Improving the prospects of people living in areas of multiple deprivation in England

January 2005

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Prime Minister's foreword

In 2001, with the launch of the National Strategy for Neighbourhood Renewal, I set the goal that within 10-20 years no one should be seriously disadvantaged by where they live. At that time we had already done much for the most disadvantaged communities in England: the New Deals, helping people move off benefit and into work; the 'Decent Homes' programme transforming the quality of social housing; and the drive to raise standards in health and education. But it was clear that we needed to do more.

Since 2001 we have launched a series of programmes to support neighbourhood renewal. These include delivering around £3.9bn of regeneration funding directly to communities, funding 245 neighbourhood warden schemes, and investing £552m in schemes to address the problems caused by low housing demand and abandonment in nine areas. In addition national public service agreements (PSAs) have specified improvements that must be made in deprived areas, ensuring that a fair share of the increases in funding to public services goes towards improving outcomes in these areas.

These programmes, plus the efforts of front-line staff such as teachers, doctors and regeneration practitioners, have led to significant progress. For example the number of students achieving 5 GCSEs has risen faster in deprived areas than elsewhere. Employment rates have increased across the country and the gap has narrowed between deprived areas and the rest of England. In addition, new ways of delivering support have been put in place with more power to local partnerships and increased focus on community consultation and engagement.

Three years after the launch of the Strategy it is time to assess the initial success of our strategies. I have asked the Strategy Unit to assess how we are progressing towards our goal. This report presents their detailed analysis, and identifies the factors that, together, drive an area into decline. They are:

- Low levels of economic activity and concentrations of worklessness;
- Poor housing, badly managed local environments, and failure to tackle anti-social behaviour which creates unstable communities;
- Key public services such as health and education, plus targeted regeneration efforts, performing poorly so that deprived areas do not receive adequate support relative to their needs.

Addressing each of these issues in an integrated manner will turn areas around by creating a positive cycle of improvement which will set neighbourhoods on the path to stability and prosperity.

This report makes clear that we must tackle concentrations of worklessness by helping those trapped on benefit – particularly the 1 million receiving incapacity-related benefits who we know want to work – back into jobs. That only by involving local people in managing their own housing, local services and – increasingly – local policing, will we tackle the fundamental drivers of decline and disadvantage. And that we must ensure that our programme of public service reform puts choice and power in the hands of those who live in our most disadvantaged areas.

I strongly welcome this report as a sign of our continuing commitment to ensure that everyone in our country has the opportunity to fulfil their talents and that no-one is held back by where they live. The conclusions in this report will be implemented by government and will play a crucial role in improving the cohesion of our society and the wealth of our economy.

Executive summary

- People living in deprived areas are more likely to be worse off than similar people living in more prosperous areas.

- The National Strategy for Neighbourhood Renewal has made some progress in tackling the problems of deprived areas but there is still more to do to ensure that within 10-20 years no one is seriously disadvantaged by where they live.

- Area-based deprivation is caused by a combination of drivers which form the cycle of decline.
  – Low levels of economic activity
  – Poor housing, poor local environments and unstable communities
  – Poor public services and an ineffective system for delivering support to deprived areas.

- The importance of different drivers of the cycle of decline varies from area to area.

- The Government's overall goal should be that by 2021 no-one should be seriously disadvantaged by where they live.

- Three years on we are in a position to build on the lessons from the 2001 Strategy.
  – Revitalising local economies by tackling unemployment and economic inactivity is critical for turning around an area
  – Stabilising communities and improving housing and the local environment
  – Improving the performance of public services and delivering support more effectively to deprived areas

- Implementation of the actions set out in this report will be led by ODPM but will require action and commitment from all parts of central and local government.

People living in deprived areas are more likely to be worse off than similar people living in more prosperous areas

People living in deprived areas are less likely to work, more likely to be poor and have lower life expectancy, more likely to live in poorer housing in unattractive local environments with high levels of antisocial behaviour and lawlessness and more likely to receive poorer education and health services. Living in a deprived area adversely affects individuals' life

chances over and above what would be predicted by their personal circumstances and characteristics.

8 million people live in the most deprived areas, this is just over 15% of the population of England.

The National Strategy for Neighbourhood Renewal has made some progress in tackling the problems of deprived areas

The National Strategy was published in 2001 with the aim that within 10-20 years, no one should be seriously disadvantaged by where they live. The Strategy set out a three-pronged approach to tackle the problems of deprived areas.

- New policies, targets and funding: Government departments were set new floor targets to help drive up performance in deprived areas relative to the average and over £4bn of funding for neighbourhood renewal programmes[1];

- Better local co-ordination and community empowerment including establishing Local Strategic Partnerships[2] (LSPs) to coordinate the various elements of government investment at local authority level;

- National and regional support for delivery – including setting up the Neighbourhood Renewal Unit in central government, establishing the Neighbourhood Statistics service and setting up neighbourhood renewal teams in the Government Offices for the Regions.

The 2001 strategy and the work of departments across government has helped to narrow the gap between deprived and non-deprived areas on a number of indicators, including:

- education: the gap between the proportions of pupils achieving five or more GCSEs in deprived areas and non-deprived areas;

- employment: the gap between the proportions of people in employment between deprived and non-deprived areas; and

- health/education: the gap between proportions of teenage pregnancies in deprived and non-deprived areas.

The National Strategy has also begun to embed a culture of partnership between local, regional and national bodies in delivering regeneration support to deprived areas.

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[1] New Deal for Communities £2bn over 10 years; Neighbourhood Renewal Fund £900m between 2001-2004 plus £975m extra 2004-05; Neighbourhood management pathfinders £82m; Neighbourhood wardens £90.5m; Deprived urban post office fund £15m. Source: ODPM. This does not include other government investment in housing and economic programmes.
[2] A Local Strategic Partnership is a single non-statutory, multi-agency body, which matches local authority boundaries, and aims to bring together at a local level the different parts of the public, private, community and voluntary sectors

But there is still more to do to ensure that within 10-20 years no one is seriously disadvantaged by where they live

Figure i shows that deprived areas still perform poorly on a range of indicators.

Figure i: Deprived areas still perform poorly on a number of indicators
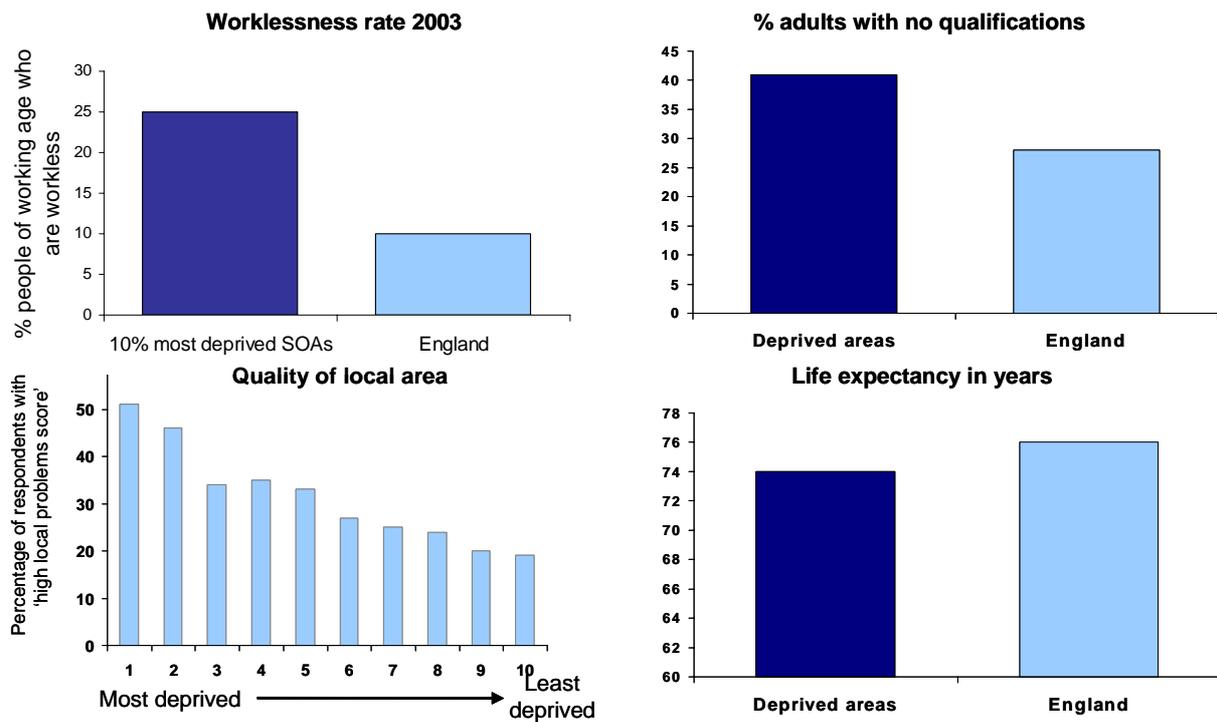
Note: Super Output Areas (SOAs) are areas containing around 1,500 people which were developed as part of the 2004 index of multiple deprivation. Deprived areas are defined as the 10% most deprived wards according to the 2000 IMD except for Super Output Areas – defined by the 2004 IMD
Source: ONS, British crime survey 2002/03, Social Exclusion Unit 2003

Area-based deprivation is caused by a combination of drivers

The three main drivers of area-based deprivation are:

- low levels of economic activity
- poor housing, a poor local environment and unstable communities
- poor public services and ineffective delivery of regeneration support

These three drivers interact to create a cycle of decline shown in Figure ii. Understanding the drivers and dynamics of area-based deprivation is crucial to identifying the most appropriate

policy responses. Vitally, the cycle shows that the drivers need to be tackled in an integrated fashion.

Figure ii: Overview of the drivers of the cycle of decline that affects deprived areas

High worklessness and income poverty

Weak local economies
Barriers to employers/investors
Barriers to work for individuals

Low aspirations, negative peer cultures, key services and regeneration programmes not reaching most needy

Unpopular neighbourhood in disrepair

Crime, disorder and poor liveability

Public services and delivery system

Social housing allocation policy

Concentrations of vulnerable residents

Poor housing and local environment, unstable communities

Weak local economies

Weak local economies perpetuate low skill levels and a lack of incentives for residents of deprived areas to take work as well as causing and exacerbating disincentives for employers to invest in the areas.

Despite recent improvements in employment across the country there remain concentrations of worklessness – streets or estates where high proportions of individuals of working age are out of work. Some individuals in deprived areas have poor incentives to work. Some may be discouraged from moving into jobs because of concerns about losing benefits or a lack of awareness of working tax credits. Equally, many people in deprived areas may have difficulty finding suitable jobs due to low skill levels with on average 41% of people in deprived areas having no formal qualifications. In addition there can be high proportions of residents claiming incapacity-related benefits with up to 28% of the working population claiming incapacity benefit in some wards.

Employers can be discouraged from setting up businesses in deprived areas due to crime, fear of crime and the complexity of existing arrangements for receiving government support or gaining planning permission.

Poor housing, poor local environments and unstable communities

The cycle of decline illustrates how poor quality housing, badly maintained local environments, problems with antisocial behaviour, crime and disorder including drug and alcohol misuse can cause instability in many deprived areas. This exacerbates local economic problems as those residents who can (generally the better skilled and educated) move out, leaving behind increasing concentrations of deprivation.

Areas of low housing demand are more likely to suffer crime, vandalism and litter[3] and those living in social housing estates are five times more likely to perceive local disorder and antisocial behaviour as a problem[4]. These problems are often compounded by social housing policies (e.g. for allocations) which can lead to further concentrations of the most deprived in one area. In 2003 65% of households living in social housing had no-one earning[5].

Poor public services and an ineffective system for delivering support to deprived areas

Health, education and transport services appear to be falling short of meeting the sometimes complex needs of people living in deprived areas. For example, in education there has been little improvement in GCSE results for the lowest achieving 10% of pupils since 1997-98 and in health, the gap in life expectancy between deprived and non-deprived areas is unchanged and possibly widening. In addition more needs to be done to ensure that public service reform empowers people in deprived areas to access high quality services through, for example, greater choice.

Alongside this, the system for delivering government support to deprived areas, such as regeneration programmes and area-based initiatives, is failing to support deprived areas effectively.

- There are too many separate initiatives with too little focus on outcomes. A recent estimate showed over 70 separate area-based initiatives from central government targeting deprived areas all with separate monitoring and reporting requirements
- Responsibilities for addressing deprivation are fragmented and unclear
- Regional government offices have an unclear role in supporting delivery
- The performance of Local Strategic Partnerships (LSPs) is highly variable and among some there is insufficient strategic capability to meet the challenges of deprived areas

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[3] Source: Housing Corporation Sector Study 13: *Characteristics of low demand housing association housing;* PAT 8 Antisocial Behaviour
[4] Source: British Crime Survey 2002/03
[5] Source: Social Exclusion Unit *Jobs and Enterprise in Deprived Areas* 2004

- Methods of allocating funding do not sufficiently target those most in need or ensure efficiency and value for money
- There is a lack of effective powers at neighbourhood level to address underperforming services.

Linking mainstream public service delivery with regeneration funding and initiatives should help to place neighbourhood renewal at the heart of government's delivery of public services. However the mainstreaming of good neighbourhood renewal practice has been slow to develop. More needs to be done to draw the mainstream and 'special programme' aspects of delivery together, so that problems are tackled through strategic investment and action.

The importance of different drivers of the cycle of decline varies from area to area

Different drivers of decline will be more/less important than others depending on the history of an area – for example, whether it is an old manufacturing area, a coastal town or an inner London borough. However, over time the different drivers will tend to reinforce each other resulting in a cycle of decline that perpetuates area-based deprivation. Box i outlines three different types of area experiencing different elements of the cycle of decline.

