgets (West Cheshire; Whole Essex; Greater Manchester; and West London Tri-borough) budgets have identified a range of thematic concerns that focus more on disadvantaged groups than areas: families with complex needs; health and social care for adults and older people; economic growth, work and skills; reducing reoffending and domestic abuse; and early years. These thematic priorities indicate that regeneration is not a priority, despite Community Budgets being listed as one element of the 'toolkit' for regeneration (DCLG, 2012).

There is perhaps more potential for the smaller, complementary Our Place Neighbourhood Community Budgets programme (recently rebranded as the Our Place! programme) to undertake activities more associated with regeneration. Priorities identified by the 12 pilot areas include clean, green & safe public realm, and reducing anti-social behaviour (LGA, 2013). It remains, though, the smaller and less strategically significant of the two programmes within the Community Budgets framework. Overall, the experience so far suggests that the scope for regeneration to be 'mainstreamed' as part of current reforms to local service delivery through Community Budgets is limited. This perhaps confirms a broader concern that regeneration as an experimental policy area with little political or electoral significance becomes 'an easy area to cut' (Deas, 2013). Regeneration may be better protected through either dedicated programmes with clear strategic objectives and ringfenced funding.

Second, there is no clear strategic focus for regeneration in England in either of two 'Regeneration to Enable Growth' papers (DCLG, 2011, 2012). Rather, it devolves responsibility for planning and implementing regeneration to sub-regional bodies and groups including LEPs, local authorities, local businesses, community and voluntary organisations and residents. As such, it assumes regeneration will develop organically where local actors are mobilised to take action to improve economic and social outcomes in their area. There are risks in this approach. The 'toolkit' approach raises questions about how the different initiatives cited fit together, what the overarching objectives are and how these interventions might be co-ordinated.

Also, the lack of any centralised requirement to define objectives and measure outcomes will make it difficult to identify how and why any particular approach works. The early experience of the Communities First programme in Wales highlighted by Clapham (2014) suggests a lack of clear and measurable objectives may leave initiatives unfocused. It would be sensible therefore to introduce a new strategic framework for regeneration in England which specifies core aims, establishes expectations around evaluation and clearly aligns regeneration with anti-poverty strategies. This would bring England back into step with the approach taken by the



devolved administrations in Scotland, Wales and Northern Ireland where such frameworks remain in place

A strategic approach clearly requires some central direction and oversight but, at the same time, does not need to be an entirely 'top-down' process. There is certainly scope for involving residents directly in the process of identifying priorities. There has been growing interest in the idea of a 'Decent Neighbourhood Standard' (Batty *et al.*, 2010) which, recently, has been developed through exploratory research to establish a Minimum Acceptable Place Standard (MAPS) (Padley *et al.*, 2013). This work used 'consensual' methods to engage members of the public in drawing up a measurable, MAPS in terms of access to services, how neighbourhoods look and how safe they are, and community and neighbourliness. The authors suggest this could be developed through further research into a national MAPS that could be used as both a tool to initiate discussion about place standards at local level and as benchmark to audit, and hold to account, the services delivered by local authorities and other providers. Such an approach would appear to fit well with a commitment to localism. It emphasises community involvement in processes of neighbourhood planning as well as accountability among local service providers.

Third, the current focus on stimulating private sector-led growth does not seem to have learnt from the lessons of past programmes. Jobs created will not necessarily 'trickle down' to those who need them most. Evidence from some of the key regeneration programmes that focussed on private sector growth such as Enterprise Zones and Urban Development Corporations illustrates this point. Less than half of jobs were additional for many programmes and, where jobs were created, they were not always accessed by residents in target areas. For this to happen, programmes need to be carefully designed to target particular sectors and groups and complemented by training and employment support as well as employer engagement initiatives to connect residents to employment opportunities.

One implication is that local government, LEPs and other local partners need to ensure that strategies and interventions to achieve local growth through new funding and delivery mechanisms seek to connect residents to economic opportunities. One option is to adopt the Empowerment Zone model from the United States where private sector growth is integrated with employment and training to ensure new jobs do not bypass local residents. Improving transport links may also be critical in connecting residents of disadvantaged areas to areas of economic growth, as advocated by North *et al.* (2003) in their review of business-led regeneration.

This does not appear to be happening within the current suite of initiatives. Disconcertingly, the government have been explicit that growth initiatives are not intended to directly benefit deprived communities. Michael Heseltine, the chair of the RGF, recently told the House of Commons Committee on Regeneration that 'the fact is the Regional Growth Fund is not about regeneration. We have never been told to go and regenerate any community or anything like that. [It] is designed to create private sector jobs in areas adversely affected by the cuts. That is it'. (House of Commons, 2011).

