

Regenerating Communities First Neighbourhoods in Wales

Stephen Hincks and
Brian Robson

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This report explores the progress that has been made in regenerating Communities First areas in Wales between 2001 and 2008.

It has long been known that deprivation and inequality are created by the interaction of a range of complex factors including poor educational achievement, poor housing and environments, the inadequacy of local job markets, and the effects of benefit systems. This timely report reviews the Welsh Assembly Government's flagship regeneration programme Communities First (launched in 2001) which aimed to improve the conditions and prospects of people living in the most disadvantaged neighbourhoods in Wales.

The report:

- Compares the extent to which first generation Communities First neighbourhoods have improved relative to other similarly deprived neighbourhoods in Wales using key change indicators;
- Examines the trajectories taken by four different types of deprived first generation Communities First neighbourhoods using the key indicators of change;
- Explores the key factors affecting change in Communities First neighbourhoods between 2001 and 2008.

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Executive summary

Following devolution in 1999 the Welsh Assembly Government made a commitment to tackle the problems of poverty and deprivation head on. This commitment culminated in the launch in 2001 of the flagship regeneration programme Communities First. It has long been known that deprivation and inequality are created by the interaction of a range of complex factors including poor educational achievement, poor housing and environments, the inadequacy of local job markets and the effects of benefit systems. The Communities First programme was established with the intention of improving the conditions and prospects of people living in the most disadvantaged neighbourhoods in Wales. On inception the programme initially targeted 142 first generation neighbourhoods comprising the 100 most deprived wards in Wales as defined by the 2000 Welsh Index of Multiple Deprivation (WIMD), 32 pockets of deprivation from across Wales and 10 Communities of Interest.

There have been a number of evaluations of the Communities First programme undertaken that have focused on identifying better practice around project management and determining the extent to which Communities First has provided value for money. This report does not seek to evaluate the success of the Communities First programme. Rather, it focuses on the first generation Communities First neighbourhoods and explores the progress that has been made in regenerating these deprived areas by examining the changes that have taken place there over the period 2001–08.

The report examines three issues:

First, it compares the extent to which first generation Communities First neighbourhoods have improved relative to other similarly deprived neighbourhoods in Wales using key change indicators. In terms of similar areas, these were defined using a dynamic typology of deprived neighbourhoods based on lower super output areas (LSOAs) developed specifically for Wales. The indicators used to assess improvement were:

- a. Percentage change in working-age population claiming Jobseeker's Allowance (JSA)
- b. Percentage change in working-age population who are economically inactive
- c. Percentage change in unemployment rate of working-age population
- d. Change in population
- e. Mean change in house prices

Second, the trajectories of different types of first generation Communities First neighbourhoods were compared using the indicators of change above. The analysis drew on the deprived neighbourhood typology of the 30 per cent most deprived neighbourhoods in Wales. The typology captures neighbourhood deprivation but it also provides a means of distinguishing between different types of deprived neighbourhoods based on their functional roles defined by migration patterns. The neighbourhood categories identified were:

- *Escalator*: the in-movers come from similar or more deprived areas and the out-movers go to less deprived areas. This neighbourhood type represents upward progression through housing and labour markets.
- *Gentrifier*: the social composition is altered by in-movers coming from less deprived areas and out-movers going to similar or more deprived locations.

- *Isolate*: these neighbourhoods tend to have less inward or outward migration links to other less deprived areas, hence they are socially more isolated.
- *Transit*: most in and out-movers come from and go to less deprived areas. Typically, this represents the early move onto the housing ladder for young households.

Third, multiple regression was used to understand the key explanatory factors affecting change in the different Communities First neighbourhoods between 2001 and 2008.

The key findings of the report are as follows.

Progress in first generation Communities First neighbourhoods compared to similar neighbourhoods

Economic indicators

- Both the Communities First and the similar neighbourhoods experienced an increase in working-age JSA claimants between 2001 and 2008. However, the mean increase in JSA claimants was significantly higher for Communities First neighbourhoods at 1.3 per cent compared to the similar neighbourhoods at just 0.3 per cent.
- Communities First areas had slightly higher levels of unemployment compared to their peers in both 2001 and 2008. However, the mean increase in the percentage of the unemployed working-age population was significantly less in Communities First areas than similar neighbourhoods.
- Communities First areas exhibited higher levels of economic inactivity compared to similar neighbourhoods in both 2001 and 2008. However, both Communities First and similar neighbourhoods experienced a similar overall decline in the percentage of inactive working-age population over this seven-year period, by 3.7 per cent and 3.8 per cent respectively. By 2008, the difference in the mean percentage of inactive working-age population between the two neighbourhood types was just two per cent. This suggests that both neighbourhood types have improved to the same degree in terms of reducing the levels of inactive working population.

Change in population

- Between 2001 and 2008 the mean population increased in both Communities First and similar deprived areas by 1.5 per cent and 2.4 per cent respectively.

Mean change in house prices

- Between 2001 and 2008 mean house prices increased for both Communities First and similar neighbourhoods. In Communities First areas, they increased by over £50,000 compared to £43,000 in similar neighbourhoods. Although mean house prices were higher in 2001 in similar neighbourhoods than Communities First areas, by 2008 the difference was less than £3,000, suggesting house prices have converged between the two neighbourhood types.

The analysis of the change indicators suggests that there are positive signs that some gains are being made by Communities First areas in improving neighbourhood conditions. However, the three economic indicators (a–c) demonstrate that Communities First and the similar neighbourhoods have followed similar trajectories in terms of change while house price and population change are also comparable. Therefore, in comparison to similar neighbourhoods, the gains that have been made in Communities First areas have been relatively marginal.

Changes by neighbourhood type in Communities First areas

The analysis of change in different types of first generation Communities First neighbourhoods between 2001 and 2008 found that:

- Of the four neighbourhood types, Gentrifier areas were the only neighbourhoods to make any improvement in the overall mean rank index between 2001 and 2008. In terms of rank score, Gentrifier and Transit areas significantly outperformed both Escalator and Isolate areas in both years.
- Isolate areas fell in terms of rank score, suggesting that they have worsened in comparison to the other deprived neighbourhood types.

Overall, the analysis demonstrates that first generation Communities First Gentrifier and Transit neighbourhoods have made significant gains relative to Isolate and Escalator neighbourhoods and that the gap between the Gentrifier-Transit and Isolate-Escalator neighbourhood 'groups' has widened between 2001 and 2008.

Explanatory factors for change in Communities First neighbourhoods

The regression models point to a strong interaction between housing, neighbourhood structure and the economy in affecting neighbourhood trajectories. Overall the analysis shows that there are some key explanatory variables that help to explain the neighbourhood change in Communities First areas. All of the neighbourhoods are deprived but differences in their composition – especially their mix of tenures, levels of skills, ethnic and age composition and access to cars – prove to be important determinants of the likelihood of positive changes in socio-economic circumstances. Between 2001 and 2008, Communities First areas have on average seen house prices and population increase and economic inactivity decline, but the extent to which this can be attributed to the programme itself is unclear.

The analysis revealed that:

- Mean house prices between 2001 and 2008, prior to the impact of the recession, increased in Communities First areas by over £50,000. This increase was particularly pronounced in Gentrifier and Transit Communities First neighbourhoods that have mixed tenure profiles. In comparative terms, mean house price increases were lower in neighbourhoods that had high concentrations of households without access to a car or van, higher concentrations of single pensioner households, high proportions of the population with no qualifications and higher concentrations of minority ethnic population. This reflects the lack of buoyancy in the housing market in the most deprived neighbourhoods.
- Economic inactivity declined in Communities First areas between 2001 and 2008. This decline was positively associated with all tenure types, reflecting the fact that a vast proportion of Communities First areas with mixed tenure profiles saw economic inactivity decline between 2001 and 2008. This relationship is illustrative of the strong relationship between housing and labour markets, as housing is more easily purchased through participation in the labour market. In neighbourhoods where there were higher levels of students achieving five or more A*–C grades at GCSE, economic inactivity declined as educational attainment and skill levels increased.
- Mean population increased in Communities First areas between 2001 and 2008 and this increase was most pronounced in areas with higher levels of 19- to 34-year-olds, higher levels of net migration and residential churn. The results show that Transit and Gentrifier neighbourhoods in Communities First areas are attracting higher levels of young single person households and young families who are using these neighbourhoods as 'stepping-stones' in their housing careers.