Box i: The cycle of decline in different types of deprived area

In the following descriptions, place names have been changed to avoid stigmatising particular areas.[6]

- The largely Pakistani Broadways neighbourhood in Middle Row, Birmingham illustrates barriers to work facing individuals including low skills, poor English and a lack of information about jobs. The area is close to a healthy labour market

- Borough View neighbourhood in Southside, Redcar and Cleveland has not recovered from the industrial decline that was responsible for 18,000 jobs being shed in the 1970s and 1980s. Employment contraction continues and a falling population has led to housing abandonment and dereliction. The estate also suffers from crime and drug problems. Contaminated land limits prospects for inward investment

- Following the collapse of English seaside tourism, Sandyton in Beachville, Thanet has seen its redundant hotels turned into hostels for the homeless, cheap bedsits or care homes. The concentration of vulnerable and transient residents, including refugees and asylum seekers, elderly people and children in care has severely strained public services and led to tensions between longstanding residents and the new population.

The different characteristics of Middle Row, Southside and Beachville indicate the different types of intervention that may be needed to arrest decline.

The Government's overall goal should be that by 2021 no-one should be seriously disadvantaged by where they live

Achieving this goal demands that each of the three drivers of decline are tackled in an integrated fashion to narrow the gap between deprived areas and other areas on a range of key indicators including crime, health, skills, worklessness, housing and the local environment.

Addressing all of the drivers of decline successfully would have the effect of creating a self-reinforcing cycle of success, where improvements in one aspect of intervention have a positive impact on other aspects creating a self-reinforcing spiral.

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[6] The source for these case studies is Lupton, R, *Descriptive profiles of Middle Row (Birmingham), Southside (Redcar and Cleveland) and Beachville (Thanet)*, accompanying documents to *Places Apart? The initial report of CASE's areas study,* CASE, LSE 2000. The case studies and the Places Apart project were made possible by ESRC funding.

Figure iii: The cycle of success

Low incidence of poverty

High employment rate among residents

Healthy labour market

Good results at local school

High level of skills and education

Residents with few problems. Popular neighbourhood

Low crime

Attractive environment

Protective factors militating against crime, drug use, anti-social behaviour particularly for young people

Positive peer culture. High bridging social capital. High aspirations

Further actions to tackle each of the 3 drivers of decline are needed.

- Revitalise local economies
- Stabilise communities, improve housing and the local environment
- Improve the performance of health and education services and delivery of targeted support to deprived areas.

Efforts to address some of the drivers of decline but not others are unlikely to succeed due to the close interrelationship between each of the drivers of decline. For example, there is little point in making efforts to encourage employers to invest in deprived areas if complementary measures are not also taken to ensure that local skills and work incentives are addressed. Equally, addressing poor housing will not lead to a lasting improvement in deprived areas if problems of worklessness and underperforming local economies are not also dealt with. A major challenge will be to ensure that strategy and delivery at every level recognise these interdependencies.

Three years on we are in a position to build on the lessons from the 2001 Strategy

The National Strategy for Neighbourhood Renewal set out a 10-20 year programme for tackling the differences in outcomes between deprived areas and other areas. It is too soon for the strategy to have eliminated these differences completely. The purpose of this report is

to examine progress to date and to assess whether the conditions for long-term improvement have been put in place.

The analysis in this report has already helped to shape a number of government actions to tackle the problems of deprived areas, notably through the 2004 Spending Review which resulted in, for example, the development of Local Area Agreements and a new public service agreement (PSA) target to deliver cleaner, safer and greener public spaces. Implementation of these measures is now under way.

But while much has been achieved across government and at all levels of delivery, there is still concern about the extent and severity of some concentrations of deprivation and the ability of current arrangements to reach and recognise the complexity of the situation faced by the most deprived areas and people.

Revitalising local economies by tackling unemployment and economic inactivity is critical for turning around an area

Tackling unemployment and economic inactivity in deprived areas is critical for turning around an area. Both the supply and demand side of local economies need to be addressed. On the demand side, existing barriers and disincentives which may discourage employers from investing in an area need to be tackled and on the supply side, poor work incentives and low skills need to be addressed.

Government is therefore taking the following actions.
- Removing individual barriers to work through:
  - a series of measures, including improved financial incentives and better engagement with employers, to support those receiving incapacity-related benefits to return to work;
  - reforms to housing benefit to improve processing times and remove disincentives to take work due to uncertainty about benefit entitlement;
  - increasing skills through support for adults in training as set out in the DfES White Paper *21st Century Skills;* and
  - better childcare for working parents as set out in *Choice for parents, the best start for children: a ten year strategy for childcare* published alongside the Pre-Budget Report on 2 December 2004;
- Leveraging private sector investment to support regeneration through:
  - providing support such as stamp duty exemptions and addressing barriers to employability in the most deprived wards;
  - promoting investment in deprived areas through initiatives such as ODPM's 'Under-served markets' project which is working with private sector partners to facilitate investment in deprived areas.

In addition, this report recommends that:

- **RDAs should give greater priority to reducing worklessness and promoting enterprise in deprived areas;**

- **the Office of Government Commerce will ensure that guidance being produced on social issues in purchasing clarifies the scope to take account of social objectives within the policy and legal framework for public procurement; and**

- **ODPM should provide guidance to local authorities on how the planning system can be a catalyst for the regeneration of deprived areas, for example through improving communication with developers and developing strategic plans for areas in need of regeneration.**

Stabilising communities and improving housing and the local environment

The Government is committed to a number of actions that will improve housing, the local environment and help to stabilise communities. These include:

- earlier in 2004, introducing a public services agreement (PSA) target to improve liveability in deprived areas and working with the Audit Commission to ensure that the target is reflected in the revised comprehensive performance assessment (CPA) for local authorities;

- greater use of local uniformed presence, including 20,000 more community support officers in the most deprived areas;

- a new Safer and Stronger Communities Fund to draw together existing funding streams to tackle local environments and develop community input at local level;

- ODPM guidance to encourage greater diversification of tenure, for example through working with private sector developers to provide affordable housing and, where appropriate, releasing new housing for private occupation to create more mixed communities;

- improvements to the way in which social housing is managed and maintained including strengthening the weight of tenant views in inspections and improving incentives for local authorities and Registered Social Landlords to improve management and be active in regeneration and local partnerships;

- increased and reformed provision of services for young people, including a series of measures being developed for the forthcoming Youth Green Paper and building on successful youth inclusion schemes.

In addition this report recommends that:

- **ODPM should undertake further work on the relationship between social housing and concentrations of disadvantage. This should explore government's objectives for social housing in the context of short supply, strong demand, and goals to create mixed income communities. It should also look at the role social housing**

plays in reducing geographical mobility and examine the impact of increased choice in social housing on concentrations of vulnerable residents;

- **local strategies to combat drug dealing and drug and alcohol misuse in the most deprived areas should be developed by Local Strategic Partnerships (LSPs), Crime and Disorder Reduction Partnerships and Drug Action Teams;**

- **a 'neighbourhoods' element of the Safer and Stronger Communities Fund should encourage the extension of multi-agency management of local environments through (locally determined) methods such as neighbourhood managers, wardens and neighbourhood agreements.**

Improving the performance of public services and delivering support more effectively to deprived areas

This report makes recommendations ensure that health, education and transport services are more focused on addressing the needs of deprived areas and to ensure that the existing public service reform agenda is tailored to deliver effectively within deprived areas.

- The Department for Education and Skills (DfES) will monitor the attainment of lower-achieving children, and introduce systems that will challenge schools on their record with lower-achieving children

- The Department for Transport will ensure that access to local services is a high priority when assessing local transport plans with a view to moving towards a national level PSA on accessibility

- The Department of Health has committed to achieve more detailed floor targets which will increase its focus on deprived areas and groups. This will be reflected in the assessment of all health-care organisations by the Healthcare Commission.

Improved public services will have a beneficial effect on aspirations and peer cultures, for example better schools will directly raise the aspirations and improve the personal networks and development opportunities of pupils.

The key public service departments should ensure that that the existing programme of public service reform is effectively tailored to meet the needs of deprived areas. For example, Department of Health is establishing patient care advisers to help more vulnerable groups effectively exercise choice in health care. Similar support could be set up to allow parents to make best choices in education for their children. This report also recommends that other measures are put in place to empower people in deprived areas to exercise choice such as providing subsidised school transport for low-income parents to enable them to access schools outside the immediate area.

Improving the system for delivering support to deprived areas will involve a range of actions at national, regional, local and neighbourhood level. These include a commitment to pilot Local Area Agreements (LAAs). These will bring together funds from government departments to be spent by local authorities in partnership Local Strategic Partnerships (LSPs) according to a set of outcomes agreed with departments LSPs and other partners. Compliance and expenditure regulations will be minimal. ODPM will lead the pilots which will take place in each of the English regions in 2005-06.

Further recommendations to improve the delivery system include:

- **supporting LSPs according to their ability to deliver. Successful LSPs should be free from undue interference from central government whereas the less successful need should receive more support, performance management and intervention where necessary;**
- **clarification of the responsibilities of regional institutions. Regional government offices will become primarily responsible for delivering social aspects of regeneration through LAA and neighbourhood renewal programme management;**
- **sharpening LSPs' focus on delivering outcomes through more strategic practice in assessing needs and allocating funding to organisations based on their ability to achieve value for money;**
- **extending the use of models of community governance to offer residents of deprived areas the opportunity to engage in the planning, delivery and monitoring of local services; and**
- **targeting the Neighbourhood Renewal Fund (NRF) more effectively at the most deprived areas. The super output area[7] level data provided by the 2004 index of multiple deprivation should be used to determine where funds will be best spent.**

Implementation of the actions set out in this report will be led by ODPM.

This report sets out a cross-government strategy to tackle area-based deprivation. The implementation will be led by ODPM but will require action and commitment from all parts of central and local government. Annual reports for the next three years, to be published by ODPM, will track progress towards achieving the goal of the National Strategy and this report. The Ministerial sub-committee on Social Exclusion, DA(SER), will oversee progress.

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[7] Super output areas (SOAs) are areas containing around 1,500 people which were developed as part of the 2004 index of multiple deprivation.

Summary of main recommendations

The following table summarises the recommendations contained in this report, the timetable for implementation and the department responsible.

Number	Page	Conclusion	By
1	73	In developing a national strategy to help the most disadvantaged clients, DWP will consider: • greater use of outreach using community-based personal advisers; • an expanded range of tailored support to meet complex needs, including the possible use of Intermediate labour markets; • a more appropriate target regime for Jobcentre Plus regarding the most disadvantaged clients; • a 'work focussed' rather than 'work first' approach for the most disadvantaged people; and • a more flexible approach to compulsion for people participating in specialist provision.	Q1 2006
2	76	The Inland Revenue will examine evidence of how awareness of tax credits and number of claims varies across deprived areas, and for particular communities; and based on this analysis, they will consider the need for any further work to assess the impact on take-up of working tax credits in deprived areas, and whether any further steps are needed to improve awareness.	Q1 2006
3	78	DTI, working together with the Regional Development Agencies and other departments will establish a new RDA performance monitoring framework.	Q2 2005
4	80	ODPM will make clear in guidance to local authorities on creating Local Development Frameworks how the new measures can be a catalyst for the economic development of deprived areas.	Q2 2005
5	83	In a way that is consistent with the Government's Efficiency Programme following Sir Peter Gershon's Review, the Office of Government Commerce will ensure that Sustainable Procurement Group guidance on social issues in purchasing clarifies the scope to take account of social objectives within the policy and legal framework for public procurement. Government departments, on the basis of this guidance, will consider new approaches to procurement and employment with the intention of improving social outcomes	Guidance produced by Q1 2005.
6	84	ODPM will work with the LGA and other key partners to develop guidance that underpins the National Procurement Strategy for Local Government 2003 showing how innovative approaches to procurement can be used more widely in local government to target improving the quality of life in deprived areas.	Q2 2005
7	90	ODPM and Government Offices will improve data and analysis of local migration patterns to support local lettings policies.	Q1 2006
8	90	ODPM will explore the options for promoting estate redevelopment on a mixed tenure basis.	Q1 2006.