There is a risk, therefore, that 'local growth' initiatives may favour areas where the conditions for economic expansion are already most favourable, as happened with past schemes to encourage inward investment. By extension, the 'localist' approach to regeneration championed by the Coalition government does not seem to have a strategy for those places less well placed to generate jobs and employment. A further risk is that a singular focus on economic growth sidelines other regeneration priorities (Bentley and Pugalis, 2013). Whilst evidence shows regeneration is not effective in addressing all outcomes, it seems vital to continue to prioritise efforts

around housing, the environment and crime given their proven impact. The focus on economic growth should not overshadow this.

Fourth, the evidence from past regeneration programmes does not suggest that 'community-led' forms of regeneration are likely to significantly enhance area-wide outcomes. Residents surely have a right to have say in neighbourhood planning and service delivery. They may also benefit personally from involvement in identifying issues and designing local level responses. However, it is far from clear that this engagement will generate positive improvements. Residents may also lack the time, resources and social capital to engage with initiatives such as the 'Community Right' schemes and Neighbourhood Planning. Other research suggests it may be a 'leap of faith' to expect residents experiencing poverty to work independently, or in conjunction with groups, agencies or local authorities, to transform their neighbourhoods (Batty, *et al.* 2010; Pugalís and McGuinness, 2013).

The potential for success of 'community-led' regeneration may also be gleaned from the limited existing literature on community control of assets (e.g. Aitken *et al.*, 2011). Qualitative research on community control of assets suggests it may deliver a number of benefits including improvements in community cohesion, community capacity, the physical environment and service delivery as well as creating new jobs and training opportunities (*ibid.*). However, the report also found that it was more difficult in disadvantaged areas to recruit volunteers with an appropriate range of skills and time to become involved in running community assets. It concluded that one of the challenges for policies to encourage community control of assets is the 'possibility of unequal take-up of opportunities, with the most disadvantaged areas...least able to benefit. Skills, adequate assets, aspirations and revenue generating capacity are all likely to be inadequately distributed between areas' (*ibid.*, 70).

The prospects for more organic, bottom-up forms of regeneration as envisaged within current Coalition policy therefore seem distant. This is not to assert the superiority of 'top-down' forms of regeneration over any other forms, but to suggest that 'community-led' regeneration should complement, rather than replace, well-funded, targeted and strategic approaches to neighbourhood-level regeneration.

Fifth, the lack of a 'neighbourhood renewal' agenda with accompanying delivery mechanisms leaves something of a vacuum at lower spatial scales. The issue of putting in place the right institutional infrastructure to ensure neighbourhoods benefit from wider economic opportunities has been a perennial challenge for regeneration. However, the 'disconnect' (North and Syrett, 2008) has perhaps become even wider. It is not clear how sub-regional LEPs will ensure that private-sector driven growth benefits residents in disadvantaged neighbourhoods. Local authorities and remaining Local Strategic Partnerships (LSPs) may have to become the 'champions' of deprived areas but will be stretched to do this given shrinking budgets and competing priorities. The loss of dedicated strategies, programmes, partnerships and funding for such areas suggest it may be difficult to influence LEPs to skew economic development in their favour. There is perhaps a need for a new agenda akin to the former Labour government's 'Transforming Places' initiative (see DCLG, 2008a) which sought to align sub-national economic growth strategies with tackling worklessness at lower spatial scales.

Overall, the impact of the localist approach to regeneration may be highly regressive as areas with fewer economic prospects are left in a 'sink or swim' (Lowndes, 2012) situation. Indeed, the government are explicit that managed decline may be part of the process. The 'Local Growth' strategy states: 'In some cases this means areas with long term growth challenges undergoing transition to better reflect local demand. National and local government policies should work with and promote the market, not

seek to create artificial and unsustainable growth' (BIS, 2010). Regeneration, it would seem, has become more hard-nosed towards the least successful areas.

This is a concern given the acute pressures that continue to bear down on some neighbourhoods as a result of recent economic pressures and 'Austerity' policies. Research shows that areas that were already more disadvantaged have been hit hardest in terms of levels of unemployment, the loss of entry level jobs, loss of household income from benefits, and spending cuts in local authority areas (Tunstall, 2009; Fenton, 2010; Hastings, *et al.*, 2012; Beatty and Fothergill, 2013). In this context, it would seem vital to rethink the current localist approach to regeneration so that it can continue, at the very least, to perform the ameliorative function that it has in the past in terms of improving the non-material dimensions of poverty. Without this, the prospects for regeneration to impact on poverty in any form are likely to recede.