The analysis presented in this report, in keeping with the findings of previous Communities First studies, raises questions over whether Communities First as an isolated programme can be expected to deliver the wider outcomes needed to improve the conditions of people living in the most deprived neighbourhoods in Wales. The Communities First programme needs to be supported by a more holistic spatial targeting approach that links wider policy agendas, objectives and funding streams to deliver improvements in key housing, economic and environmental outcomes at neighbourhood level to really support change in those neighbourhoods that are in most need. This report suggests that particular Communities First neighbourhood types, which serve as Isolate and Escalator neighbourhoods, may be in need of particular support.

1 Introduction

The role of the neighbourhood and social responsibility that underpins attempts to improve the experiences of people living in deprived neighbourhoods have been at the heart of the inception and development of urban policy initiatives across England, Scotland and Northern Ireland for many years.¹ Unsurprisingly, the policy context in Wales is no different (Witherden, 2006). Following devolution in 1999 there was a commitment made by the Welsh Assembly Government to tackle the problems of poverty and deprivation head on. This commitment culminated in the launch in 2001 of the flagship regeneration programme Communities First, following the success of the pilot programme People in Communities that was launched in 1999. The implementation of the Communities First programme was a response to what has been perceived by many, including the Welsh Assembly Government, to be a failure of grant-aided regeneration projects in securing sustainable improvements in deprived areas (Welsh Assembly Government, 2006). The adoption of the Communities First model, which actively promotes the management and delivery of regeneration by local communities in conjunction with mainstream public services, was a response to the perceived procedural and structural deficiencies of grant-aided regeneration, including the short-termism attached to the outputs of many regeneration projects and the loss of organisational capacity and knowledge (see Jones and Ward, 1997) at the end of a programme's life span.

It has long been known that deprivation and inequality are created by the interaction of a range of complex factors including poor educational achievement, poor housing and environments, the inadequacy of local job markets and the effects of benefit systems (Craig and Driver, 1972). The Communities First programme was established with the intention of improving the conditions and prospects of people living in the most disadvantaged neighbourhoods in Wales. On inception the programme initially targeted 142 first generation neighbourhoods comprising the 100 most deprived wards in Wales as defined by the 2000 Welsh Index of Multiple Deprivation (WIMD), 32 pockets of deprivation from across Wales and 10 Communities of Interest. The projects are delivered by local Community First partnerships that include stakeholders drawn from the local community, the statutory sector, including local authorities, local health boards and the voluntary and business sectors. The partnerships are required to have in place a 'partnership agreement' to govern the arrangement of partnership business and many partnerships have developed a strategic community action plan that sets out the development aspirations of the wider community, identifies and prioritises issues of concern within the local community. Following the publication of the 2005 WIMD, a further 46 areas were identified as being in the 10 per cent most deprived areas in Wales and were invited to apply for inclusion in the programme. Following this accession process, by 2008 the Communities First programme had expanded to include over 180 areas.

There have been various studies and reports published on the Communities First programme. The Welsh Assembly Government has undertaken an evaluation of the processes being used to implement and deliver Communities First projects nationally (Welsh Assembly Government, 2006), and this evaluation was complemented by another that focused on identifying good practice around project management and delivery of initiatives at project level (Welsh Assembly Government, 2008). In addition, the Joseph Rowntree Foundation (JRF) commissioned research to explore the achievements of Communities First projects in delivering improved community empowerment (Adamson and Bromiley, 2008). The study by Adamson and Bromiley, 2008 found that community members have important skills and knowledge that are needed to ensure the success of Communities First partnerships and that as a result of involvement in the Communities First process, community members had begun to recognise the important role they play

in impacting positive change in their area. However, the research found little evidence that the ‘community’ had substantive influence over the statutory sector and so the report called for clearer links between strategic partnerships at ward level and those at the local authority level in order to facilitate change.

More recently, the Wales Audit Office published a report exploring the extent to which the Communities First programme has delivered value for money (Wales Audit Office, 2009). The study found that there has been a shift in the focus of Communities First towards an outcome-driven agenda but that progress in meeting the objectives of the programme remains unclear. The report noted that the success of the programme would be dependent on the Welsh Assembly Government successfully negotiating a range of barriers that were impeding the delivery of the programme, including the way that the programme was managed and the way that Communities First partnerships functioned. Although attempts have been made to link interventions to outcomes in other policy evaluations (Foden, *et al.*, 2009), it is not possible to make such an explicit link between the Communities First programme and changes in neighbourhood conditions with the data that is available. Therefore, this report does not seek to evaluate the success of the Communities First programme. Rather, it focuses on the first generation Communities First neighbourhoods² and explores the progress that has been made in regenerating these deprived areas through analysing a set of key indicators of progress (see p 13).

2 Principles and rationale of policy targeting

Spatial targeting has been one of the central planks of British regeneration initiatives ever since the late 1960s, when urban policy was first introduced. However, as an approach to tackling deprivation, this spatial strategy is not without its critics. Two principal arguments have been levelled against targeting. On the one hand, it has been noted that 'Most of the deprived do not live in deprived areas and most of those who live in deprived areas are not themselves deprived' (Holtermann, 1975). While this may be true, it is nevertheless the case that residential areas are strongly segregated into poorer and richer neighbourhoods. There are very distinct spatial concentrations of deprived households, especially in the big conurbations. The second argument is that deprived places are not a function of anything to do with the neighbourhoods themselves but are simply a reflection of the people within them. There is no intrinsic areal effect that justifies a spatial approach.

However, there are powerful countervailing arguments that favour spatial targeting. First, despite the observation above, a significant proportion of deprived people do live in neighbourhoods that are deprived and this makes it administratively efficient to target scarce resources on such areas. Second, and more pertinent, is the argument about effectiveness. An area focus can enable different agencies to coordinate efforts to address a community's needs more holistically. Third, even though there is still an unresolved debate about 'area effects' (see, for example, Galster, 2001; Lupton, 2003; Blasius, *et al.*, 2007), there are compelling arguments that to live in a deprived neighbourhood worsens the prospects of those living there. Although it is not always the case that people living in deprived neighbourhoods are disadvantaged by their inability to access economic and social opportunities (Gore, *et al.*, 2007), it has been found that people living in more deprived neighbourhoods often have a poorer quality of life and life experiences than people living in less deprived localities (McCulloch, 2001). It is these arguments that have persuaded policy-makers of the merit of spatial targeting.

There remain some issues that need to be taken into account in developing spatial targeting. We focus on three here:

- neighbourhood context
- functional roles of neighbourhoods
- urban–rural contrasts

Neighbourhood context

The prospects of deprived people can be affected by the wider area in which their neighbourhood sits. Some argue that deprived neighbourhoods that are surrounded by other deprived areas are likely to face greater challenges than if they are closer to less deprived areas (see Sampson, 2003), for example, because of fewer labour market opportunities, and that being part of a large area of deprivation reduces the likelihood of private investment in improving housing and in developing the social capital which can help in finding jobs, influencing the quality and supply of public services (see Kearns and Parkes, 2003). This is part of the rationale of the concept of mixed communities, which has been a significant part of government policy over recent years, not only in the UK but also in the USA and continental Europe (Kearns and Parkes, 2003; Fitzpatrick, 2004; Meen, *et al.*, 2005).

For all its strengths, measures like the WIMD take no account of this contextual aspect of deprivation since the index measures only the compositional circumstances of the neighbourhood itself. To this extent the index is blind to geography. This is an argument for using a modified version of the WIMD that takes account of the level of deprivation of the lower super output areas (LSOAs) that are immediate neighbours to each neighbourhood (Rae, 2009). This gives higher levels of deprivation to an LSOA that is surrounded by other deprived areas than to one that sits in a less deprived geographical context.

Functional roles of neighbourhoods

Secondly, deprived areas differ in terms of the functional roles that they play in the housing market: some act as springboards for households in their early years as they start out with cheaper housing and subsequently move up the property ladder; others attract inward moves by more affluent households in a process of gentrification; and some act to trap households unable to move out of their property (Robson, *et al.*, 2008). These functional roles can be explored by looking at the flows of in- and out-movers to deprived areas. This provides the basis for the four-fold typology that is referred to later in this report.

If regeneration interventions are to address the different roles of deprived areas sensitively then it is important that policy-makers are alive to the various functional roles performed by different neighbourhoods. Developing such insight will offer greater scope for policy-makers to develop interventions that target both place-based and people-based deprivation and their interactions. The different types of neighbourhood suggest that different mixes of policy intervention should be tailored to each type of deprived neighbourhood.