9	91	NASS will ensure the characteristics of a local area are considered when housing asylum seekers.	Ongoing
10	91	ODPM will improve housing choice for BME groups through better understanding the drivers of ethnic segregation.	Ongoing
11	92	ODPM will undertake further work on social housing.	Q1 2006
12	93	ODPM, the Housing Inspectorate and the Housing Corporation will ensure that assessment of Local authority, ALMO and Housing Association performance is focused on quality as well as cost effectiveness.	Q1 2006
13	94	ODPM will monitor impact of Housing Bill provisions in dealing with problems in the private rented sector.	Q1 2006
14	95	ODPM (NRU), Home Office and Department of Health (DH) will work with LSPs, CDRPs and DATs to strengthen local strategies for combating drug use and harmful alcohol use in deprived areas.	Q2 2005
15	97	Home Office will increase provision for young people in deprived areas through Youth Inclusion Programmes and Youth Inclusion and Support Panels to target children most at risk of criminality and other poor outcomes.	2008
16	98	ODPM will work with the Audit Commission to ensure that the revised CPA fully reflects the new ODPM PSA target and the breadth of liveability issues.	Q1 2005
17	98	ODPM to carry out further work on ensuring BVPIs accurately capture the breadth of liveability and impact on liveability in deprived neighbourhoods.	Q2 2005
18	99	DfT to assist authorities in the identification of good practice and to encourage them to work in partnership with other local bodies to improve the quality of transport related public spaces.	Q4 2004 (programme launch) and ongoing
19	101	ODPM will encourage councils to extend neighbourhood management methods in the most deprived areas through the use of a neighbourhoods element of the Safer and Stronger Communities Fund.	Q1 2005
20	109	DfES will monitor the attainment of lower-achieving children, and introduce systems that will challenge schools on their record with lower-achieving children	Q2 2005
21	110	Ofsted's new approach to the inspection of schools will enable more attention to be given to schools in difficult circumstances and to dissemination of effective practice. Area reviews will focus on services' contributions to outcomes for children and young people, especially those at risk of social exclusion.	Q2 2005
22	111	DfT and other departments will ensure that accessibility planning is a priority for Local Transport Authorities (DfT) and other agencies.	Q3 2005
23	111	DfT will work with ODPM to encourage better engagement of local transport bodies with LSPs so that local neighbourhood renewal strategies and/or local area agreement outcomes include a focus on transport and accessibility.	Q1 2005
24	119	ODPM will develop and implement a proportionate approach to LSP performance including as part of LAA framework.	Q2 2005 – Q2 2006 (pilots), Q2 2006-Q2 2007 (roll-out)
25	119	ODPM / NRU, working with other government departments will review how barriers within performance management	Q2 2005 – Q2 2006

		frameworks can be addressed to encourage the use of LAAs and engagement with LSPs.	(pilots), Q2 2006-Q2 2007 (roll-out)
26	122	The NRU and GOs will implement a package of support for LSPs that is flexible, co-ordinated, tailored to the LSP, including support to enable greater use of strategic commissioning. From 2005/6 NRF guidance will require the use of a strategic outcomes-based approach to commissioning.	Q1 2005
27	123	ODPM / NRU will consult on new approaches to targeting and conditionality of NRF.	Q1 2005
28	126	A reformed role for GOs will be implemented alongside the introduction of LAAs.	Q2 2005 – Q2 2006 (pilots), Q2 2006-Q2 2007 (roll out)
29	130	The ODPM will take responsibility for ensuring that the residents of deprived areas are given adequate support if they want to take a greater role in local decision-making.	Ongoing
30	130	ODPM will work with the Audit Commission to ensure that the formation of governance and consultation arrangements at the neighbourhood level forms a more prominent part of the CPA Corporate Assessment.	Q1 2005
31	130	ODPM / NRU, working with HM Treasury and the Home Office, will review how real or apparent barriers to asset ownership can be addressed in order to ensure programme sustainability.	Q1 2005

1. Introduction

People living in deprived areas are more likely to be worse off than similar people living in more prosperous areas. They are less likely to work, more likely to be poor and have lower life expectancy, to live in poor housing in unattractive local environments with high levels of antisocial behaviour and lawlessness and to receive poorer education and health services.

In 2001 the Government published a wide-ranging strategy to deal with the problems of deprived areas, the National Strategy for Neighbourhood Renewal. The 2001 Strategy, combined with other government initiatives to raise standards and to help individuals in greatest need (for example, work by DfES to increase the proportion of pupils with five or more GCSE passes and intensive efforts by DWP to reduce worklessness in the worst areas), has helped to narrow the gap between deprived and non-deprived areas on a number of indicators.

The purpose of this report is to:
- review the progress that has been made in improving the prospects of people living in areas of multiple deprivation;
- consider whether the necessary conditions have been put in place to achieve the Government's objectives for these areas; and
- develop, as appropriate, options for improving the effectiveness of Government policies and programmes in raising the quality of life of people living in the most deprived neighbourhoods.

In December 2003, the Prime Minister and the Deputy Prime Minister commissioned the Strategy Unit and the Neighbourhood Renewal Unit (NRU) to carry out this work.

The Strategy Unit and the NRU have worked with a wide range of stakeholders and other government departments in producing this report.

The remainder of this report sets out:
- the current situation in deprived areas;
- progress made since the publication of the 2001 National Strategy for Neighbourhood Renewal; and
- recommendations to compliment the 2001 Strategy for improving the quality of life of people living in deprived areas through
  - revitalising local economies
  - stabilising communities, improving housing and the local environment
  - improving the performance of public services and delivering support more effectively

2. Progress since the National Strategy

Summary
- The 2001 National Strategy for Neighbourhood Renewal was developed to tackle the problems of deprived areas and set the goal that within 10-20 years, no-one should be seriously disadvantaged by where they live
- Since the strategy was launched deprived areas have seen some improvement compared to the rest of the country, for example in education and employment
- A system for delivering support to deprived areas has also been established

The 2001 National Strategy for Neighbourhood Renewal was developed to tackle the problems of deprived areas

The 2001 National Strategy set out the goal that 'within 10-20 years, no-one should be seriously disadvantaged by where they live'.

- The strategy involved 18 months' work by 18 teams of experts from different backgrounds such as housing, education and statistical analysis of areas
- It covers a very wide range of issues relating to neighbourhoods
- For the first time, the strategy established a system specially designed to deliver change in neighbourhoods.

The approach set out in the Strategy has three key dimensions
- New policies, funding and targets – for example government departments were set new targets based on the areas where they are doing worst ('floor targets') rather than on performance indicators based on averages
- Better local coordination and community empowerment – including establishing Local Strategic Partnerships[8] (LSPs) and providing over £4bn of funding directly to communities[9]
- National and regional support – for example setting up the Neighbourhood Renewal Unit in central government, establishing the Neighbourhood Statistics service and setting up neighbourhood renewal teams in the regions.

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[8] A Local Strategic Partnership is a single non-statutory, multi-agency body, which matches local authority boundaries, and aims to bring together at a local level the different parts of the public, private, community and voluntary sectors
[9] This is broken down as follows: New Deal for Communities £2bn over 10 years; Neighbourhood Renewal Fund £900m between 2001-2004 plus £975m extra 2004-05; Neighbourhood management pathfinders £82m; Neighbourhood wardens £90.5m; Deprived urban post office fund £15m. Source: ODPM

Considerable progress has been made since the strategy was published in 2001

The number of students achieving five GCSEs grade A*-C has improved and the gap between deprived and other areas is narrowing.
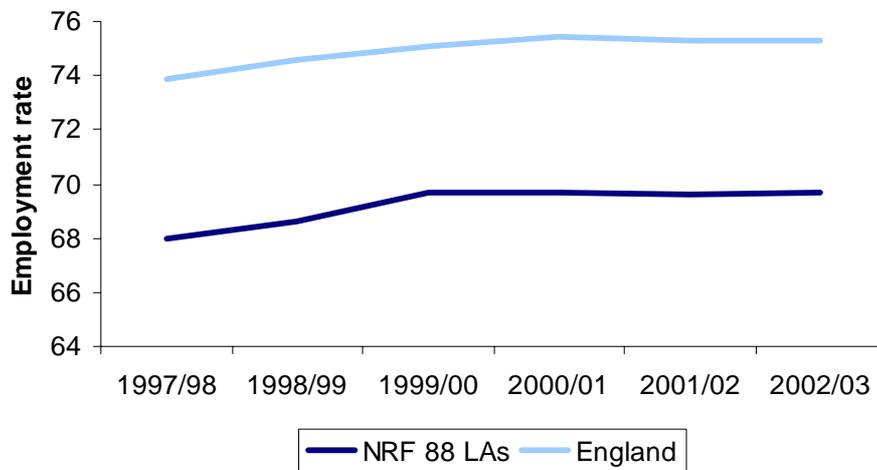
Figure 2.1: Percentage of pupils achieving five or more GCSEs A*-C 1997/8 – 2002/3
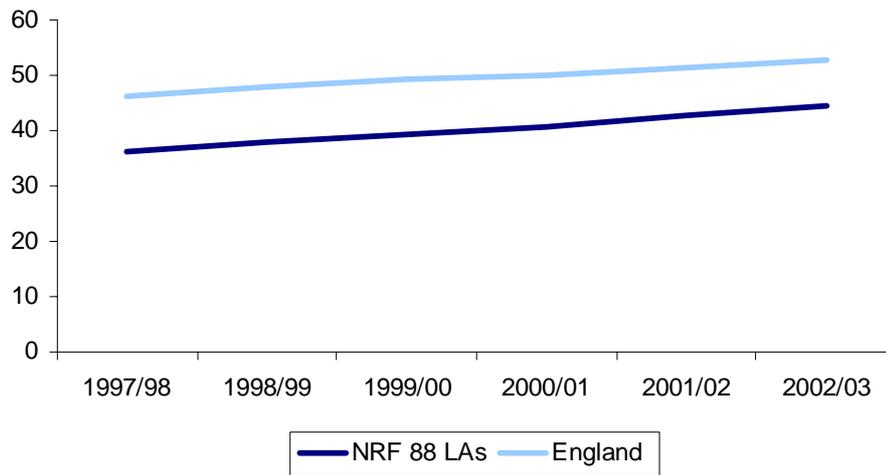
Source: DFES/NRU

Employment rates have increased across the country and the gap has narrowed slightly between deprived areas and the rest of England.

Figure 2.2: Employment rate 1997/8 – 2002/3

Source: DWP / NRU, 2004.

23

In addition, progress has been made in relation to the development of an effective delivery system. Local Strategic Partnerships (LSPs) have been established in all the deprived local authorities, as recommended in the National Strategy[10] and many have been judged to be making progress. Initial results from the recent self-assessment based LSP performance management system show that two-thirds of LSPs receiving Neighbourhood Renewal Funding[11] were doing well or making good progress.

Some areas have experienced substantial improvements in living conditions and outcomes for residents. An example is provided in Box 2.1.

Box 2.1: Area improvement in East Manchester

The Beswick, Openshaw and Clayton areas of East Manchester contain some of the most severe deprivation in England. Two of the area's electoral wards were ranked 17th and 22nd most deprived in the 2000 Index of Multiple Deprivation.
Through a combination of Government funding programmes, including a £51m New Deal for Communities programme the fortunes of the areas have begun to change.

- 2,822 homes have been transferred from the Council to Eastlands Homes, who are on schedule to deliver one major improvement to every property in every home by 2005
- Burglary rates in 2003/4 had reduced by 14% from the previous year
- The rate of worklessness has reduced from 13.3% in 1999 to 7.8% in 2004 (Manchester average 7.8%)
- Two of the three high schools serving East Manchester have achieved GCSE results above the Governments floor target (30% at 5 A*C) The rate of improvement at 1 A*G passes was higher than the Manchester average
- Teenage conception rates reduced by 33% between 2001 and 2002
- 59% of residents expressed satisfaction with the area in 2003 compared with 46% in 1999.

Agencies in East Manchester have piloted innovative approaches to joining up programmes and ensuring that as much government investment as possible is spent on delivery – this is a major feature of its success.

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[10] Two of the 88 local authority areas eligible, Penwith and Kerrier, have merged to make 1 Local Strategic Partnership.
[11] The Neighbourhood Renewal Fund (NRF) provides extra resources for 88 of the most deprived local authority districts

3. The challenge remaining in deprived areas

Summary

- Just over 15% of the population of England live in deprived areas
- Deprived areas can be found all over the country but are particularly clustered in some regions
- Deprived areas still experience worse outcomes than the rest of the country in areas such as crime, disorder and antisocial behaviour, income and unemployment, educational attainment and health
- The existence of 'area effects', meaning that simply living in a deprived area is enough to hinder an individual's life chances, provides a continuing rationale for area-based interventions

3.1 Eight million people, just over 15% of the population in England, live in deprived areas[12]

Deprived areas can be found all over the country but are particularly clustered in some regions. Analysis of the 20% most deprived super output areas (SOAs)[13] in 2004 shows that the North East, North West and Yorkshire and the Humber had the highest proportion of the 20% most deprived SOAs in the country.

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[12] There are several available definitions of deprived areas. The Neighbourhood Renewal Unit (NRU) focuses its efforts on the 88 most deprived local authority areas, which all receive Neighbourhood Renewal Funds (NRF). In other places in this report, data used varies between using the top 10% most deprived wards according to the IMD 2000, the 10% most deprived SOAs according to the 2004 IMD and the 88 most deprived local authorities, depending on availability of data

[13] Super output areas are small areas defined for statistical purposes containing around 1500 residents

Figure 3.1: Percentage of SOAs in each region falling into most deprived 20% of SOAs in England
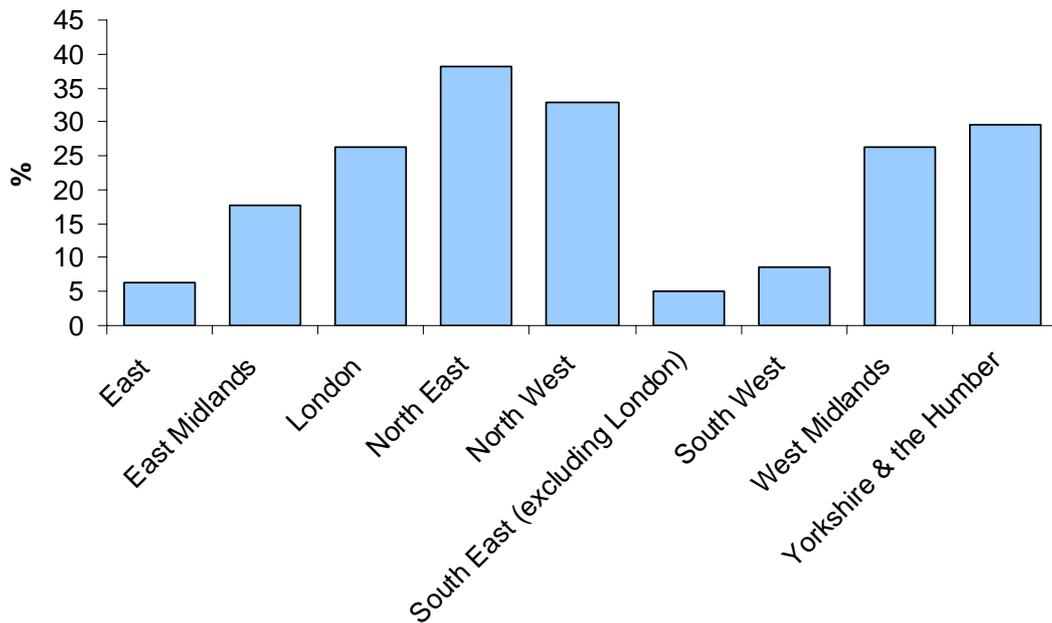
Source: ODPM The English indices of deprivation 2004. Maps of each region showing the location of the deprived SOAs are available at www.odpm.gov.uk

Included in the eight million people living in deprived areas are large numbers of children and a high proportion of people from ethnic minorities – over 70% of the minority ethnic population of England live in deprived areas[14].