#### **7.4. Improving the evidence base**

A key challenge in undertaking this review has been the variable nature of the evidence base. There has been some well-designed and thorough evaluation work, especially in relation to larger holistic ABIs. All too often, however, assessment of impact has been plagued by the use of fuzzy categories, vague or inconsistent definitions, relatively small survey samples and a focus on direct outputs rather than outcomes. In many cases this has been compounded by a lack of detailed attention to beneficiary monitoring, both in terms of system design and practical implementation. Only a few studies have adopted the recommended evaluative approach advocated in the HM Treasury Green Book (HM Treasury, 2003/2011), partly because of the severe difficulties and expense involved in isolating a counterfactual position. In an era of constrained public expenditure this renders it difficult to make informed judgements about the most effective interventions for poverty alleviation.

Indeed, the current drive towards austerity in public finances threatens to derail any argument in favour of more extensive research and evaluation of regeneration activity. This is reflected not only in the virtual disappearance of large scale, long-term area-based regeneration programmes, but also in the apparent discontinuation of any associated evaluation work (House of Commons, 2011). One danger of the 'localist' agenda is that notionally country-wide initiatives such as Enterprise Zones are assessed on an area-by-area basis, with differing approaches and emphases, rather than across the board. Co-ordinating efforts by associations such as the LEP network might alleviate this, but this remains a fairly weak guarantee of compatible bodies of evidence.

In other words, there does remain a need for systematic evaluation of current initiatives, particular given the change in direction in regeneration policy in England. In some respects, the localist approach is 'uncharted water' which, if anything, increases the need to understand how well the experiment works. In particular, a focus on exactly who benefits, and how, is required. Failure to identify the beneficiaries of interventions has been a perennial problem with regeneration research. Research shows that particular groups including women, Black and Minority Ethnic (BME) groups and disabled people have not been as well served as other groups from regeneration programmes (Brownhill and Darke, 1998; Beebeejaun and Grimshaw 2001; Edwards, 2009). This implies that longitudinal survey and other qualitative work with direct beneficiaries of programmes is essential. This should aim to tease out any nuances in outcomes (e.g. differences in type of work obtained). This should be undertaken on a quasi-experimental basis, with appropriate counterfactual populations and situations included. Without the latter there will still be no way of knowing the impact of regeneration on individuals or households living in poverty.

Identifying the impact on poverty of regeneration should also be prioritised within evaluations. This includes using existing datasets where available (e.g. the Children in Low-Income Families Local Measure) and also undertaking further work to understand the appropriateness of different types of proxy measures for poverty. This becomes increasingly important as growing levels of in-work poverty loosen the relationship between poverty, worklessness and employment. Work is not always the best route out of poverty.

To summarise, improvements suggested here and in Section 6.4 on measuring the costs and benefits of regeneration include:

- further developmental work on the logic chains that link interventions with poverty alleviation
- more effective methods that permit identification of *who* actually benefits from different types of initiative (and *how*)
- disaggregated analysis that can underpin a more sophisticated understanding of the geography of impacts
- longer-term studies that help to identify the variable duration of different impacts
- and the development of a regeneration evaluation toolkit that will improve the prospect of compatibility between, and hence potential aggregation of, findings.

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# Appendix 1: Costs and benefits of regeneration by thematic area

This Appendix lists the costs and benefits of regeneration by thematic area. The data sources and methods used to generate these estimates are laid out in full in section 6.2.

## Worklessness, skills and business development

Many different types of ABI as well as mainstream DWP policies have been concerned with getting people into work. The emphasis has varied depending on the economic status of the individual and whether the issue is to help people to become work ready, actually move people into work or help people to stay or progress in work. Table A1 shows the costs and benefits associated with these activities within regeneration programmes. In broad terms in England over the period 2009/11 average annual regeneration expenditure on these initiatives was of the order of £0.349 billion. Evaluations have assessed the public sector cost per net positive outcome into employment. Unit cost estimates for each positive outcome are around £7,400 at the lower end of the range, and some £19,000 at the top end, with an average of £13,300.