Urban–rural contrasts

Finally, and perhaps most pertinently in the Welsh case, while the logic of spatial targeting is powerful in dense urban areas, the effects are less pronounced in rural areas. Residential segregation is a fact of life in big dense conurbations and in large towns and cities. It is much less characteristic of lower-density rural areas where deprived households may be dispersed or found in small pockets. Even small-area data for super output areas often fails to capture the existence of such isolated deprivation.

This presents particular challenges in Wales, given the stark contrasts between the densely populated areas of coastal South Wales, and the ex-mining areas of the north-east and the Valleys, on the one hand, and the sparsely populated areas of central Wales and the west coast, on the other. In the former, developing spatially targeted interventions makes sense. For the latter, however, it may be that an approach based on developing interventions to target individual or household deprivation rather than broad area-based deprivation would be more appropriate.

The success of any intervention rests on it being able to deliver positive change in an area. The debates explored here highlight the need for interventions to be context and place specific and to have the scope to respond to a range of socio-economic challenges.

3 Comparing change in deprived neighbourhoods

The purpose of this section is to compare the first generation Communities First neighbourhoods with neighbourhoods that are defined as being similar¹ but which were not targeted explicitly for intervention under the programme (see Figure 1). In seeking to explore the extent to which first generation Communities First areas have improved relative to similarly deprived neighbourhoods in Wales, it is first necessary to outline how the Communities First areas and the areas defined as being similar were identified.

The first generation Communities First areas were initially based on 1998 electoral wards. However, the emergence of Census output areas after 2001 has opened up the possibility of undertaking analyses at a finer-grained Census level than was previously possible. This is particularly attractive when trying to capture the dynamics of neighbourhood change.¹ The analysis in this report focuses exclusively on LSOAs, which are a finer-grained geography than electoral wards. Therefore, it was necessary to identify, using GIS (geographic information system) analysis, those LSOAs that coincided with the 1998 electoral wards comprising the 100 most deprived wards in Wales and the 32 pockets of deprivation.² These LSOAs were then defined as the first generation Communities First LSOAs. In total 389 first generation Communities First LSOAs were identified in this way.

The similar areas were defined using a dynamic typology of deprived neighbourhoods based on LSOAs developed specifically for Wales.³ The typology uses the 30 per cent most deprived LSOAs in Wales as defined by the 2005 WIMD and analyses migration between the LSOAs using 2001 Census migration statistics. Based on the nature of the migration flows into, out of and between different areas, the LSOAs are allocated to one of four area types: Transit, Escalator, Isolate and Gentrifier (see Table 1).

The value of using the typology in this way is that it allowed areas with similar characteristics to be identified using statistics for deprivation and migration. Using GIS, the deprived neighbourhood typology was mapped against Communities First areas. All first generation Communities First areas were captured within the deprived neighbourhood typology. LSOAs that were included in the deprived neighbourhood typology but which did not correspond to Communities First areas were defined as being similar areas. In total 278 similar LSOAs were identified using this approach.

To examine the change between the Communities First and similar neighbourhoods, a set of indicators of change were identified and analysed in an attempt to explain the trajectory of improvement that the neighbourhoods experienced between 2001 and 2008. This time frame was deemed to be long enough to allow the first generation Communities First areas to be active and to begin to deliver project objectives. The change indicators that were analysed were:

- a. Percentage change in working-age population claiming Jobseeker's Allowance (JSA)
- b. Percentage change in working-age population who are economically inactive
- c. Percentage change in unemployment rate of working-age population
- d. Change in population
- e. Mean change in house prices

Indicators a–c are measures of social distress and are useful for understanding the dynamics of the labour market and specifically non-participation in the labour force. Indicator d is useful for developing an

Figure 1: First generation Communities First areas and similar neighbourhoods

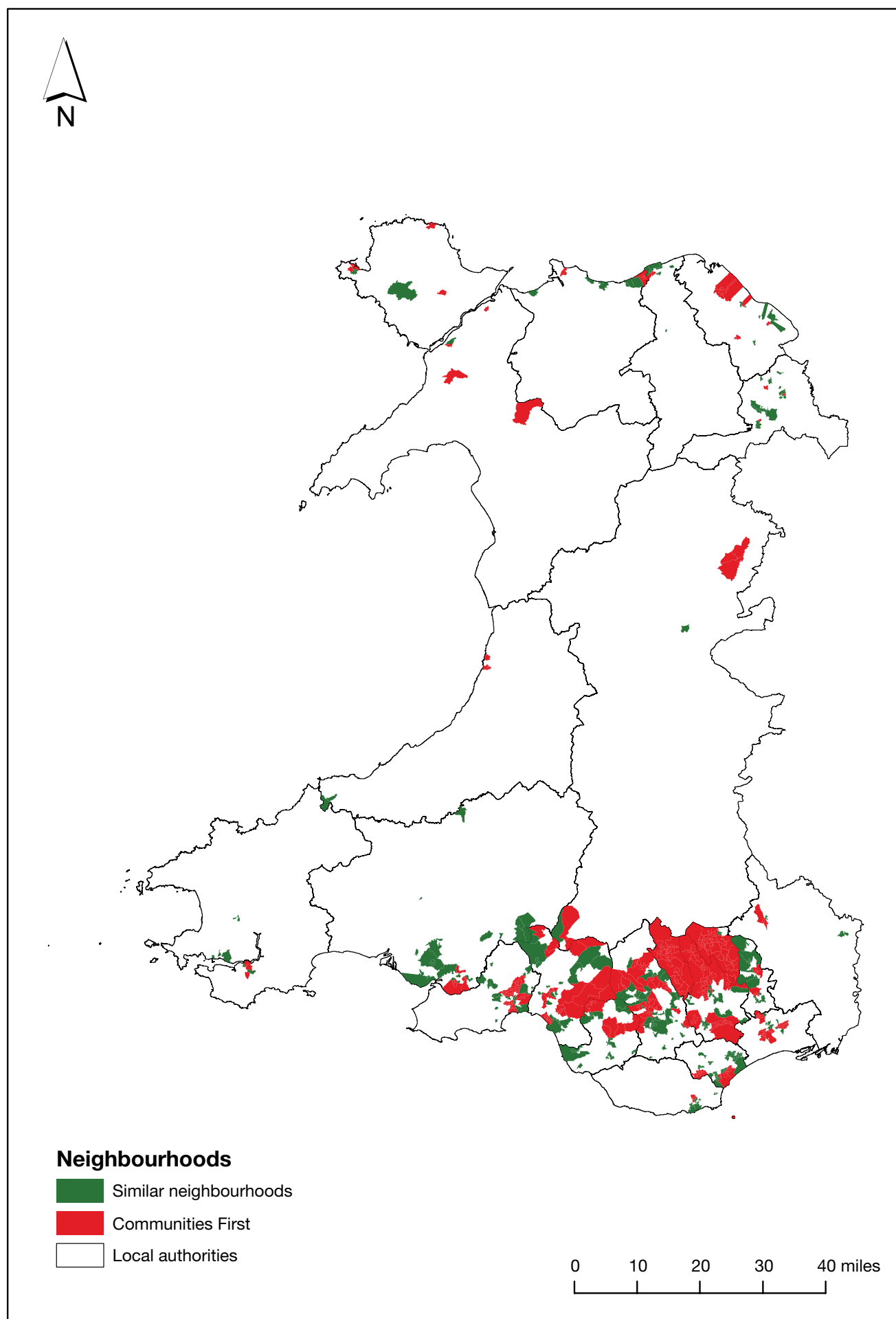


Table 1: Summary of deprived area typology

Neighbourhood type	Description
Transit (62.1%)	Neighbourhoods in which most in-movers come from less deprived areas and most out-movers go to less deprived areas. Typically, this implies young or newly established households coming from more 'comfortable' backgrounds and starting out on the housing ladder. Their early choice of housing and hence location reflects their initially limited resources. For them, living in a deprived neighbourhood may entail only a short period of residence before they move elsewhere to a 'better' area.
Escalator (16.4%)	These neighbourhoods have a similar role to transit areas, but in their case, since most of the in-movers come from areas that are equally or more deprived, the neighbourhood becomes part of a continuous onward-and-upward progression through the housing and labour markets. The moving households may be older than those in the transit areas since they would not necessarily be at the start of their housing career.
Isolate (13.7%)	Neighbourhoods in which households come from and move to areas that are equally or more deprived. To this degree, they are neighbourhoods that are associated with a degree of entrapment of poor households who are unable to break out of living in deprived areas.
Gentrifier (7.8%)	Neighbourhoods in which there is a degree of social improvement since most in-movers come from less deprived areas.