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[14] This figure is based on the 10% most deprived wards according to the 2000 IMD.

Box 3.1: Black and minority ethnic (BME) concentrations in deprived areas

Patterns in migration and clustering vary by ethnic group and locality[15]. There are many positive reasons why religious or ethnic groups may live near one another, for example for a support network or to be near a place of worship or specialist shops. There are also negative causes of ethnic segregation such as discrimination. The legacy of discrimination can still foster mistrust and fear of racial harassment remains a cause of clusters. Ethnic minority groups remain at greater risk of attack outside core residential areas and certain neighbourhoods are perceived as 'no-go' areas for minority ethnic groups[16].

In addition, the continued link between clusters of minority ethnic groups and deprived areas is a particular concern.

Percentage of total population belonging to different ethnic groups
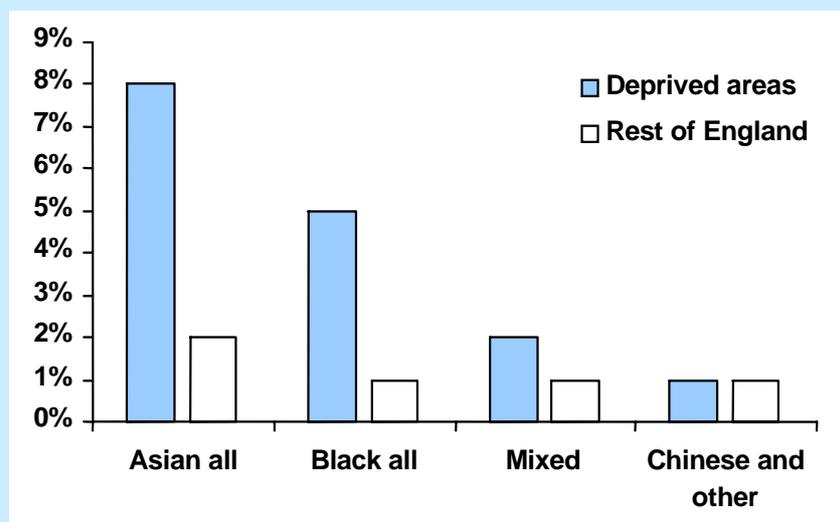
Source: ONS 2001 Census

This is likely to be bound up with socio-economic status[17], and so improving education and employment outcomes for BME groups is one way to ensure that clustering is through active choice rather than enforced.

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[15] Phillips, D and Harrison, M *Housing and black and minority ethnic communities: review of the evidence base* ODPM 2003
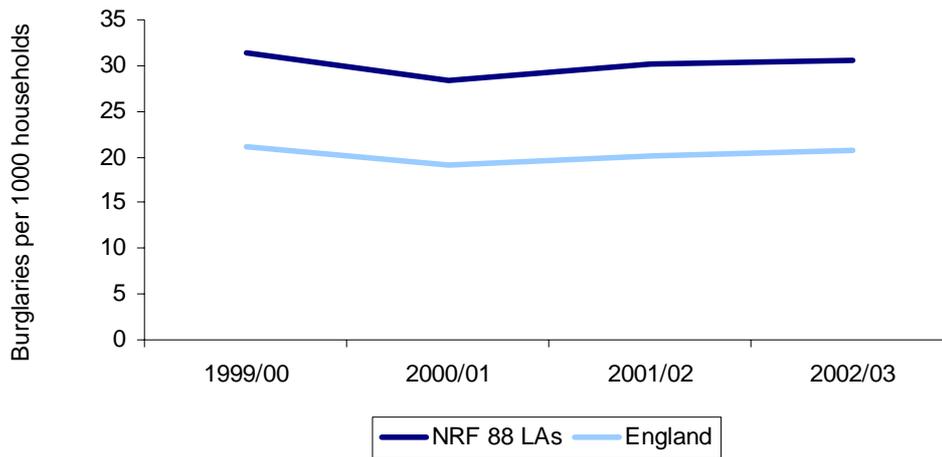[16] Ibid.
[17] Ibid.

3.2 Deprived areas still suffer from serious problems

Despite the progress made, deprived areas still experience worse outcomes than other areas.

Deprived areas have higher crime rates, especially for burglary.

Figure 3.2: Burglaries per 1000 households 1999/00 – 2002/3
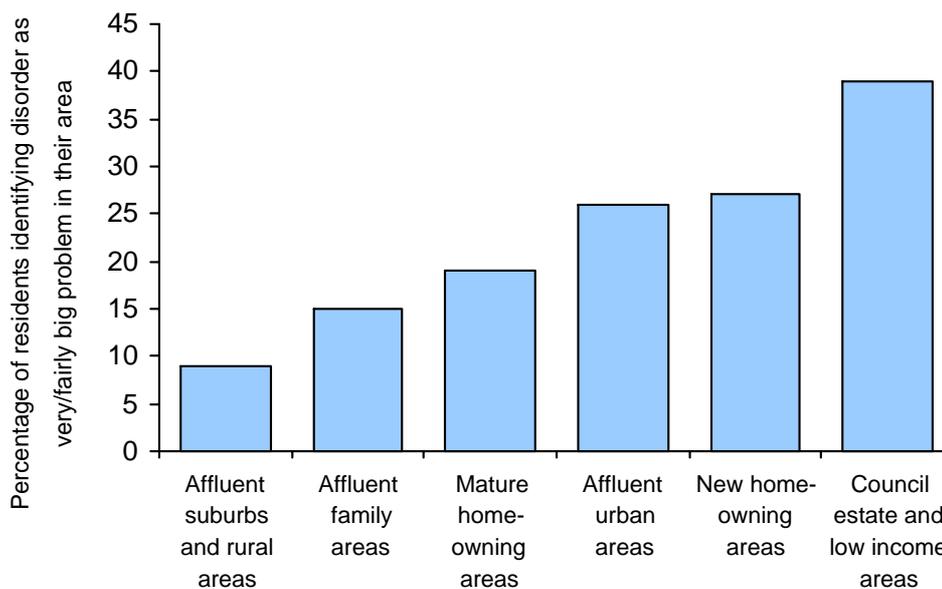

Source: NRU/ONS

Disorder is worse in deprived areas

39% of people living in council estates and low-income areas perceive a high level of disorder compared with a national average of 22%.

Figure 3.3: Proportion of residents perceiving high level of disorder 2002/3
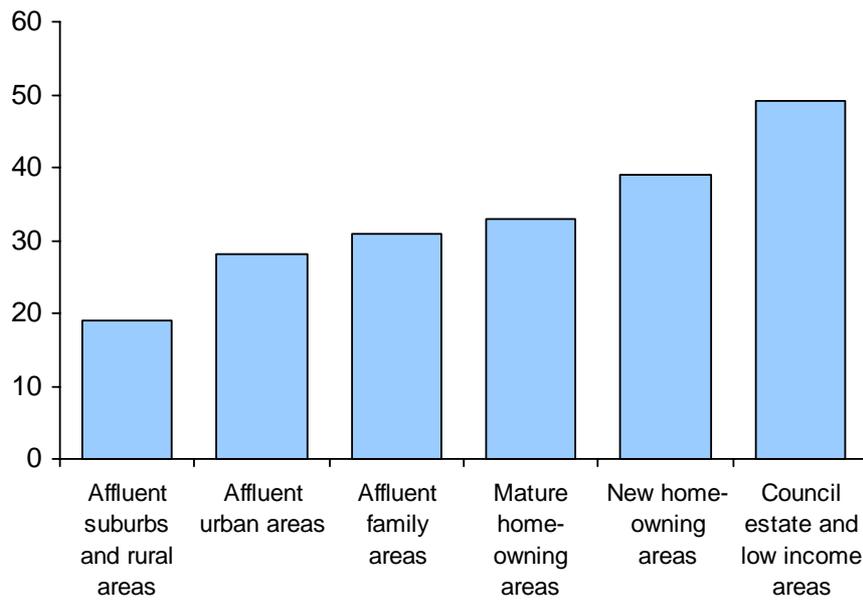

Source: British Crime Survey 2002/3

Some groups are disproportionately affected. For instance, 55% minority ethnic respondents in low income areas perceive a high level of disorder in their area compared with 39% in all low income areas.

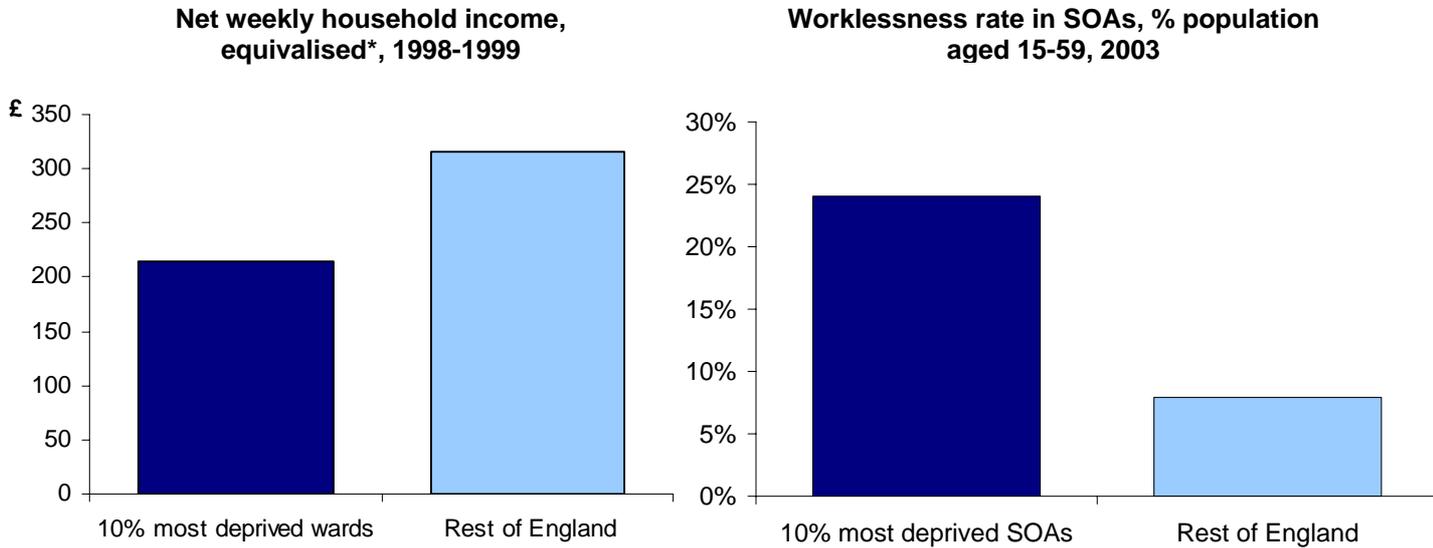Deprived areas also experience more problems with young people hanging around on the streets.

Figure 3.4: Proportion of residents saying teenagers hanging around is a very/fairly big problem in their area 2002/3

Source: British Crime Survey 2002/03

Deprived areas remain characterised by high levels of worklessness and relatively low incomes

Figure 3.5: Income and unemployment in deprived areas

Net weekly household income, equivalised*, 1998-1999

Worklessness rate in SOAs, % population aged 15-59, 2003

Equivalised incomes take account of differences in household size and composition.
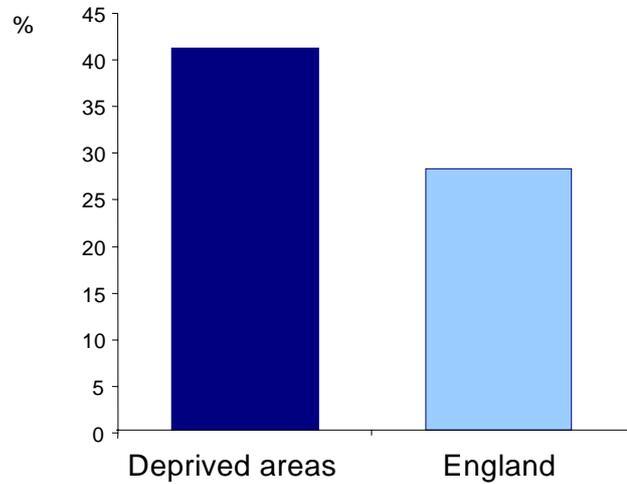
Super Output Areas (SOAs) are areas containing around 1500 people

Source: ONS, Social Exclusion Unit analysis

People in deprived areas experience poorer educational outcomes

People living in deprived areas tend to have poorer qualifications

Figure 3.6: Percentage of adults with no qualifications, 2001

Source: ONS Census 2001

The percentage of children achieving 5+ grades A*-C at GCSE has been increasing, but of the 12 local authorities who had not achieved the threshold of 38%, eleven were among the most deprived.