Evaluations provide an estimate of the number of additional people placed into work as a result of the policy and Table A1 shows how the financial costs and benefits can be compared. The direct real resource gains to society from getting more people into work can be estimated by identifying the number placed into work (26,200) and applying the expected DWP estimate of gross earnings of an average JSA claimant who obtains work. The total estimate for this is £0.362 billion. However, the direct benefits are only a part of the gains to society that should be considered in deriving the financial value of benefits stemming from these policies. It is also important to recognise the additional indirect benefits that arise. The type and scale of these indirect benefits is the subject of much research, particularly by economists at DWP. Their work suggests that helping more people into work generates cost savings through improved health and reduced crime and damage to property. The strength of these relationships is unclear and the subject of ongoing research. Estimates are shown below and these direct and indirect benefits can then be summed with an allowance for their duration. A discounted benefit cost ratio can thus be derived from these estimates.

**Table A1: Bringing together financial costs and benefits for regeneration initiatives that address worklessness**

	Direct benefits	Indirect benefits	
	Real resource benefit through earnings	Shadow prices: health	Shadow prices: property crime
a) Expenditure	£0.349 billion		
b) Public sector cost per net additional positive outcome into employment	£13,320		
c) Net additional positive outcomes into employment (a/b)	26,200		
d) Value per net additional positive outcome into employment per annum	£11,779*	£513 **	£1,522 ***
e) Value of net additional benefits p.a. (c x d)	£0.309 billion	£0.013 billion	£0.04 billion
f) Present Value <sup>22</sup> of benefits	£0.309 billion	£0.013 billion	£0.04 billion
g) Overall PV of benefits	£0.362 billion		
<b>h) Benefit Cost Ratio (g/a)</b>	<b>1.04</b>		
i) BCR based on more cautious valuation assumption	N/A – estimates already considered to be at low end of possible range		
* DWP estimate of gross earnings of average JSA claimant into work ** applying DWP guidance on valuing the impact of progression into employment on health for non-ESA programme participants, inflated to 2009 prices *** applying DWP guidance on valuing the impact of progression into employment on crime, assuming 50/50 male/female and 33% aged 17-24 and 67% aged 25+			

## Skills and training

Table A2 presents evidence for regeneration policies that address skills issues in the labour market. The main output generated by these policies is skills assists leading to NVQ Level 2 or higher qualifications. Evaluation evidence indicates that the average public sector cost of each net assist is around £8,850. Bringing together the financial costs and benefits produces a benefit-cost ratio of over 2.

<sup>22</sup> A future value (cost or benefit) expressed in present terms by means of discounting.

**Table A2: Bringing together financial costs and benefits for regeneration initiatives that address skills and training**

Indicator	Low unit cost	Average unit cost	High unit cost
Public sector cost per net skills assist leading to NVQ Level 2 or higher	£5,205	£8,851	£12,497
Net skills assists leading to NVQ Level 2 or higher from annual public sector expenditure of £259m on this activity	49,700	29,200	20,700
<b>Comparing the financial costs and benefits</b>			
a) Expenditure	£0.259 billion		
b) Public sector cost per net skills assist leading to NVQ Level 2 or higher	£8,851		
c) Net additional skills assists leading to NVQ Level 2 or higher (a/b)	29,200		
d) Value per net additional skills progression	£6,740 to Level 2; £2,240 from Level 2 to Level 3		
e) Value of net additional benefits p.a. (c x d)	£0.171 billion		
f) Present Value of benefits (based on build up of 1 year and duration of 3 years)	£0.565 billion		
g) Benefit Cost Ratio (f/a)	2.2		
h) BCR based on sensitivity exercise (change in duration from 3 years to 2 years)	1.6		

### **Enterprise and business development: general business support**

A common output generated by area-based policies focused on enterprise and business development is additional jobs. The evaluation evidence indicates that the public sector cost of net additional jobs has averaged £13,000 within a range of £6,300 to £20,200. In the light of the volume of public expenditure being incurred in this area the number of net additional jobs created has varied from 20,500 to 65,000 per annum in England in recent years. The value of the benefits of these extra jobs is obtained using wage and Gross Value Added (GVA) data and when this is done the financial cost (public expenditure incurred) can be compared with the value of the benefits (as set out in Table A3). In general, the benefit cost ratio from these policies has been quite high.