Source: Adapted from Robson, et al. (2008)

understanding of the effects of population turnover and churn, which is especially important given that the socio-economic composition of neighbourhoods can be altered through population mobility (Rae, 2009). Finally, indicator e provides a useful measure of the relative health of the housing market. Although there are always limitations when using any indicator, the indicators were chosen because they offer a robust but simplified indicator structure that can be used as proxy measures of the composite impacts of targeted regeneration interventions over time.

Table 2 shows the mean values for the key indicators for the Communities First neighbourhoods and the comparator group of similar neighbourhoods in 2001 and 2008 as well as the overall change in the mean values.⁴ The nature of indicators a–c means that there is a degree of overlap between the three. In terms of inactivity and unemployment, it might be expected that a decline in economic inactivity rate leads to a corresponding rise in unemployment. This is because the status of individuals will change when seeking employment, from 'inactive' to 'unemployed'. Likewise, a rise in economic inactivity might be mirrored by a decrease in unemployment as individuals move from a status of seeking work to being inactive. However, it is important not to overlook the possibility that a corresponding rise in inactivity and unemployment or a corresponding decline in inactivity and unemployment could also take place. The former would be a characteristic feature of areas experiencing economic difficulties while the latter would likely be a characteristic feature of areas experiencing economic improvement.

In terms of economic performance, Communities First areas exhibited higher levels of economic inactivity compared to similar neighbourhoods in both 2001 and 2008. However, both Communities First and similar neighbourhoods experienced a similar overall decline in the percentage of inactive working-age population over this seven-year period, by 3.7 per cent and 3.8 per cent respectively. By 2008, the difference in the mean percentage of inactive working-age population between the two neighbourhood

Table 2: Mean change statistics for neighbourhood indicators

Indicator	Communities First			Similar neighbourhoods		
	Overall mean 2001	Overall mean 2008	Mean change (2001–08)	Overall mean 2001	Overall mean 2008	Mean change (2001–08)
a. Percentage change in working-age population claiming JSA	12.7	14.0	+1.30	13.3	13.6	+0.33
b. Percentage change in working-age population who are economically inactive	26.5	22.8	–3.700	24.6	20.8	–3.800
c. Percentage change in unemployment rate of working-age population	6.2	7.1	+0.9	5.5	6.7	+1.2
d. Change in population	1,517 (absolute change)	1,540 (absolute change)	+1.5 (%) (change)	1,515 (absolute change)	1,552 (absolute change)	+2.4 (%) (change)
e. Mean change in house prices (£)	69,082	120,137	+51,055	74,751	118,051	+43,300

types was just two per cent. This suggests that both neighbourhood types have improved to the same degree in terms of reducing the levels of inactive working-age population.

In contrast, trends in the percentage of the working-age population claiming JSA demonstrate that both the Communities First and the similar uncertain neighbourhoods have seen an increase in the mean percentage of the working-age population claiming JSA between 2001 and 2008. However, the increase was higher for Communities First neighbourhoods, at 1.3 per cent, compared to the similar neighbourhoods that experienced a mean increase of just 0.3 per cent.

Communities First neighbourhoods had slightly higher levels of unemployment compared to similar areas in both 2001 and 2008. However, the mean increase in the percentage of the unemployed working-age population was significantly lower in Communities First areas than other similar areas and is similar to the increase seen across Wales in the same period. Unemployment in Wales rose by 0.9 per cent from 5.4 per cent in 2001 to 6.3 per cent in 2008 at the height of the economic downturn. Although unemployment and JSA claimant count rates increased in both neighbourhood types, the increase in unemployment rates was not as sharp as the increase in JSA claimant count rates.⁵ This is because the definition of unemployment used in the Labour Force Survey is less susceptible to changes in benefit claimant levels which helps to explain the comparatively small mean change in the unemployment indicator despite a sharp increase in JSA claimant rates, particularly in Communities First areas.⁶ Overall, the analysis suggests that Communities First and similar neighbourhoods have performed similarly in relation to the economic indicators.

Changes in population and house prices are useful proxy indicators that capture fluctuations in neighbourhood conditions over time. House values can be seen as picking up on the condition of the built environment, neighbourhood attractiveness, crime and safety and deprivation. The analysis revealed that between 2001 and 2008 the average population increased in both Communities First and similar neighbourhoods as did mean house prices. However, in terms of population, Communities First neighbourhoods experienced a mean increase of only 1.5 per cent compared to 2.4 per cent in similar neighbourhoods. In Communities First areas, mean house prices increased by over £50,000 compared to

£43,000 in similar neighbourhoods. However, by 2008 the difference was less than £3,000 between the neighbourhoods, suggesting house prices have converged between the two neighbourhood types.

The analysis of the change indicators suggests that there are positive signs that some gains are being made by Communities First areas in improving neighbourhood conditions. However, the three economic indicators demonstrate that Communities First and the similar neighbourhoods have followed similar trajectories in terms of change while house price and population change are also comparable. Therefore, in comparison to similar neighbourhoods, the gains that have been made in Communities First areas have been relatively marginal.

4 Exploring the dynamics of neighbourhood change in Communities First areas

On the basis of the findings above, this section examines the nature of the change taking place in different types of Communities First neighbourhoods in an attempt to compare and contrast the trajectories between 2001 and 2008. The analysis draws on the deprived neighbourhood typology of the 30 per cent most deprived neighbourhoods in Wales that, while capturing neighbourhood deprivation, also provides a means of distinguishing between different types of deprived neighbourhoods based on their functional roles defined by migration patterns. The descriptions of the deprived neighbourhood types are specified in Table 1 above and the spatial distribution of the different types of Communities First neighbourhoods in each category is outlined in Figures 2–4.

In order to examine the degree of change that has taken place within different types of Communities First neighbourhoods between 2001 and 2008, an index of the indicators of change was constructed for the first generation Communities First areas. The averages of the five indicators for 2001 and 2008 for each type of neighbourhood were calculated. The area types were then ranked according to how the areas performed on each of the indicators. The rankings for each area type were summed to create a cumulative 'rank score' based on the performance of the different neighbourhood types in relation to all the change indicators. The rank of 1 was given to the neighbourhood type that scored most positively on the mean value and the rank of 5 to the neighbourhood type that scored least positively for each.¹ Using these rank scores the neighbourhood types for the first generation Communities First areas were ranked separately for 2001 and 2008. The difference in the ranks of each of the change indicators between 2001 and 2008 for each type of area was then calculated. This provides a simple but useful technique for determining the change in rank (see Wong, 2006) for the different area types over time and provides an insight into the comparative change experienced by different types of neighbourhoods (see Table 3).

Table 3 shows the mean values of the indicators for 2001 and 2008 for the four neighbourhood types and the area rankings for the two years. Of the four neighbourhood types, Gentrifier areas were the only neighbourhoods to make any improvement in the overall rank index between 2001 and 2008.

In terms of rank score, Gentrifier and Transit areas significantly outperformed both Escalator and Isolate areas in both years. Gentrifier areas are distributed across Cardiff, Swansea, Neath Port Talbot, Bridgend, Blaenau Gwent and Caerphilly. Transit areas are distributed across Wales including parts of Anglesey, Flintshire and Conwy as well as the Valleys. Both of these neighbourhood types tend to have comparatively lower levels of economic inactivity, unemployment and populations claiming JSA, and their mean populations tend to be comparatively high.

In terms of house prices, Transit areas had the highest house prices of any area in 2001 and 2008. Transit areas provide affordable housing for newly formed households, many of whom use these neighbourhoods as 'stepping stones' in their housing career, often investing in the housing stock and in doing so accruing equity which is used later to move to a more desirable area (Robson, *et al.*, 2008). In 2001 Gentrifier areas ranked third in terms of house prices behind Transit and Escalator areas but by 2008 were second only to Transit areas. However, the difference between Gentrifier and Transit areas in mean house prices in 2008 was relatively marginal.