Health tends to be worse in deprived areas

Figure 3.7: Percentage adult population who are long-term sick or disabled
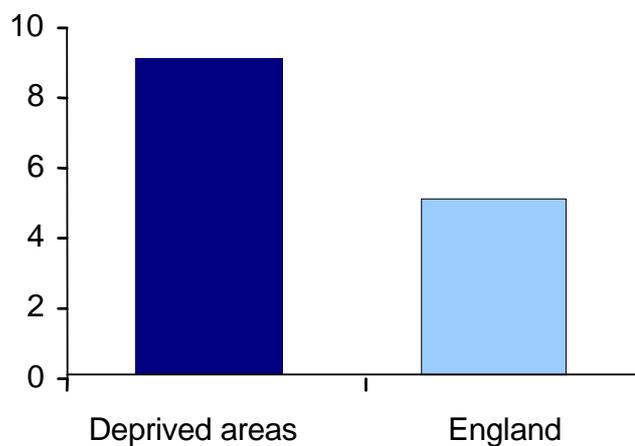
Source: ONS, Census 2001

In some cases the gap in health between deprived and other areas is widening. While improvements have been seen in life expectancy overall, the gap between female life expectancy for deprived and other areas has grown slightly since the late 1990s.

Figure 3.8: Female life expectancy for the worst performing local authorities and the England average
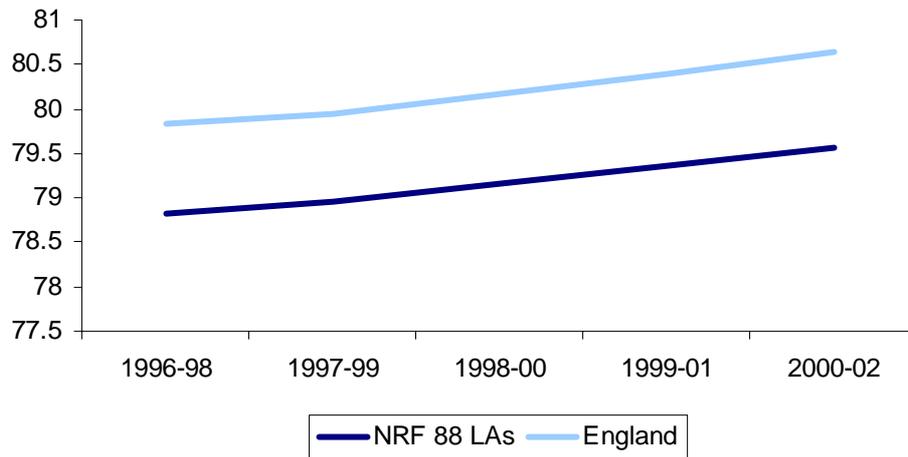
Source: NRU/ONS

People in deprived areas tend to communicate with neighbours more, but trust local residents less

Figure 3.9: Proportion of respondents who speak to and trust their neighbours, by deprivation of area
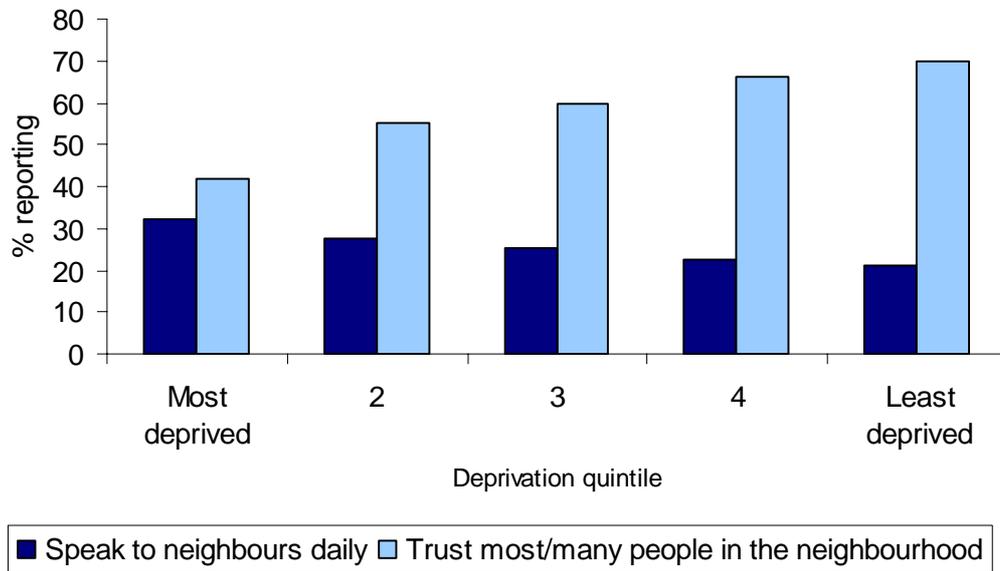
Source: ONS/General Household Survey

While the performance of some LSPs has been excellent, overall it has been mixed

Figure 3.10: Proportion of Local Neighbourhood Renewal Strategies providing action plans and baselines, and identifying lead agencies and delivery pathways
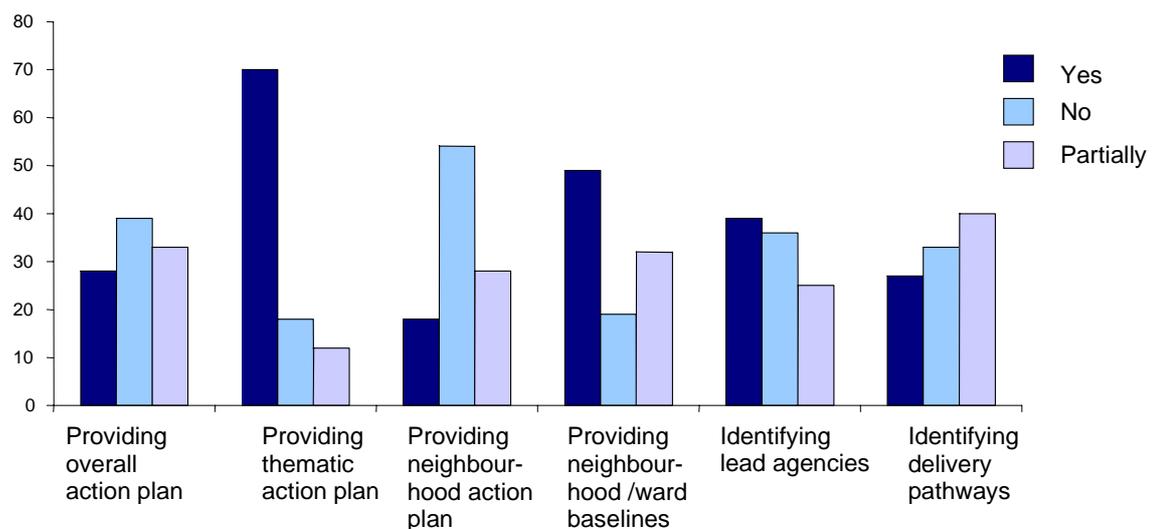
Source: Local Neighbourhood Renewal Strategies: Document Analysis and Review, Summary Report 2004.

Given that the National Strategy is a 10-20 year programme, it is reasonable that there should still be differences in outcomes between deprived areas and other areas, although we would hope to see the gap starting to narrow. The purpose of this report was to examine the success of the Strategy so far in putting in place the conditions for long-term improvement. Three years on we are in a position to build on the successful areas of the strategy and learn lessons from the operation of the new elements since 2001.

3.3 There is a clear rationale for 'area-based' interventions

The existence of 'area effects' provides a continuing rationale for area-based interventions

Government intervenes in deprived areas as a way of reaching poor people who experience severe problems. However, deprived areas are also important because of 'area effects'. Area effects occur when people living in deprived areas have a lower quality of life than otherwise similar people living in less deprived areas.

There is ongoing debate surrounding the existence and significance of area effects. Overall, the balance of evidence suggests that there is an area effect, which is often underestimated when individual aspects of deprivation are looked at in isolation. However, the area effect is not as significant as individuals' personal circumstances and characteristics in determining life chances.

Box 3.2: Evidence on area effects

No single 'area effect' exists. Effects operate at different timescales, geographical levels and to different degrees for different outcomes, e.g. education, employment and health. When one outcome at a time is measured area effects can appear very small, especially in comparison to personal characteristics. However, it is likely that area effects are more significant when several outcomes are looked at together. Also, where personal characteristics (such as low educational attainment) are subject to area effects, the cumulative effect over several years can be very significant.

Particular instances of an area effect include:

- people living in deprived areas are less likely to exit poverty than those living away from concentrations of deprivation;
- living in deprived areas can help perpetuate worklessness as there are fewer employed contacts through which individuals can find work. Finding work through personal contacts is the most common route into employment for the unemployed;
- educational attainment is affected by neighbourhood characteristics. Concentrations of deprivation in an area affect the mix of children in a school; children from low socioeconomic groups tend to benefit from a more mixed school intake;
- likelihood of using drugs is raised by living in an area where they are more readily available. 65% of heroin users say friends are all users;
- 48% of offenders are 'peer induced'.

Sources: Social Capital: a discussion paper Strategy Unit 2002; *Crime Reduction Review: interim analysis and implications for policy* Home Office 2004; Strategy Unit Drugs project 2003

Most government intervention on deprivation is concentrated on improving the outcomes of deprived people and vulnerable groups regardless of where they live. These 'people-based' interventions are essential given the importance of personal characteristics in determining life chances and the proportion of deprived people who do not live in the most deprived areas. These interventions will have beneficial effects on deprived areas because outcomes for the people living in them improve.

However, the extent of problems found in deprived areas and the current evidence on area effects make a case for continuing to combine 'area-based' and 'people-based' interventions. This report concentrates on policies designed specifically to improve outcomes for people living in deprived areas.

4.   The cycle of decline: what is driving area deprivation?

Summary

- There are a series of interlocking drivers of area deprivation that fall into three broad categories:

1.   Low levels of economic activity: barriers to work for individuals and factors discouraging business investment in the area

2.   Poor housing and local environments, unstable communities: concentrations of poor or vulnerable residents, high levels of disorder and antisocial behaviour

3.   Poor performing public services and delivery of support to deprived areas: health, education and transport services not meeting the needs of residents, the delivery of support to deprived areas not achieving maximum impact through a lack of effective targeting and coordination

- The importance of different drivers of decline varies from area to area, for example some areas may suffer primarily from low levels of economic activity while others may suffer from poor housing and local environments

4.1   There are a series of interlocking drivers of area deprivation

Many areas have been deprived for a long time. For example, Tower Hamlets, in East London, which has the highest deprivation ranking of any local authority area[18] is also identified as extremely deprived in Charles Booth's maps of deprivation in London in the late 19th century[19]. This is despite the fact that the local area was transformed by bombing and rebuilding in the mid-20th century, and the population is now very different.

Other areas have become deprived following a more sudden economic change – such as the closure of the area's major employer. How well a community is functioning has intimate connections with how well it is governed, how well its services are operating and how safe, pleasant and rewarding it feels to live there[20].

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[18] ODPM, *The English Indices of Deprivation 2004*
[19] Booth C. *Inquiry into the Life and Labour of the People in London* 1902-3; for maps, see www.umich.edu/~risotto/home.html
[20] Chanan G. Measures of Community 2004

There is a large body of literature and evidence on what causes deprivation in an area. This project has drawn these sources together to identify the interlocking causes of deprivation - the cycle of decline (overleaf).

4.2 The cycle of decline

NB: Double-headed arrows are coloured blue for clarity.

The cycle of decline shows that a holistic approach is required to achieve successful regeneration

The interlocking aspects of the cycle are vital to understanding and dealing with area decline. They show that action is needed on a whole range of issues. Tackling just one aspect of the cycle of decline will not be successful in regenerating an area and improving the outcomes of the residents who live there. For example:

- encouraging employers to invest in deprived areas will not be successful if complimentary measures are not also taken to ensure that local skills and work incentives are addressed to enable residents to benefit from the new investment; and

- improving the quality of housing without increasing the employment opportunities of residents is likely to lead to the housing remaining unpopular. The outcomes of residents living there will remain poor and the area will continue to contain concentrations of vulnerable groups.

The importance of different drivers of the cycle of decline varies from area to area

Elements of the cycle will be more or less important depending on the circumstances of different deprived areas. In the following descriptions, place names have been changed to avoid stigmatising particular areas.[21]

- The largely Pakistani Broadways neighbourhood in Middle Row, Birmingham illustrates barriers to work facing individuals including low skills, poor English and a lack of information about jobs. The area is close to a healthy labour market

- Borough View neighbourhood in Southside, Redcar and Cleveland has not recovered from the industrial decline that was responsible for 18,000 jobs being shed in the 1970s and 1980s. Employment contraction continues and a falling population has led to housing abandonment and dereliction. The estate also suffers from crime and drug problems. Contaminated land limits prospects for inward investment

- Following the collapse of English seaside tourism, Sandyton in Beachville, Thanet has seen its redundant hotels turned into hostels for the homeless, cheap bedsits or care homes. The concentration of vulnerable and transient residents, including refugees and asylum seekers, elderly people and children in care have severely strained public services and led to tensions between longstanding residents and the new population.

The different characteristics of Middle Row, Southside and Beachville indicate the different types of intervention that may be needed to arrest decline, and the strengths of each area that could be built on.