**Table A3: Bringing together financial costs and benefits for regeneration initiatives that provide general business support**

Indicator	Low unit cost	Average unit cost	High unit cost
Public sector cost per net additional job	£6,392	£13,309	£20,226
Net additional jobs from annual public sector expenditure of £415m on this activity	64,900	31,100	20,500
<b>Comparing the financial costs and benefits</b>			
a) Expenditure	£0.415 billion		
b) Public sector cost per net additional job	£13,309		
c) Net additional jobs (a/b)	31,100		
d) Value per net additional job (based on GVA per job)	£35,000		
e) Value of net additional benefits p.a. (c x d)	£1.09 billion		
f) Present Value of benefits (based on build up of 1 year and duration of 3 years)	£3.60 billion		
g) Benefit Cost Ratio (f/a)	8.7		
h) BCR based on sensitivity exercise (lower GVA per job (£33,000) and benefit duration (2 years rather than 3 years))	6.0		
NB It was not possible to split between jobs created and jobs safeguarded			

### **Enterprise and business development: business start-ups and promotion of spin-outs**

Table A4 presents evidence for regeneration programmes that support new business start-ups, including spin-out activity. The main output generated by these policies is again additional jobs and again the table shows the range of unit costs from the existing body of evaluation evidence. The value of the job benefits are again estimated using wage and GVA data and allow estimation of a financial benefit-cost ratio. In this case the resulting BCR is relatively high.

**Table A4: Bringing together financial costs and benefits for regeneration initiatives that address start-ups and spin-outs**

Indicator	Low unit cost	Average unit cost	High unit cost
Public sector cost per net additional job	£2,290	£10,661	£19,032
Net additional jobs from annual public sector spend of £197m on this activity	85,700	18,400	10,300
<b>Comparing the financial costs and benefits</b>			
a) Expenditure	£0.197 billion		
b) Public sector cost per net additional job	£10,661		
c) Net additional jobs (a/b)	18,400		
d) Value per net additional job	£30,000		
e) Value of net additional benefits p.a. (c x d)	£0.552 billion		
f) Present Value of benefits (based on build up of 1 year and duration of 3 years)	£1.826 billion		
g) Benefit Cost Ratio	9.3		
h) BCR based on sensitivity exercise (2 years duration rather than 3)	6.8		

### **Industrial and commercial property infrastructure**

Table A5 summarises the findings from evaluations that have considered the benefits from support for industrial and commercial property. The output measure again is jobs and as the table shows the financial costs in relation to the value of the jobs created is quite favourable. Expenditure in England was generating around 23,000 additional jobs by 2010 and the net present value of the benefits was approximately £7.6 billion per annum on the basis of £0.76 billion worth of expenditure

**Table A5: Bringing together financial costs and benefits for regeneration initiatives that address industrial and commercial property**

Indicator	Low unit cost	Average unit cost	High unit cost
Public sector cost per net additional job	£19,294	£32,312	£48,817
Net additional jobs from annual public sector expenditure of £761m on this activity	39,400	23,500	15,500
Comparing the financial costs and benefits			
a) Expenditure	£0.761 billion		
b) Public sector cost per net additional job	£32,312		
c) Net additional jobs (a/b)	23,500		
d) Value per net additional job	£35,000		
e) Value of net additional benefits p.a. (c x d)	£0.825 billion		
f) Present Value of benefits	£7.6 billion		
g) Benefit Cost Ratio	9.96		
h) BCR based on sensitivity exercise (lower GVA per job (£33,000) and benefit duration (5 years rather than 10 years))	5.8		
NB It was not possible to split between jobs created and jobs safeguarded			

### Housing growth and improvement: new build housing

A very significant amount of expenditure has historically been committed to housing-led local regeneration, although under the Coalition Government this has ceased to be a priority. The support has included new build, housing improvement and acquisition, demolition and replacement. A common output measure for **new build** housing is the number of additional dwellings built and thus interest in evaluation research has focused on the public sector cost per net additional dwelling. Table A6 shows that this has tended to vary between around £60,000 and £95,000 with a mean of £77,500. The number of net additional dwellings in England arising through this support was of the order of 68,000 on the basis of the average cost. The approach to assessing the financial costs and benefits has been to estimate the consumption and the production benefits<sup>23</sup> that arise and then to compare these with the public expenditure incurred. As the table shows the BCR is 2.6 and thus a favourable return on the public resources invested.

<sup>23</sup> Consumption benefits are those that arise from living in the property (see also Footnote 5). Production benefits arise when new housing in an area leads to more jobs being created, either directly through construction or indirectly through the multiplier effects of increased population.