Gentrifier areas play an important role in the housing market as households invest and reinvest to progress up the housing ladder. On the surface, the analysis of house prices suggests that comparative

Figure 2: First generation Communities First and deprived area typology

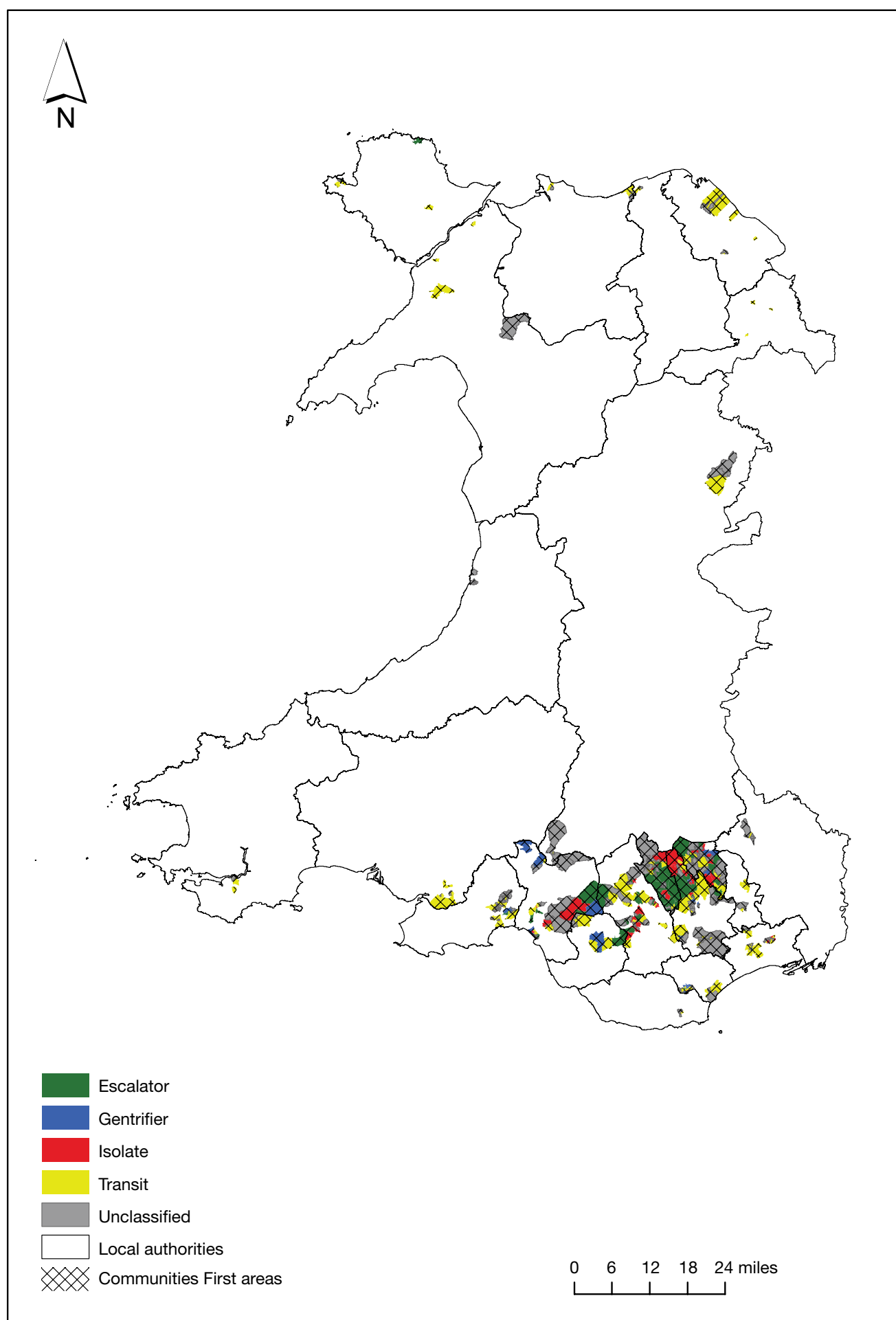


Figure 3: First generation Communities First and deprived area typology – North Wales

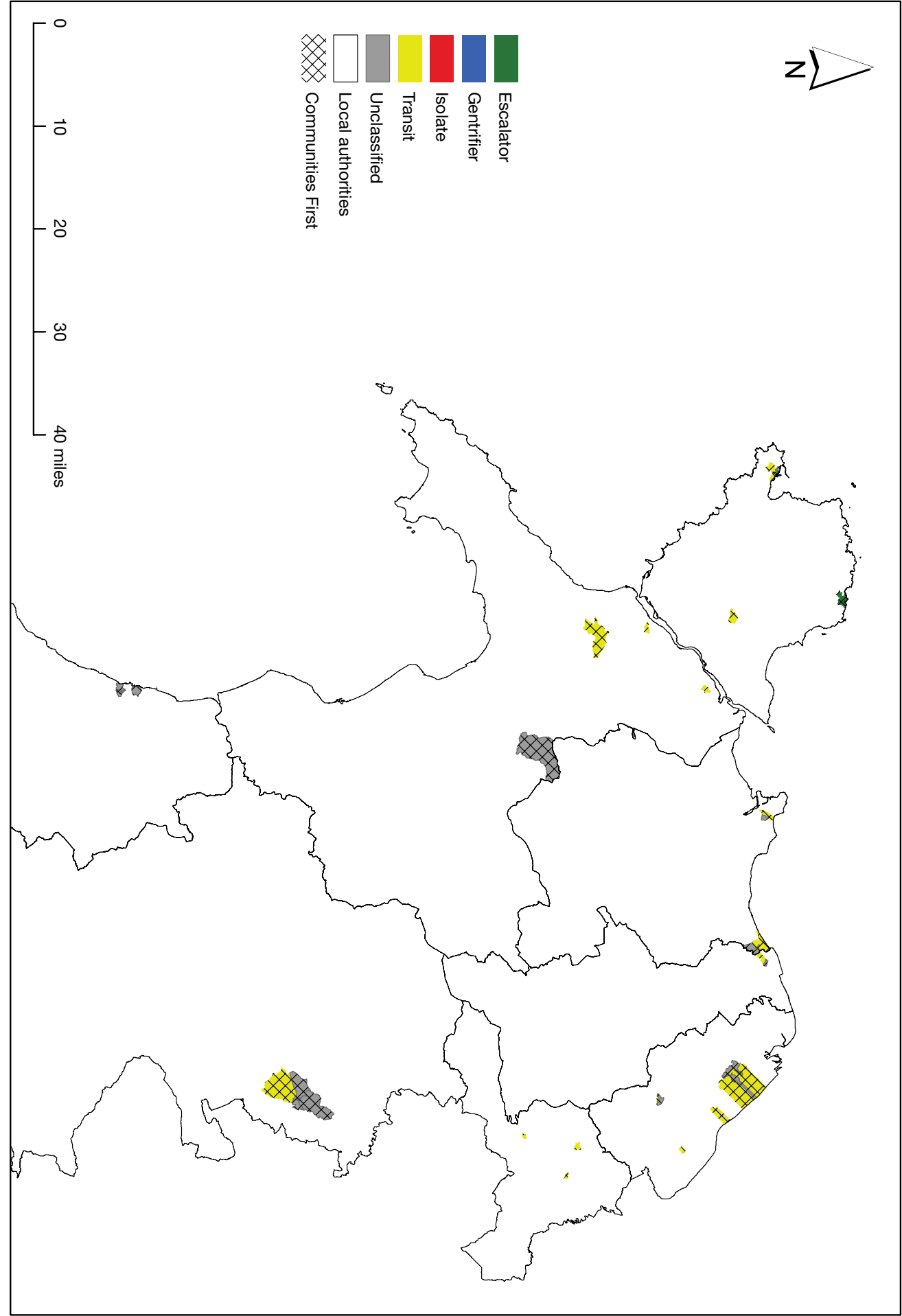


Figure 4: First generation Communities First and deprived area typology – South Wales