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[21] The source for these case studies is Lupton, R, Descriptive profiles of Middle Row (Birmingham), Southside (Redcar and Cleveland) and Beachville (Thanet), accompanying documents to *Places Apart?*

Neighbourhood	Area strengths	Need to address
Broadways, Middle Row, Birmingham	• Strong community cohesion • High demand for housing, possibility of gentrification • Proximity to healthy labour market	• Individual barriers to work e.g. low skills, poor language skills, short travel horizons • Uncertainty/poor information about jobs and moving off benefits • Lack of community facilities, including childcare
Southside, Redcar and Cleveland	Area strengths uncertain. Southside may require a new role to be defined for the area and intensive interventions to manage the transition to this new role. For more information on defining a new role for an area, see Chapter 5.	• Low skills or skills unsuitable for available employment • Low educational attainment • Lack of suitable sites for inward investment - low demand for labour • Low housing demand and associated problems - dereliction, arson, dumping • Crime, drugs • Benefit dependency
Beachville, Thanet	• Proximity to healthy labour markets in the South East • Attractive town centre, coastal scenery	• Concentrations of vulnerable/transient groups • Strain on public services • Lack of community facilities • Social tensions • Low skills • Transport links to major conurbations

Source: Lupton, R, Descriptive profiles of Middle Row (Birmingham), Southside (Redcar and Cleveland) and Beachville (Thanet), accompanying documents to *Places Apart? The initial report of CASE's areas study,* CASE, LSE 2000

4.3 The drivers of area decline fall into three main categories

The complex interacting elements of the cycle can be simplified into three categories of drivers.

- Low levels of economic activity (high levels of worklessness, low levels of business activity)

- Poor housing and local environment, unstable communities (crime, fear of crime, antisocial behaviour, litter, graffiti)

- Public services and the delivery system (poorly performing education, health and transport services, regeneration programmes not achieving maximum impact).

The following simplified cycle of decline shows how these three drivers fit in the cycle.

Figure 4.1 Overview of the cycle of decline
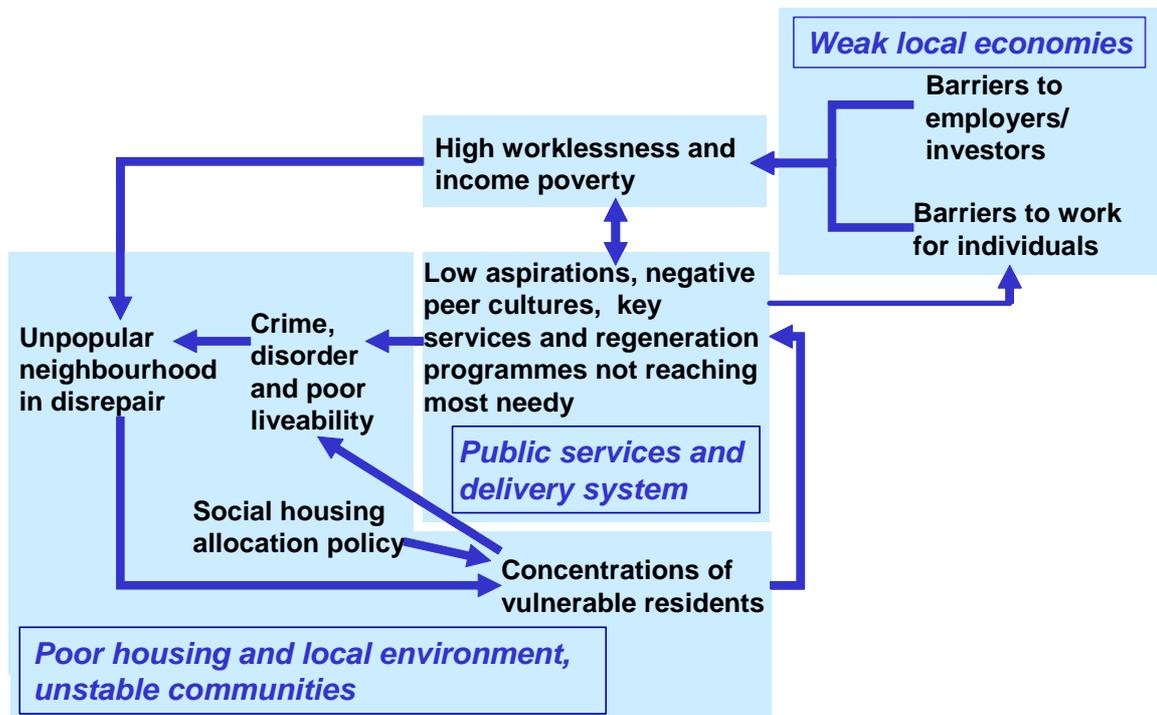
This report therefore sets out a series of recommendations under the following headings.

- Revitalising local economies
- Stabilising communities, improving housing and the local environment
- Improving the delivery of public services and targeted support to deprived areas

The following sections outline the problems caused by the three main groups of drivers of the cycle.

4.4　Area deprivation is partly driven by poorly performing local economies

Deprived areas are characterised by high concentrations of income poverty and worklessness. Low employment is primarily driven by problems individuals face in obtaining work, but there is more that government can do to encourage the private sector to engage with deprived areas for the benefit of business and residents alike.

There are a range of barriers to work for individuals in deprived areas

Low levels of skills

In most deprived areas high concentrations of worklessness exist alongside employment opportunities, suggesting a mismatch of skills with jobs on offer. This deficiency in skills is evident from the fact that in deprived areas:

- levels of basic skills are generally much lower;[22]
- high-level skills are typically rarer;[23] and
- employers suffer from disproportionately more skills shortages.[24]

Poor skills contribute directly to high concentrations of worklessness and inactivity over time, especially if demand for unskilled/less skilled labour is falling relative to demand for more skilled labour. The longer people remain out of work, the less likely they are to gain employment.[25]

Poor information about jobs

A lack of broad personal networks can prevent residents of deprived areas from finding out about job opportunities. The importance of personal networks is discussed further in the previous section.

Poor access to jobs and limited travel horizons

More people in deprived areas cite poor transport as a barrier to work than in non-deprived areas. This is driven by poor transport connections between areas where people live and areas where jobs are located and is compounded by short travel horizons of individuals looking for work.[26]

- Access to private and public transport in many areas is relatively poor

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[22] ONS, 2001.
[23] Local Education Authority data shows that the percentage of working age people with degree level qualifications in many deprived areas is less than half that of the best performing LEAs, DfES, 2004.
[24] See, for example, the Reed Skills Index.
[25] *The drivers of social exclusion*, Social Exclusion Unit, 2003.

- Public transport services are often unaffordable and unreliable

- Awareness of available services to improve access to work is poor among some groups, including some ethnic minorities with a low proficiency in English.

The importance of good transport to improving outcomes in deprived areas is discussed further in Chapter 7.

Lack of affordable childcare prevents some people in deprived areas from working

For many parents, the availability of suitable and affordable childcare is essential to the decision to work, train or study. In many deprived areas, the cost of childcare represents a high fixed cost and current support through the childcare element in Working Tax Credit only covers up to 70% of the cost incurred. Childcare places in many such deprived areas are now close to, or in some areas, above, the supply in other parts of the country[27]. But even where the supply is relatively plentiful, affordability, especially of full-time places for pre-school children, can remain an issue for some low income families[28].

Those receiving incapacity-related benefits have poor incentives to work

Long-term illness and disability has fallen over the last 10 years but numbers claiming Incapacity Benefit (IB) and other disability benefits have remained almost unchanged. In many deprived areas, the percentage of the working population on IB and related disability benefits is still over twice the national average (see Figure 4.2).

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[26] *Social exclusion and the provision of public transport,* Department for Transport, 2000; *Making the connections: transport and social exclusion*, Social Exclusion Unit, 2001.
[27] SU childcare report, 2001.
[28] *Early years: progress in developing high quality childcare and early education accessible to all.* National Audit Office, 2004.

Figure 4.2: Incapacity Benefit claimant rates in the 10% most deprived wards, 2004 (% of working population)
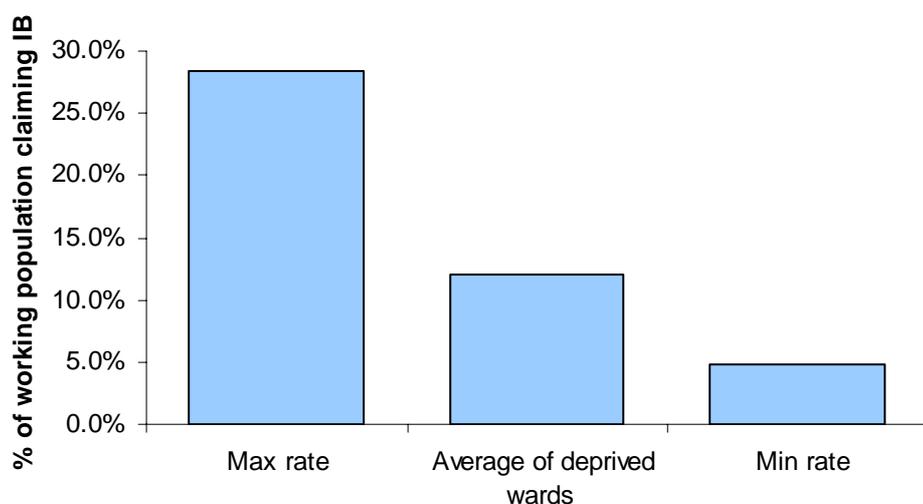
Source: IB statistics, 2004, DWP

This may in part be explained by demographic differences between deprived areas. However:

- almost half of all IB claimants who initially intend to return to work fail to do so a year later;[29]

- the majority of those on IB spend at least five years out of employment and some never work;[30]

- there is high variation in claimant rates across many deprived wards – including within different age groups; and

- claimants face a strong financial incentive to move off jobseekers' allowance (JSA) and onto IB since it is paid as a higher rate and as opposed to the JSA has no requirement for work.

Recipients of Housing Benefit suffer from long processing times

Housing Benefit affects incentives to work through interaction with other benefits and tax credits and uncertainty driven by long processing times in some areas.

Deprived areas are more likely to have long processing times (Figure 4.3).

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[29] *Pathways to work: helping people into employment.* DWP, 2002.
[30] *Ibid.*

Figure 4.3: Average Housing Benefit processing times for some local authorities*
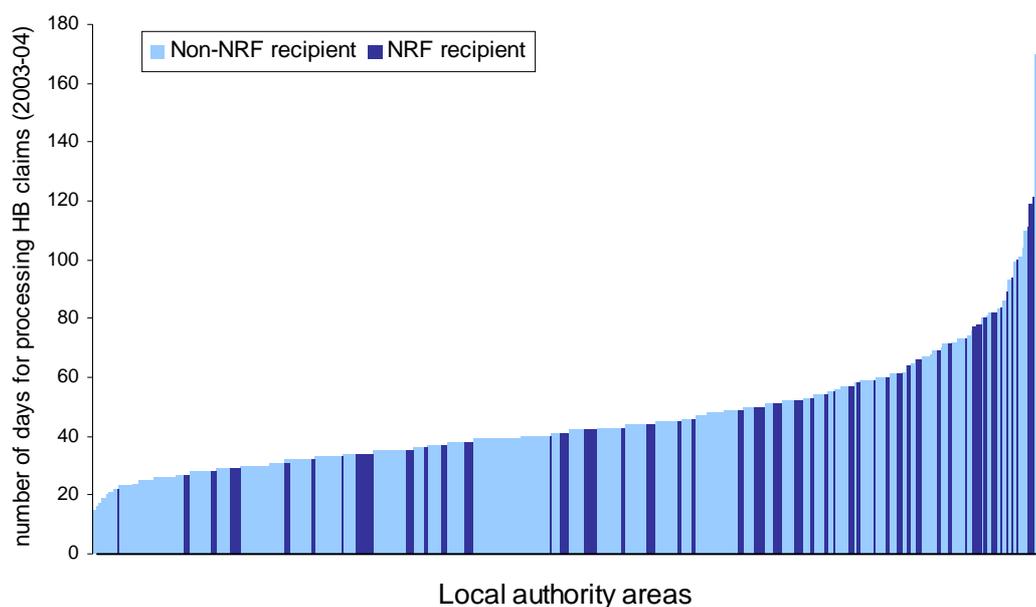
Source: DWP, 2004, Best Value Performance Indicator data.

* 2003/4 data is not yet audited. Processing times refer to the time taken from the day of receipt of a claim to the day a full decision on a claim is made. Information is not available for all LAs in the country.

Low awareness of tax credits

Tax credits for low and medium income families have done much to improve the rewards to work. 5.9 million families are benefiting from the Child and Working Tax Credits. In particular, 2.2 million low and moderate income families are benefiting from the new tax credits, compared with 1.4 million who benefited under the Working Families' and Disabled Person's Tax Credits. But there is tentative evidence that awareness of tax credits and trust of institutions such as Jobcentre Plus is lower in deprived areas,[31] which may affect work incentives for certain groups.

There are a number of barriers to private sector engagement

Benefits brought about by private sector investment include greater employment as well as access to goods and services. The benefits to deprived areas of private sector investment can be enhanced by successful engagement between the investor and the local community. There are a number of barriers that hold back private sector investment that would otherwise benefit people in deprived areas.

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[31] West Midlands Low Pay Unit, 2004, and SEU, 2004.

Poor perceptions about investment opportunities in deprived areas

Returns to investment will vary from area to area. The available evidence suggests that in some sectors the returns are no worse in deprived areas than elsewhere (see Figure 4.4), [32] and indeed many deprived areas have relatively higher levels of business activity. [33] But business start-ups are generally lower in deprived areas and large employers such as retailers can be reluctant to locate new investments in deprived areas, partly due to a perception of poor market opportunities[34].