**Table A6: Bringing together financial costs and benefits for regeneration initiatives that address new build housing**

Indicator	Low unit cost	Average unit cost	High unit cost
Public sector cost per net additional dwelling	£59,838	£77,427	£95,017
Net additional dwellings from annual public sector expenditure of £5.3bn on this activity	88,500	68,300	55,700
Comparing the financial costs and benefits of new build housing activity			
	Consumption benefits – private betterment minus disamenity <sup>24</sup>	Production benefits from employment enabled by new housing	
a) Expenditure	£5.296 billion		
b) Public sector cost per net additional dwelling	£77,427		
c) Net additional dwellings (a/b)	68,300	18,000 net additional jobs	
d) Value per net additional output	£29,160 per net additional dwelling, taking into account betterment and disamenity	£35,000 per net additional job	
e) Value of net additional benefits p.a. (c x d)	£1.99 billion (one-off)	£0.633 billion (build up over 3 years, duration of 30 years)	
f) Present Value of benefits	£1.99 billion	£11.77 billion	
g) Benefit Cost Ratio	2.6		
h) BCR based on sensitivity exercise (lower GVA per job for production benefit (£33,000) and lower benefit duration (15 years rather than 30 years))	1.7		

### **Housing growth and improvement: housing improvement and acquisition, demolition and replacement**

**Housing improvement** has been another area of regeneration support, covering both dwelling refurbishment and estate restructuring. Table A7 shows that the average cost per net additional dwelling refurbished in England has been around £18,000, within a range between circa £9,000 and £27,000. Around 56,000 dwellings per annum were being improved in England by 2010 and when the financial value of the benefit is compared with

<sup>24</sup> As part of the 2007 Housing Green Paper, DCLG and DfT set out a joint commitment to develop a methodology to better capture the economic benefits generated by new housing developments which would then be included in DfT's appraisal guidance (New Approach to Appraisal (NATA)). This guidance was published in draft in January 2010 as part of the DfT's Transport Appraisal Guidance (TAG) series as TAG 3.16D<sup>24</sup>. While the methodologies adopted have clearly been designed for a transport context, we believe that one aspect in particular has potential for application in all housing contexts. By adopting the main housing-specific conventions in the TAG 3.16D we suggest a potential approach for establishing the value to society of new housing which, for those dwellings which are net additional (i.e. genuinely unlocked by a regeneration intervention), takes: the private betterment value, represented by the uplift in land values arising from a planning permission for housing development. This uplift is the value of the land in residential use with planning permission minus the value of the land in its existing use (e.g. agriculture, or industrial or commercial use) minus the external impact of the housing development, represented by the loss or gain in the amenity value of the land compared to its existing use.

the amount of public expenditure in this sphere it produces a Benefit Cost Ratio of around 2. **Acquisition, demolition and subsequent replacement** (via new build) have been another area of policy intervention, often as a means of reconfiguring the layout and composition of estates. Table A8 focuses on this activity. It differs from Table A7 by virtue of the different costs associated with projects that acquire and demolish existing properties as the precursor for new build development. The data points to a medium value of unit public cost of around £114,000, within a range of just over £96,000 to almost £132,000. The BCR is over 5 and thus appears to be an effective area of local area policy intervention.

**Table A7: Bringing together financial costs and benefits for regeneration initiatives that address housing improvement**

Indicator	Low unit cost	Medium unit cost	High unit cost
Public sector cost per net additional dwelling refurbished	£8,812	£17,977	£27,141
Net additional dwellings refurbished from annual public sector expenditure of £1.02bn on this activity	115,300	56,500	37,400
Comparing the financial costs and benefits from improvements to existing housing stock			
	Consumption benefits – private betterment minus disamenity	Consumption benefit to society from improved security, safety and warmth	
a) Expenditure	£1.016 billion		
b) Public sector cost per net additional dwelling improved	£17,977		
c) Net additional dwellings improved (a/b)	56,500		
d) Value per net additional dwelling improved	£2,916	PV £31,950 over 30 years	
e) Value of net additional benefits p.a. (c x d)	£0.165 billion		
f) Present Value of benefits	£0.165 billion	£1.829 billion	
g) Benefit Cost Ratio	2.0		
h) BCR based on sensitivity exercise (benefit duration 15 years rather than 30 years)	1.3		

**Table A8: Bringing together financial costs and benefits for regeneration initiatives that address housing acquisition, demolition and replacement**