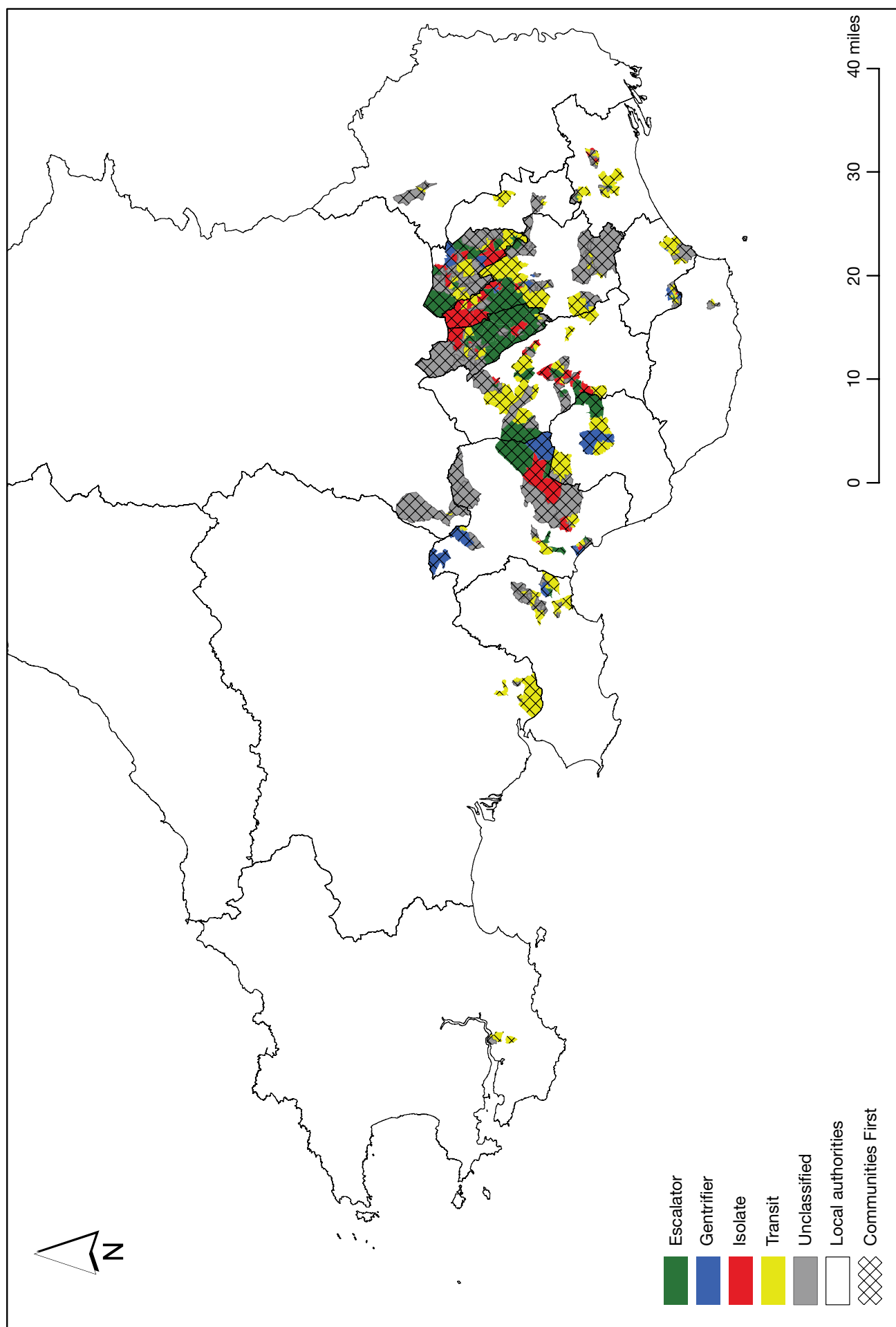


Table 3: Change indicators and ranks 2001 and 2008 for first generation Communities First neighbourhoods

Year	Area	Rank score	Rank index	Mean change in percentage of working-age population claiming JSA	Mean change in percentage of working-age population who are economically inactive	Mean change in percentage unemployment rate of working-age population	Mean change in total population	Mean change in house prices (£)
2001	Transit	9	1	13.4	25.2	5.8	1,529	76,742
	Gentrifier	10	2	12.0	26.1	6.4	1,559	53,335
	Escalator	15	3	12.0	29.8	6.7	1,511	53,637
	Isolate	16	4	11.0	29.2	6.9	1,475	47,402
2008	Gentrifier	8	1	12.3	22.5	6.7	1,541	104,022
	Transit	9	2	14.3	21.9	7.0	1,559	131,390
	Escalator	15	3	13.8	24.4	7.3	1,485	101,212
	Isolate	18	4	13.3	24.4	7.4	1,433	92,666
Change 2001-08	Gentrifier	-2	+1	+0.3	-3.6	+0.3	-18	+50,687
	Transit	-	-1	+0.9	-3.3	+1.2	+30	+54,648
	Escalator	-	-	+1.8	-5.4	+0.6	-26	+47,575
	Isolate	+2	-	+2.3	-4.8	+0.5	-42	+45,264

Note: The change in rank relates to the positional change from 2001 to 2008. In this case a decrease in rank score (-) reflects a positive change in the performance of the neighbourhood type.

Sources: ONS, Neighbourhood Statistics

improvements in the condition of neighbourhoods have not created significant affordability problems in Gentrifier areas. While this is certainly the case in terms of the wider housing market, the issue requires a more careful reading as Gentrifier areas are particularly vulnerable to interventionist behaviour in the housing market through the promotion of particular types of housing and tenures. Gentrifier areas tend to be popular with higher qualified and higher income earners looking to progress their housing career and this can limit opportunities for local residents to enter the housing market (Robson, *et al.*, 2008).

In contrast to Gentrifier and Transit areas, Escalator and Isolate areas, which are concentrated in Neath Port Talbot, the Rhonda Valley, Merthyr Tydfil, Caerphilly and Blaenau Gwent, tend to have a higher mean percentage of working-age population that is inactive, unemployed and claiming JSA. However, these two area types also experienced the highest reductions in the mean percentage of inactive working-age population between 2001 and 2008. This is likely to reflect the fact that economic inactivity was approximately four per cent higher in Escalator and Isolate areas in 2001 than Gentrifier and Transit areas, meaning that there was greater scope for reduction in these areas. It also reflects the fact that in good economic times the poorest neighbourhoods can benefit from positive externalities but these areas are often the first to be adversely affected during economically difficult times (see, for example, Tunstall, 2009). In addition, Escalator and Isolate areas experienced the most significant reductions in mean population and the lowest increases in house prices between 2001 and 2008. This is perhaps not unexpected. Isolate areas are often less connected into wider opportunities in both the housing market and the labour market, meaning that lower income households in particular can become trapped there. Isolate areas also fell in

terms of rank score, suggesting that their overall position has worsened in comparison to the other deprived neighbourhood types.

Escalator areas have an important role in the housing market, similar to the role played by Transit areas. These neighbourhoods provide a means of progression for households moving from more or equally deprived neighbourhoods to 'better' areas as they provide affordable housing. Consequently, Escalator areas can become trapped in functioning only as a continuous conveyor belt whereby households that progress move out of the area. This can limit sustained private investment in Escalator neighbourhoods unlike Gentrifier and Transit areas.

Overall, the analysis demonstrates that first generation Communities First Gentrifier and Transit neighbourhoods have made significant gains relative to Isolate and Escalator neighbourhoods and that the gap between the Gentrifier–Transit and Isolate–Escalator neighbourhood 'groups' has widened between 2001 and 2008. The analysis shows that residential mobility is a key driver of change as individuals and households move into and out of neighbourhoods and consequently change the socio-economic profile of areas (see, for example, Williams, 2009).

5 Explaining the dynamics of neighbourhood change in Communities First areas

In trying to determine the factors that have contributed to change in the first generation Communities First areas, a series of multiple regression models were calculated.¹ Put simply, this is a technique for understanding how several factors (or variables) help to explain change in another factor (variable). The focus of this analysis is on attempting to determine which neighbourhood features explain the changes that have taken place between 2001 and 2008 in the five change indicators examined earlier. The change indicators and the neighbourhood features were extracted from the Communities First baseline study – many of the indicators from this were based on 2001 Census data and were available at LSOA level (Welsh Assembly Government, 2001). The results of the analysis are captured in Box 1a–e.²

The results points to a strong interaction between housing, neighbourhood structure and the economy (see Box 1), although the degree of rurality did not emerge as a factor of as great significance as might have been expected.

The analysis of house prices showed that between 2001 and 2008 house prices increased on average in Communities First areas by over £50,000, and increases were seen in neighbourhoods with varying concentrations of owner-occupied and private rented tenure types. House prices increased in neighbourhoods with mixed tenure profiles, reflecting the role of private housing in the market. What was also apparent was that neighbourhoods that had comparatively high concentrations of long-term unemployed 16- to 24-year-olds in 2001 also saw mean house prices increase. This is a reflection of the fact that house prices increased across all Communities First neighbourhoods owing to the strong growth of the UK housing market between 2001 and 2007. However, mean house price increases remained lower in neighbourhoods with high concentrations of households without access to a car or van, higher concentrations of single pensioner households, high proportions of the population with no qualifications and higher concentrations of a minority ethnic population. This reflects the comparative lack of buoyancy in the housing market in the most deprived neighbourhoods, notably Isolate and Escalator areas.