Figure 4.4: Property investment returns in deprived areas, % p.a., 1980-2001
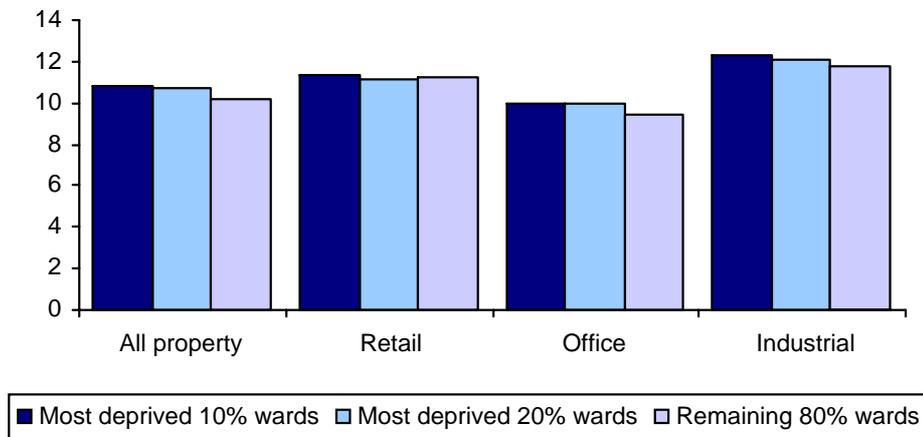
Source: Investment Property Databank, English Partnerships, Morley Fund Management Commercial Property Returns in Deprived Areas December 2003

[32] VAT registrations, ONS, 2002
[33] For example, data based on business-tariff telephone lines indicates that, on average, deprived areas contain more enterprises than other areas
[34] Source: interviews with retailers and developers for ODPM under-served markets project and for this report

Poor quality environment

A poor quality environment – and the perception of a poor environment – affects levels of business start-up and sustainability. Particular problems include high levels of derelict land and high levels of crime and disorder (see Box 4.1).

Box 4.1: The effect of crime on small businesses

A study of a parade of ten shops in one of Hull's most deprived wards found that between 1991 and 2001, a launderette, a hair salon and a café closed and a bookmaker relocated, leaving the four empty premises in the parade. The project team concluded it was likely that the first three businesses closed due to the high incidence of crime and particularly because they were unable to afford additional security measures and high insurance premiums.

Source: Home Office *Small Retailers in Deprived Areas Interim Report*, 2003

Bureaucracy and poor coordination between government agencies

Investing in deprived areas often requires the private sector to engage with local and central government - for example, to gain planning permission. Private sector investors and employers have raised concerns about:[35]

- poor coordination of agencies and central and local government – businesses also fail to engage with LSPs, for instance because of their poor understanding of business needs and the opportunities for market led renewal;
- bureaucracy – for instance, planning applications can be lengthy and affected by central government intervention;[36] and
- lack of a 'joined-up' approach across central and local government.

Greater challenges for small business in deprived areas

Small businesses in deprived areas face particular challenges. Access to finance can be hindered by lack of collateral, a poor credit record and high bank charges. Evidence from Business Links, the mainstream business advice service, suggests that businesses in deprived areas make less use of the business support services available compared to businesses in other areas (see Figure 4.5).

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[35] The project undertook consultations with a range of private sector investors and employers in retail, property investment, and small business finance.
[36] Central government has the power to compel local planning authorities to refer an application to them for a decision when issues of more than local importance are deemed to be involved. This is what is known as a 'call in'.

Figure 4.5: Contact with Business Links (per hundred per hundred VAT and/or PAYE registered businesses, 2003/04), for England and each region.
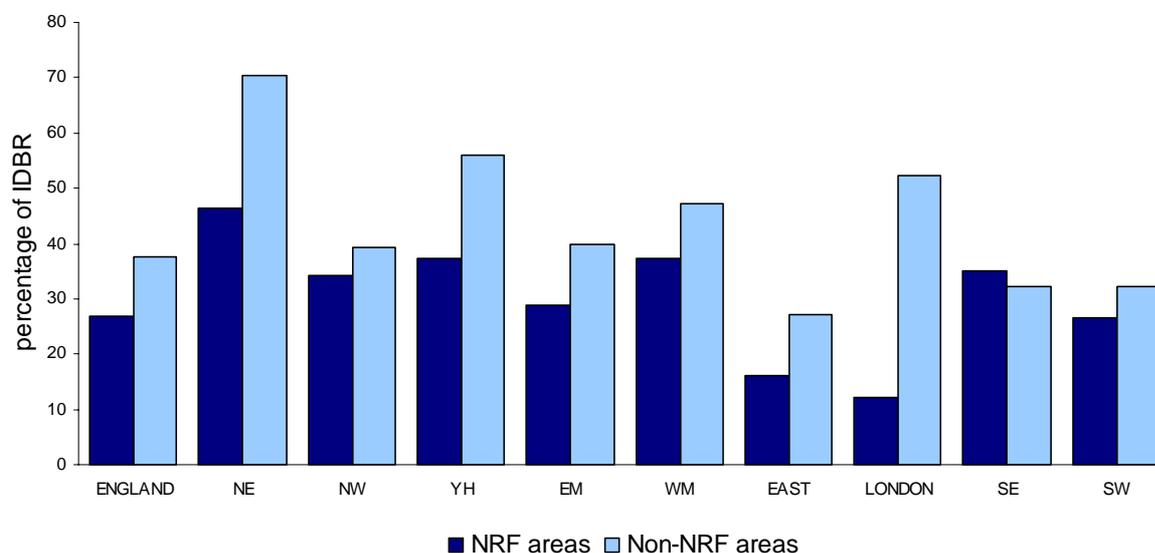
Note: NRF areas are the 88 local authorities receiving neighbourhood renewal funding. IBDR stands for Inter Departmental Business Register, a list of UK businesses maintained by National Statistics.

Source: Department of Trade and Industry (DTI)

4.5 Unstable communities, poor housing and local environments are key drivers of area deprivation

Poor quality housing conditions, badly maintained local environments, problems with anti social behaviour, disorder and crime such as drug and alcohol misuse are all factors that affect the quality of an area and directly damage outcomes for residents. Collectively, these issues can encourage those residents and businesses that can to move out and discourages incoming people and investment. This leaves behind concentrations of vulnerable people, exacerbating an area's instability and weakening prospects of renewal. This issue is at the heart of the cycle of decline as it increases concentrations of the most deprived residents and maintains area-based deprivation.

Residents of deprived areas are more likely to be victims of crime, have worse health and live in more unstable communities.

Many of these problems revolve around housing, though the other factors have a damaging impact.

Housing allocations can increase concentrations of deprivation

Concentrations of poverty, which help drive the cycle of decline, have been further exacerbated by the 'sorting effect' of the residential housing market. A desirable area – for example one with good quality properties with good transport access – commands a price premium.[37] Poorer households are clustered together in more affordable and often poorer quality locations.

Priority for groups with high needs combined with, in some areas, a reduced supply of social housing has resulted in increased concentrations of disadvantaged and workless people living in social housing. In the 1970s the proportion of no-earner households in council housing was 11%; in 2002 it was 67%[38] and over half of working age households were workless.

Concentrations can be made worse where housing allocation prioritises vulnerable groups for housing vacancies, for example through the points system. This allocates points to applicants according to their perceived 'need'. Factors include pregnancy, ill health, low income and overcrowding. There is a strong incentive to accept the accommodation as it could take over a year before another home is offered. The allocation system fails to take into account the existing mix of tenants in those areas. Unless the sorting effect of social housing is addressed, concentrations of deprivation in some areas are unlikely to be reduced.

Poor management and maintenance of housing in many deprived areas affects liveability

The quality of management and maintenance of social housing is variable but in many deprived areas it is poorer than elsewhere. Poor maintenance of social housing leads to a decay in the appearance of an area, affecting its popularity for residents and businesses. The 2000/1 survey of English Housing found that:

- 30% social housing tenants were dissatisfied with the way landlords carried out repairs and maintenance, as compared with 17% of private tenants; and

- 27% of those in the 10% most deprived wards according to the 2000 IMD were dissatisfied with their landlord compared with 17% in non-deprived areas.[39]

Private housing can also be poorly managed. Many deprived areas, for example in the North West, suffer from low demand for social housing. Private landlords in these areas can buy property cheaply and rely on rental streams, often from housing benefit, in order to make a financial return. These landlords often have little long-term interest in the area and so not

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[37] Cheshire P., Monastiriotis V. and Sheppard S., '*Income inequality and residential segregation: labour market sorting and the demand for positional goods'* in Geographies of Labour Market Inequality, ed Martin R., Routledge 2003
[38] SEU/ Labour Force Survey
[39] *Survey of English Housing* 2000/1.

much incentive to deal with any antisocial behaviour by their tenants.[40] Left unchecked, such antisocial behaviour further exacerbates the difficulties facing these areas, so creating a cycle of decline.

Disorder and antisocial behaviour are worse in deprived areas

People living in deprived areas experience higher levels of disorder and other neighbourhood problems[41]

Figure 4.6: Perception of local area by Index of Multiple Deprivation 2000 'high local problems' score
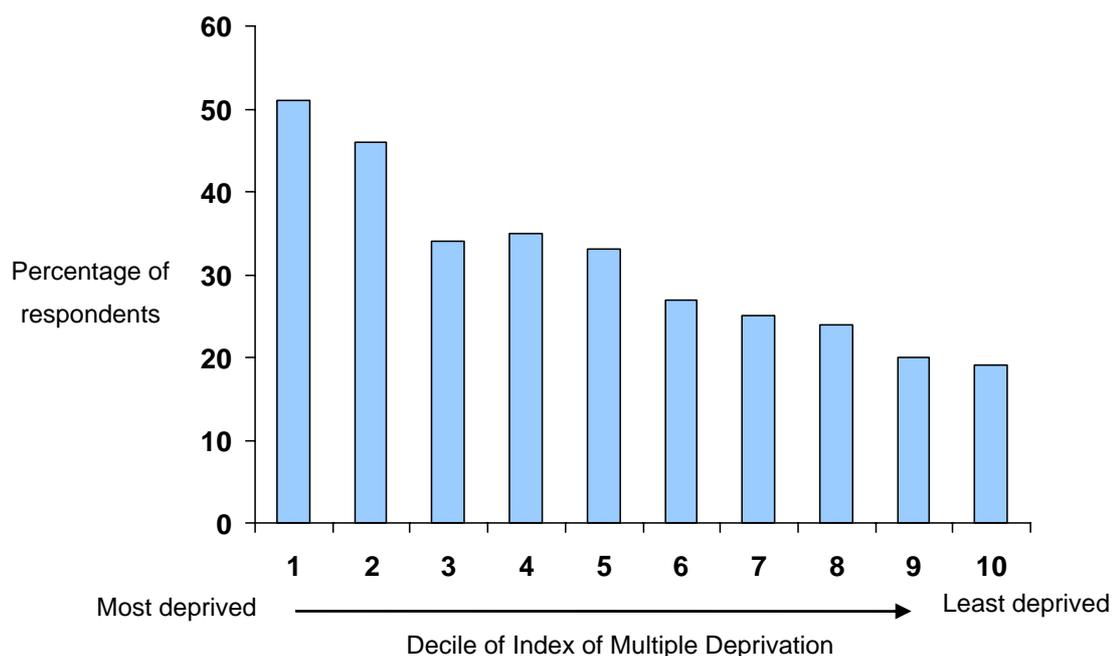
Source: British Crime Survey 2002/2003

The extent of such problems can mean that people living in deprived areas have greater need for assurance and deterrents, particularly to crime, disorder and antisocial behaviour.

Drug dealing and drug and alcohol abuse destabilise communities and damage the local environment

Drug use is the biggest concern of 21% residents of deprived areas, compared with 13% of residents in non-deprived areas.[42]

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[40] For a description of the problems caused by behaviour of private landlords see *Addressing the Needs of Run-Down Private Sector Housing* ODPM 2002 and Kevan Jones MP in Hansard 26 March 2003. The Antisocial Behaviour Act and Housing Bill proposals to license properties in low-demand areas should help to mitigate this problem.

[41] Local problems score includes car crime, alcohol or drug use, graffiti, teenagers hanging around, speed of traffic, rubbish, dog mess, level of noise, parking problems. General Household Survey

[42] British Crime Survey 2002/3

The rise of drug use in the UK over the past two decades, particularly heroin and crack cocaine, is clearly linked to patterns of deprivation. Drug use and especially drug dependency takes root where people lack social or family support, are cut off from community life, feel powerless and are socially excluded.[43]

An established drugs market impedes regeneration as it damages community confidence, damages the reputation of an area, competes with legal employment and leads to increased crime and fear of crime. The impact of drugs on communities varies highly across the country. Drugs can be a very serious driver of area decline in some places and can exacerbate other neighbourhood problems.[44] However Home Office research[45] has found that there are weaknesses in the attention given to deprived areas by Drug and Alcohol Action Teams and in the priority given to drugs by Local Strategic Partnerships.

Alcohol abuse, and particularly its links with crime and public disorder, can contribute to poor liveability.

- Alcohol plays a major role in violent crime and public disorder, with an estimated 45% of those arrested for assault testing positive for alcohol, and around 48% of those arrested for criminal damage testing positive
- Alcohol misuse contributes to driving people's fear of crime; 61% of the population perceive alcohol-related violence as worsening
- 44% of disadvantaged 18-25 year olds consider there is a lack of support services to help tackle their substance misuse problems.