Indicator	Low unit cost	Medium unit cost	High unit cost
Public sector cost per net additional dwelling replaced	£96,516	£114,105	£131,695
Net additional dwellings replaced from £148m of annual public sector expenditure on this activity	1,500	1,200	1,100
Comparing the financial costs and benefits from acquisition, demolition and associated new build activity			
	Consumption benefits – private betterment minus disamenity	Consumption benefit - external benefits arising from enhanced visual amenity	
a) Expenditure	£0.148 billion		
b) Public sector cost per net additional dwelling replaced	£114,105		
c) Net additional dwellings (a/b)	1200	129.7 derelict property restoration projects of 10 properties each	
d) Value per net additional dwelling restored/replaced	£29,159	£322,000 per annum per 10-dwelling project	
e) Value of net additional benefits p.a. (c x d)	£0.038 billion (one off)	£0.042 billion (3 year build up and 30 year duration)	
f) Present Value of benefits	£0.038 billion	£0.777 billion	
g) Benefit Cost Ratio	5.5		
h) BCR based on sensitivity exercise (benefit duration 15 years rather than 30 years))	3.7		

### Communities, environment and neighbourhood renewal

Another form of area-based policy intervention has been to assist communities as part of neighbourhood-based renewal. Table A9 looks at the costs and benefits of this in terms of supporting new and existing social enterprises as organisations that have social objectives.

**Table A9: Bringing together financial costs and benefits for regeneration initiatives that address investment in community organisations**

Indicator	Low unit cost	Average unit cost	High unit cost
Public sector cost per net additional social enterprise assist (existing organisations)	£7,775	£13,129	£18,483
Public sector cost per net additional social enterprise assist (new start-ups)	£5,115	£14,571	£24,028
Blended public sector cost per net additional social enterprise assist (assuming 75% of expenditure on supporting existing organisations and 25% on new start-up activity)	£6,880	£13,462	£19,615
Net additional social enterprise assists from annual public sector expenditure of £11m on this activity	1,500	800	500
<b>Comparing the financial costs and benefits from investing in community organisations</b>			
	Support for existing social enterprises	New social enterprise start-ups	
a) Expenditure	£0.00825 billion	£0.011 billion, of which: £0.00275 billion	
b) Public sector cost per net social enterprise assist	£13,129	£14,571	
c) Net additional social enterprise assists (a/b)	628	189	
d) Value per net additional assist	Step 1: £10,500 net additional turnover gain per assist p.a. = Step 2: £4,725 net GVA per assist p.a	Step 1: £34,650 net additional turnover gain per assist p.a. = Step 2: £15,593 net GVA per assist p.a.	
e) Value of net additional benefits p.a. (c x d)	£0.003 billion	£0.003 billion	
f) Present Value of benefits (assuming build up of 1 year and duration of 3 years)	£0.01 billion	£0.01 billion	
g) Benefit Cost Ratio	1.8		
h) BCR based on sensitivity exercise (benefit duration 2 years rather than 3 years)	1.3		

### Environmental improvement: open space and public realm

Area-based regeneration has devoted resources to environmental improvement including both open space (parks and green spaces) and public realm (public space in towns and cities including squares, streets, promenades, landscaping and sculpture). Table A10 shows that the public sector cost per net additional hectare of **open space improved** was around £118,000 per annum covering some 877 hectares in England by the end of the period of analysis. The financial benefit cost ratio was around 1.8. There have also been an extensive range of measures to improve the **public realm**. Table A11 indicates that the average cost was around £1.5 million per net additional hectare of public realm provided. In a typical year

in the study period around 880 net additional hectares of public realm were being provided in England from an annual public sector expenditure of £288m, thus generating a benefit cost ratio of around 1.4. Values for open space and public realm have been derived from 'stated preference' survey data which estimates the willingness of households to pay for these amenities (see DCLG, 2010d for full details).

**Table A10: Bringing together financial costs and benefits for regeneration initiatives that address open space improvement**

Indicator	Low unit cost	Average unit cost	High unit cost
Public sector cost per net additional hectare of open space improved	£71,812	£117,685	£163,558
Net additional hectares of open space improved from annual public sector expenditure of £103 million on this activity	1,400	880	600
<b>Comparing the financial costs and benefits from open space improvements</b>			
a) Expenditure	£0.103 billion		
b) Public sector cost per net hectare of open space improved	£117,685		
c) Net additional hectares of open space (a/b) *	58.5 improvement projects of 15 ha each, amounting to 877hectares		
d) Value per net additional 15-hectare open space improvement project	£256,500		
e) Value of net additional benefits p.a. (c x d)	£0.015 billion		
f) Present Value of benefits (based on build up over 2 years and duration of 30 years)	£0.281 billion		
g) Benefit Cost Ratio	2.7		
h) BCR based on sensitivity exercise (benefit duration 15 years rather than 30 years)	1.8		