The economic indicators demonstrate a number of interesting trends. Between 2001 and 2008 unemployment in Communities First areas increased by one per cent. This increase was less pronounced in Gentrifier neighbourhoods and in areas that had mixed tenure profiles, lone-parent households with dependent children, households with one or more individuals with a limiting long-term illness and students achieving five or more A*–C grades at GCSE. The fact that unemployment increased at a lesser rate in Gentrifier areas reflects the fact that Gentrifier areas exhibited the most improvement in neighbourhood conditions between 2001 and 2008, largely as a result of attracting wealthier households through migration compared to the other types of deprived neighbourhoods. That said, it is important to remember that Gentrifier areas were not entirely immune from increases in unemployment, reflected in the 0.3 per cent rise between 2001 and 2008. As expected, improved educational attainment helped to increase access to labour market opportunities, which is why neighbourhoods that had comparatively higher levels of educational attainment had lower increases in unemployment. The fact that unemployment increased at a lower rate in neighbourhoods that had higher concentrations of lone-parent households with dependent children and households with one member with a limiting long-term illness is likely to reflect the structure of the benefit system and the recording of benefit claimants not seeking employment as economically inactive rather than unemployed.³

Box 1: Explaining neighbourhood change

(a) Mean change in house prices (£)

R^2 : 0.428

Positive relationship

- Households living in owner-occupied (%)
- Households living in private rented accommodation (%)
- Long-term unemployed in 2001 aged 16–24 (% working-age population)
- Negative relationship
- Minority ethnic population (%)
- Households with no cars or vans (%)
- Households that are single pensioner households (%)
- Persons aged 16–74 with no qualifications (%)

(b) Standardised mean change in percentage unemployment rate of working-age population

R^2 : 0.513

Positive relationship

- No factors

Negative relationship

- Households living in owner-occupied (%)
- Households living in rented accommodation from local authority/registered social landlord (%)
- Households living in private rented accommodation (%)
- Households which are lone-parent households with dependent children (%)
- Households with one or more persons with a limiting long-term illness (%)
- Students achieving five or more A*–C grades at GCSE (%)
- Is a Gentrifier neighbourhood

(c) Mean change in percentage of working-age population who are economically inactive

R^2 : 0.418

Positive relationship

- Households living in owner-occupied (%)
- Households living in rented accommodation from local authority/registered social landlord (%)
- Households living in private rented accommodation (%)
- Unemployed aged 16–24 in 2001 (% working-age population)
- Students achieving five or more A*–C grades at GCSE (%)

Negative relationship

- Households which are lone-parent households with dependent children (%)
- Households with one or more persons with a limiting long-term illness (%)
- Occupied household space without central heating, bathroom or toilet (%)

(d) Mean change in percentage of working-age population claiming JSA

R^2 : 0.490

Positive relationship

- Minority ethnic population (%)

Negative relationship

- Unemployed aged 16–24 in 2001 (% working-age population)
- Long-term unemployed in 2001 aged 16–24 (% working-age population)
- Students achieving five or more A*–C grades at GCSE (%)

(e) Mean change in total population

R^2 : 0.533

Positive relationship

- 19–34 years (%)
- Minority ethnic population (%)
- Net migration (2001)
- Residential churn (2001)
- Is a Transit neighbourhood

Negative relationship

- 10–18 years (%)
- Households with no cars or vans (%)

In contrast to the unemployment trends, the analysis of mean change in the percentage of the economically inactive working-age population revealed that, between 2001 and 2008, levels of economic inactivity actually declined in Communities First areas. This decline was positively associated with all tenure types, reflecting the fact that a vast proportion of Communities First areas with mixed tenure profiles saw economic inactivity decline between 2001 and 2008. This relationship is illustrative of the strong relationship between housing and labour markets, as housing is more easily purchased through participation in the labour market. In addition, in neighbourhoods where there were higher levels of students achieving five or more A*–C grades at GCSE, economic inactivity declined as educational attainment and skill levels increased. Interestingly, the analysis also found that in neighbourhoods where unemployment of 16- to 24-year-olds was high, economic inactivity declined.

Given the relationship between these variables, it might have been expected that there would have been an increase in JSA claimants as unemployment of 16- to 24-year-olds increased. However, the analysis found that this was not the case. Between 2001 and 2008 JSA claimants increased in Communities First areas but this increase was not as significant as might have been expected in areas with higher levels of unemployed individuals aged 16–24 and higher levels of long-term unemployed 16- to 24-year-old individuals. Again, this is likely to reflect the fact that the definition of unemployment used in the Labour Force Survey is not particularly susceptible to changes in benefit claimant levels.⁴ However, the trend is also likely to reflect the fact that 16- to 24-year-olds are only a small proportion of the total population who are inactive or unemployed, and the effect is depressed by wider unemployment across the working-age population. In neighbourhoods that have higher levels of students achieving five or more

A*–C grades at GCSE, the proportion of JSA claimants was also lower. This was largely expected given that unskilled and lower skilled workers struggle to a greater extent than higher skilled workers to access the labour market and to sustain employment.

The decline in economic inactivity was less pronounced in neighbourhoods with higher levels of lone-parent households with dependent children and higher levels of households with one or more individuals with a limiting long-term illness. These features are often related to deprivation and present significant barriers to the reduction of economic inactivity as they restrict the ability of individuals to access the labour market. The implication of this is that reduced income levels restrict the capacity for upward mobility in the housing market and lone-parent households and households with one or more individuals with a limiting long-term illness can become trapped in a state of poverty and deprivation (Kay, 2010). This point is reflected in the analysis of mean population change. Mean population increased in Communities First areas between 2001 and 2008 and this increase was most pronounced in areas with higher levels of 19- to 34-year-olds, higher levels of net migration and residential churn.

The analysis also demonstrated that areas with lower levels of 10- to 18-year-olds and households that do not have access to a car or van were negatively related to population growth. The likely explanation is that established families, rather than moving to Communities First areas, are moving to a range of alternative neighbourhoods. Communities First areas, particularly Transit areas, which account for over 60 per cent of the neighbourhood types targeted by the Communities First programme, are instead attracting higher levels of young single person households and young families who are using Transit and Gentrifier neighbourhoods in particular as ‘stepping-stones’ in their housing careers. The high concentration of households without access to a car or van is associated with the most deprived neighbourhoods, including many Isolate areas, which, of all the deprived neighbourhoods, have been shown to be the most susceptible to the entrenchment of acute deprivation and inequality and consequently prove to be less desirable places to live compared to other deprived first generation Communities First neighbourhoods.

It is clear from this analysis that there are some key explanatory variables that help to throw light on the neighbourhood changes. Even though all of the neighbourhoods are deprived, differences in their composition – especially their mix of tenures, levels of skills, ethnic and age composition and access to cars – prove to be important determinants of the likelihood of positive changes in socio-economic circumstances. Again, this emphasises the significance of the differing functional roles of deprived areas.

6 Conclusions

The Communities First programme was established with the intention of improving the conditions and prospects of people living in the most disadvantaged neighbourhoods in Wales. Although evaluations of the Communities First programme have been undertaken, these have focused on identifying better practice around project management and determining the extent to which the Communities First programme has delivered value for money. Somewhat differently, this report analyses the progress that has been seen in regenerating Communities First neighbourhoods and the improvement in conditions for people living in deprived neighbourhoods through an analysis of key indicators of progress.

The analysis suggests that between 2001 and 2008 some conditions have improved in first generation Communities First areas. On average, population and house prices have increased while economic inactivity has declined. However, in comparison to similar neighbourhoods, the gains that have been made in the first generation Communities First areas have been relatively marginal.

The comparative analysis of the trajectories taken by different types of first generation Communities First neighbourhoods revealed that Gentrifier areas were the only deprived neighbourhood type to make any improvement in their overall ranking between 2001 and 2008. This is because Gentrifier areas on average performed well in relation to the economic and house price indicators. Gentrifier and Transit areas significantly outperformed both Escalator and Isolate areas in both years, with Isolate and Escalator areas declining or stagnating in comparison. The perception that being part of a large area of deprivation reduces the likelihood of private investment in improving housing and in developing the social capital and labour market opportunities which can help in increasing employment would seem to have been borne out in relation to Isolate and Escalator areas. However, the analysis has shown that this is not necessarily the case for all deprived neighbourhoods and in fact Gentrifier and Transit areas have proven to be relatively dynamic neighbourhoods.

The final part of the report examined which neighbourhood features help to explain the change in the indicators between 2001 and 2008. The extent to which the change in the indicators can be attributed to any interventions under the Communities First programme itself is unclear. However, the analysis highlights that although all of the Communities First neighbourhoods are deprived, there are fundamental differences in their composition including tenure mix, skill levels, ethnic and age composition and access to cars (an indicator of income) that prove to be important determinants of the likelihood of positive changes occurring in socio-economic circumstances.

The analysis of change in mean house prices showed that between 2001 and 2008 mean house prices increased across Communities First areas. However, mean house price increases were lower in the most deprived neighbourhoods, reflecting the comparative lack of buoyancy in the housing market in these areas. At the same time, unemployment increased less in Gentrifier neighbourhoods and in areas that had a mixed tenure profile, lone-parent households with dependent children, households with one or more individuals with a limiting long-term illness and students achieving five or more A*–C grades at GCSE. The fact that unemployment increased to a lesser degree in Gentrifier areas reflects the fact that Gentrifier neighbourhoods exhibited the most improvement in neighbourhood conditions between 2001 and 2008, largely as a result of attracting wealthier households through migration, which has positively altered the socio-economic profile of these neighbourhoods.

In contrast to unemployment, economic inactivity declined in Communities First areas. This decline was particularly pronounced in neighbourhoods with mixed tenure profiles and higher educational

attainment, again demonstrating the strong relationship between labour market activity and the household's ability to purchase housing services. Finally, mean population was found to have increased in Communities First areas between 2001 and 2008 and this increase was associated with higher levels of 19- to 34-year-olds, higher levels of net migration and residential churn. Communities First areas, particularly Transit areas, have attracted higher levels of young single person households and young families who, it seems, are using these neighbourhoods as 'stepping-stones'. In contrast, the most deprived neighbourhoods, particularly Isolate areas, are susceptible to the entrenchment of acute deprivation and inequality and so have proven less attractive to upwardly mobile households. Improving the attractiveness of neighbourhoods so that they appeal to upwardly mobile households, such as those in the 19–34 age group, is therefore key to neighbourhood change.

The Communities First programme has focused on promoting community involvement and empowering residents within deprived neighbourhoods. Clearly, this is an essential component of the regeneration process; however, it is apparent that the focus on community involvement has come at the expense of equally important aspects of regeneration needed to deliver improvements in the conditions of deprived neighbourhoods. Previous research in Communities First areas has shown that community engagement has been relatively successful in empowering residents to affect change in their communities (Adamson and Bromiley, 2008). However, it also suggests that the statutory sector has failed to seize on this increased capacity for community involvement in implementing and delivering wider regeneration interventions around housing, physical regeneration and economic development.

The move towards an outcome-led agenda in the Communities First programme is intended to foster innovations and lead to a broadening of the scope of the programme to aspects of regeneration beyond the dominant and somewhat constrained focus on community involvement, to include housing and physical regeneration, economic development and environmental protection. The analysis here demonstrates that this shift in focus is both necessary and logical. However, the findings of this report and previous studies raise the question of whether Communities First as an isolated programme can be expected to deliver the wider outcomes needed to improve the conditions of people living in the most deprived neighbourhoods in Wales. At a time when funding constraints require a more considered spatial targeting approach to deliver regeneration policy objectives (see, for example, CLG, 2009), the likelihood is that the community empowerment promoted in the Communities First programme will need to form part of a more holistic spatial targeting approach that links wider policy agendas, objectives and funding streams, including, for example, the housing stock transfer programme and the future child poverty reduction strategy (Welsh Assembly Government, 2010) among other initiatives. This shift is likely to be important in delivering improvements in key housing, economic and environmental outcomes at neighbourhood level in those areas that are in most need, specifically Isolate and Escalator areas. Our work also suggests that a fuller understanding of household mobility and the differing functional roles that deprived neighbourhoods play within the housing market is an important aspect in targeting areas for intervention.

It is apparent that such a radical reorientation in the scope of the programme will require a significant culture change in the way that regeneration is managed, funded and delivered in Wales. The key challenge for the Welsh Assembly Government in the future will be to develop a regeneration programme that builds on the achievements that have been made, while at the same time delivering a more nuanced and contextually specific approach during challenging economic times.

Notes

Chapter 1

- 1 Recent examples in England, Scotland and Northern Ireland include: ODPM (2001); Scottish Executive (2002); and Northern Ireland Assembly (2003).
- 2 Following the publication of the 2005 WIMD, additional areas were admitted to the Communities First programme but these areas were not included in the study because the short time horizon since their inception means that the outcome of the targeting of interventions is unlikely to be apparent so soon after the launch of the projects. A third aspect of these first generation projects also included so-called 'imaginative proposals'. These were proposals developed around particular themes, such as rural isolation and minority ethnic groups. However, these proposals were also excluded from the study because the Welsh Assembly Government's Communities First partnership process and management evaluation (Welsh Assembly Government, 2006) identified a number of problems with the partnerships and projects conceived through the 'imaginative proposals'.

Chapter 3

- 1 The rationale is outlined more fully in Wong, *et al.* (2009).
- 2 LSOAs were allocated to wards using a population-weighted centroid of the LSOAs.
- 3 The methodology used to construct the typology was adapted from a typology developed for England by researchers from the Centre for Urban Policy Studies (CUPS) and was applied in the evaluation of Neighbourhood Renewal and informed the previous Labour government's national framework for regeneration (see Robson, *et al.*, 2008).
- 4 Indicators a–e use percentages because, compared to absolute values, percentages provided a more robust statistic with which to undertake comparative analysis of the change in indicators. In comparing the 2001 values for all the indicators for the Communities First and similar neighbourhoods, statistically speaking, there was no significant difference between the two area types. This meant that the two neighbourhood types had a comparative baseline that therefore allowed an analysis of change to be undertaken.
- 5 The ILO measure of unemployment is based on the number of people who tell the Labour Force Survey that they do not have a job, want one, have actively sought work in the last four weeks and are available to start work in the next two weeks. However, being defined as unemployed does not necessarily mean that an individual can or will claim JSA. Eligibility for JSA is dependent on a number of criteria and individuals are required to meet these criteria to claim JSA. For example, prospective claimants are required to have made National Insurance contributions to a minimum level during a period of employment. However, some individuals including those who are long-term unemployed or individuals who have worked on a part-time basis can struggle to meet the criteria needed to claim full benefits. Therefore, the relationship between unemployment and JSA claimant rates is often inexact because not all people who are defined as unemployed by the Labour Force Survey can claim or choose to claim JSA.

- 6 The unemployment rates have also been standardised from local authority level data that has smoothed the effect of variations between neighbourhoods at finer spatial scales.

Chapter 4

- 1 For example, the neighbourhood type with the lowest mean unemployment level was ranked as 1 and the neighbourhood type with the highest level of mean unemployment was ranked 5.

Chapter 5

- 1 In regression analysis, R^2 is the measure of the fit of the model for each of the change indicators. For ease of interpretation only the variables that have a statistically significant influence on the model, at either the 95 per cent confidence interval ($p < 0.05$) or at the 99 per cent confidence interval ($p < 0.01$), have been included in Box 1.
- 2 More specifically, in the regression models the change indicators are the independent variables and the dependent variables are the neighbourhood factors included in Box 1. A positive relationship indicates that the neighbourhood feature has a statistically significant positive affect on the change indicator. For example, mean house prices increased in Communities First areas and this mean change had a positive relationship with households living in the owner-occupied sector, meaning that owner occupation had a positive impact on the rise in house prices.
- 3 Prior to 2008, lone parents were able to claim Income Support until their youngest child reached 16 years of age. Likewise, if individuals were unable to work because of illness or disability then they could be eligible for a form of Incapacity Benefit. Individuals in either of these situations would be recorded as being economically inactive unless the individual was actively seeking work, at which point the individual would move on to claiming JSA. In terms of lone parents, in 2008 reforms were introduced to encourage lone parents to actively seek work in an attempt to reengage lone parents in the labour market. However, this is not captured in the data used here.
- 4 This is because not all people who are defined as unemployed by the Labour Force Survey are eligible or choose to claim JSA.

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About the authors

Stephen Hincks is a lecturer in spatial planning in the Centre for Urban Policy Studies at the University of Manchester. His research areas include the definition and functioning of housing markets; the analysis and monitoring of spatial patterns and processes; and the practice of planning and regeneration.

Brian Robson is Professor Emeritus at the University of Manchester and is the founding director of the Centre for Urban Policy Studies. His research for central and local government includes major projects on the impacts of urban policy initiatives, measures of deprivation, city regions and regional economic development. In 2008 he was awarded an OBE for his work on urban regeneration.

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