**Table A11: Bringing together financial costs and benefits for regeneration initiatives that address public realm provision**

Indicator	Low unit cost	Average unit cost	High unit cost
Public sector cost per net additional hectare of public realm provided	£600,000	£1,500,000	£3,000,000
Net additional hectares of public realm provided from annual public sector expenditure of £288m on this activity	470	190	90
Comparing the financial costs and benefits from public realm provision.			
a) Expenditure	£0.287 billion		
b) Public sector cost per net hectare of public realm	£1,500,000		
c) Net additional hectares of new public realm (a/b)	96 improvement projects of 2 ha each, amounting to 192 hectares		
d) Value per net additional 2-hectare public realm project	£229,400		
e) Value of net additional benefits p.a. (c x d)	£0.022 billion		
f) Present Value of benefits (assuming build up of 2 years and duration of 30 years)	£0.412 billion		
g) Benefit Cost Ratio	1.4		
h) BCR based on sensitivity exercise (benefit duration 15 years rather than 30 years)	0.9		

## Neighbourhood renewal

Neighbourhood renewal has been a strong element of area-based regeneration in England in recent years. There has been a significant focus on encouraging mainstream providers to customise and bend the delivery of services to meet the needs of residents, particularly in deprived neighbourhoods. This was a feature of City Challenge, the Single Regeneration Budget and more recently the New Deal for Communities. Other examples include Neighbourhood Management Pathfinders and Neighbourhood Wardens from the late 1990s onwards. The central objective of these initiatives has been to secure sustainable improvements to the delivery of key services that is eventually reflected in positive impacts on key outcomes like reductions in crime and anti-social behaviour, health improvements, enhanced educational attainment and better environmental quality. There is a substantial evaluation database.

One of the most appropriate ways of identifying the financial costs and benefits of these interventions is shadow pricing as this can provide monetary estimates of the improvements to quality of life arising from neighbourhood renewal activities. However, the evidence base is very limited. The most recent, and perhaps most comprehensive, example relates to the New Deal for Communities (DCLG, 2010f). NDC accounted for a significant amount of public resources devoted to neighbourhood-based area regeneration from 1998 onwards. Table A12 lists the derived unit benefits computed using a shadow pricing method for NDC. This technique is complex and experimental. In simple terms, it works by estimating what increase in real equivalised household income would produce an equivalent change in quality of life as an improvement in any particular outcome, e.g., satisfaction with area (see DCLG, 2010f).

Table A12 lists derived unit benefits arising through applying this method. This shows that the largest unit value relates to a respondent who moves from being 'dissatisfied' to being

'fairly or vary satisfied' with the area where they live. The expected increase in quality of life produced by this transition is equivalent to an increase in individual income of £59,600 per annum. The magnitude of this value represents the large positive influence that feeling satisfied with the local area has on an individual's quality of life. Drawing on unit values relating to a wide range of 'quality of life' issues as listed in the table, the New Deal for Communities evaluation estimated that the overall ratio of benefits to costs for neighbourhood renewal activities was 3.0. Applying this figure to the estimated annual expenditure on neighbourhood renewal activity in England (just over £0.1 billion per annum as shown in Table 6.2 in the main report) suggests a Net Present Value of benefits in the region of £0.327 billion.

**Table A12: Derived unit benefits for the New Deal for Communities programme: shadow prices for quality of life issues**

	Unit benefits pa (£)
Education	
Taken part in educ./training in the past year	2,300
Worklessness and finance	
In employment	4,900
Health	
Do no exercise for 20 minutes or more	-15,800
Smoke cigarettes	-5,900
Feel own health not good	-30,600
SF36 mental health index, high score	33,500
Very/fairly satisfied with family doctor/GP	5,400
Crime	
Feel a bit/very unsafe after dark	-6,100
Been a victim of any crime in last year	-9,400
Lawlessness and dereliction index, high score	-9,800
Housing and the physical environment	
Trapped	-12,500
Very/fairly satisfied with area	59,600
Want to move	-23,600
Very/fairly satisfied with accommodation	41,000
Problems with environment index, high score	-5,000
Community	
Feel part of the community a great deal/a fair amount	14,900
Neighbours look out for each other	11,600
Can influence decisions that affect local area	9,000

Source: CRESR Sheffield Hallam University from Ipsos MORI NDC Household Survey