A lack of support for young people can contribute to crime and antisocial behaviour

Young people are associated with antisocial behaviour in deprived areas[46] and are at risk of being victims of crime.[47] Risk factors associated with young people offending include community-based factors, such as living in a deprived area. They also include factors such as low parental income and low educational attainment, which are more prevalent in deprived areas.

Interventions targeted at children at risk can help to break this cycle and much has been done to target specific programmes such as the Neighbourhood Support Fund, Positive Activities for Young People, Youth Inclusion projects, Youth Inclusion Support Panels and the work of the Connexions Service. They are likely to reduce offending but also help with other

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[43] *Tackling Drugs as part of neighbourhood renewal* Home Office Drugs Strategy Directorate 2002.
[44] Lupton R., *Between a Rock and a Hard Place* (HO Research Study 240) Home Office 2002
[45] Home Office Drugs Strategy Directorate 2004
[46] Campbell S., *A Review of Antisocial Behaviour Orders (Home Office Research Study 236)*, Home Office 2002
[47] British Crime Survey 2002/3

outcomes such as poor educational attainment. However, current programmes are limited. For instance, Youth Inclusion programmes only currently operate on 70 estates across England and Wales.[48] Although potential funding is made available to Local Authorities using indices of deprivation, funding of core youth services does not appear to be higher in deprived areas and quality is variable.[49] Funding is often short-term and fragmented.[50] See Figure 4.7. The interim report of the NRU's Places Project[51] has suggested a greater need for focus on open access youth resources for young people who are not necessarily at risk of offending.

Figure 4.7: Local authority spend per head on youth services compared with deprivation ranking 1999-2000
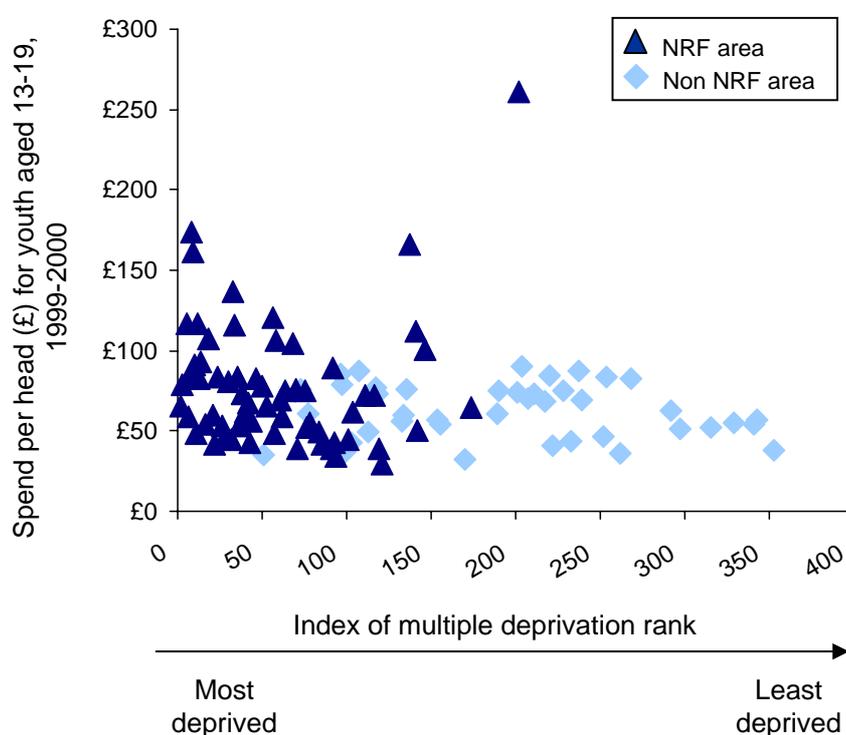
Source: SU analysis using Index of Multiple Deprivation 2000 (rank of average of ward ranks) and Transforming Youth Work, DfES/Connexions

There is insufficient focus on the quality of the local environment

The quality, maintenance and cleanliness of local environments and public open space is a key issue for local communities when questioned about their priorities. This includes the

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[48] There is a very wide range of youth programmes in existence, for example Connexions, the Behaviour Improvement Programme and the Neighbourhood Support Fund. While there is evidence that individually these programmes can have a positive effect, the number of different programmes can in themselves cause difficulties with joining up and bureaucracy.
[49] *'Standards and Quality'*, Ofsted Annual Report 2002/3, Stationery Office 2004; *'Transforming Youth Work'*, DfEE/Connexions 2001.
[50] SU practitioner interviews

cleanliness of streets, parks and green spaces. It also includes aspects of neighbourhood maintenance such as the quality of pavements, highways, traffic management and street lighting. Deprived areas also suffer more than other areas from the problems of abandoned vehicles[52] and there is also a clear link between deprived areas and accident rates for pedestrians, particularly children. The most deprived local authority districts have about five times as many child accidents per head as the least deprived; around 2.5 accidents per 1,000 children compared to 0.5.[53]

Until recently these aspects of neighbourhood conditions have not been a high-level national priority and therefore have typically not been a significant priority for local authorities. A focus on liveability is made harder by the fragmented responsibility for this area between several central government departments – Office of the Deputy Prime Minister (ODPM), Home Office, Department for Environment, Food and Rural Affairs (DEFRA) Department for Transport and Department for Culture, Media and Sport (DCMS) – and at local level responsibilities fall mainly to local authorities, although the management of disorder, which in itself can cause environmental problems, is also a policing issue.

The current local authority Comprehensive Performance Assessment (CPA) does not give a high priority to environmental services and the quality of public space. In addition, at the moment the measurement of local environmental issues, e.g. through Best Value Performance Indicators (BVPIs) does not adequately capture very localised pockets of poor conditions.

Deprived areas often require more joined up service delivery and a commitment from residents to stabilise and improve conditions

Because a complex set of neighbourhood problems have an impact on the local environment in deprived areas, there is a need for strong coordination in the delivery of local services. In particular, there is a need to coordinate local authorities, the police and local communities to deal with the day-to-day concerns of residents in the most deprived areas.

There is also a lack of accountability to local residents for the delivery of decent standards of service, and poor transparency of information on the performance of neighbourhood services in deprived areas.

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[51] The Places project is an NRU led initiative looking in depth at issues in Southwark, Manchester and Nottingham
[52] 14 of the 20 authorities with the highest rate of abandoned vehicles are in the top 10% most deprived neighbourhoods. Sources: *DEFRA Abandoned Vehicle Survey 2002/3* and *Municipal Waste Management Survey 2002/3.*
[53] *Making the Connections: Final Report on Transport and Social Exclusion*, SEU 2003.

4.6 The targeting and effectiveness of other key public services and special programmes can fail to address the poor outcomes faced by residents of deprived areas

Public services face greater challenges operating in deprived areas

The cycle of decline and the challenges set out earlier in this report illustrate that deprived areas often present a difficult operating environment for services. This is true across services such as education, health and transport, as well as those addressing economic and environmental conditions and disorder. It also applies to targeted regeneration programmes, which have a key role alongside mainstream services.

Improving service and programme performance in deprived areas may therefore require a different, more focused approach than delivery of the same services in different areas. This may require the development of a range of different delivery options and incentives, including increased engagement between the providers of services and the communities who are intended to use them.

Poor outcomes are caused by a number of social and environmental factors, but there is more that public services can do to address the needs of people living in deprived areas

As set out in Chapter 3, people in deprived areas are more likely to experience poor outcomes in key public service areas, such as education and health. This is partly linked to the socio-economic disadvantage of individuals and driven by a number of factors that are closely linked to an area. However, public services remain poorly targeted and there is more that they can do to sufficiently address the needs of people in deprived areas. Poor public services may prevent the cycle of decline from reversing, while good public services will help prevent the cycle taking hold.

Poor health in deprived areas is, in part, driven by a series of social and environmental factors

A range of factors common to many deprived areas contribute towards poor outcomes in health, for example:

- poor housing and local environments
- limited social networks
- income poverty and worklessness
- poor local transport and access to services
- low educational attainment
- drug and alcohol misuse

Improvements in these factors will all contribute to improving health outcomes and are crucial if health inequalities are to be reduced. However, health services can also make a difference.

There also remain problems with health services, particularly access to high-quality health services, especially in primary care services

Poorer socio-economic groups tend to use services less, relative to their need, than more affluent groups.

- Deprived areas tend to have fewer primary care workers per person than less deprived areas and a disproportionate number of single-handed GP practices. These practices tend to find it more difficult to run a wide range of services for their populations than do larger practices
- It is difficult to design and manage joined-up and tailor-made services that will encourage greater use by people in deprived areas and meet the needs of particular groups such as minority ethnic groups.

Lack of use of primary care can lead to late diagnosis and lack of adequate care. Primary care services can also contribute to health promotion programmes, particularly in relation to supporting changes in diet or smoking habits which are responsible for many of the unequal outcomes between socio-economic groups.

Poor educational attainment in deprived areas is the result of a range of factors

Deprivation has a significant impact on educational attainment. Underachievement is clustered in deprived areas. It is also made worse in those areas by poor liveability and disorder which add to the pressures faced by parents.[54] Concentrations enhance the negative peer influences which reduce aspirations.

There is more that educational services can do to address low attainment of pupils in deprived areas

Some aspects of educational services also contribute to poor attainment. For instance:

- there are problems with teacher recruitment and retention in deprived areas – teachers tend to be younger and turnover higher – where skills, including leadership, may need to be even stronger due to the challenging operating environment; and
- current targets do not focus on raising the attainment of the lowest achieving pupils. This can affect behaviour within schools and the extent to which teaching methods are designed for the needs of more deprived pupils.

Transport plays a key role in helping residents access services

Poor transport provision and the inappropriate location of services can prevent residents of deprived areas accessing services which would help improve outcomes, including employment, health and education. It also makes an area unpopular to those who can choose to live elsewhere. Problems with transport include difficult physical access, unaffordability and unreliability[55]. Accessibility of services has not been a priority for local transport authorities (LTAs), for Local Strategic Partnerships (LSPs) or for service providers. There has been a lack of a joined-up approach between transport providers, land use planners and service providers in the location and delivery of services. Box 4.2 illustrates some of the problems caused by poor accessibility in deprived areas.

Box 4.2: Transport mobility in Middlesbrough – Whinney Banks and West Lane

Whinney Banks and West Lane is a neighbourhood on the western fringe of Middlesbrough which receives New Deal for Communities Funding. The areas are bisected by two major trunk roads and other busy arterial routes cut off local facilities such as shops and schools. As a result, the different parts of the neighbourhood are connected by footbridges, pedestrian walkways, and crossings.

- In surveys, young people complain of public transport limiting their activities, and around 20% of adults say it is a barrier to accessing employment. Those with a car also say it is essential for accessing work;
- Personal travel horizons also appear relatively short, as almost half the people surveyed are not willing to travel more than half an hour to work.

Source: *Social exclusion and the provision of public transport – main report*. Department for Transport, 2000.

Not all services and programmes are effectively targeted at those most in need or have the flexibility to offer flexible services designed around user choices

Despite some evidence that floor targets have begun to focus the attention of public services on key outcomes, there remain concerns that some of the most vulnerable people in deprived areas are not benefiting from the focus on neighbourhood renewal or the new policies, funding and targets that the National Strategy introduced. In addition, delivery arrangements

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[54] Lupton R., *Improving Schools in Disadvantaged Areas* LSE 2004.
[55] *Making the connections: transport and social exclusion*, Social Exclusion Unit, 2003.

for neighbourhood renewal programmes are not necessarily targeted at those most in need or being used in a way that assures maximum impact.

Public services could work more with the residents of deprived areas to ensure they are more responsive to residents' choices

Evidence[56] suggests that the public want more responsive public services and see more choice (of provider and of service) as way of getting them. A recent MORI poll found that the least privileged people were most in favour of choice in all service areas tested with those who use services the most being most in favour of choice[57].

Figure 4.8: How choice can benefit service users
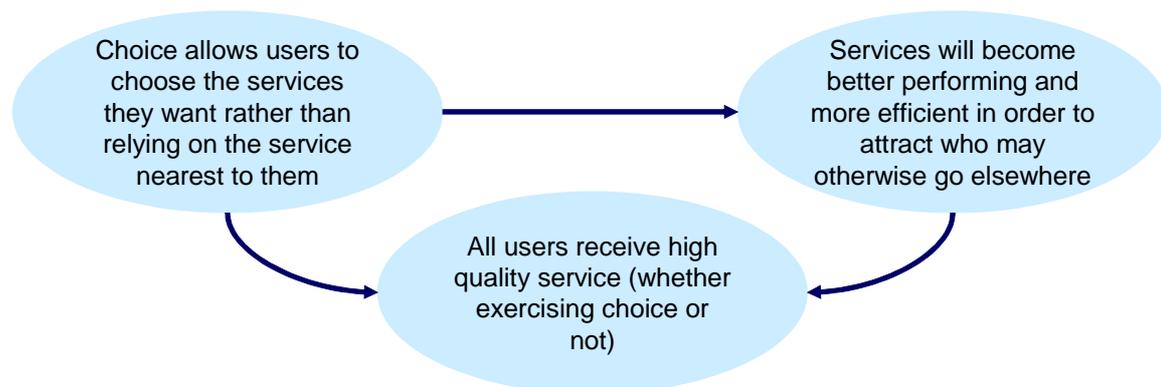
However, in order for these benefits to come about, particularly in deprived areas, a range of challenging conditions need to be in place including:

- adequate information for users to make choices – e.g. information on waiting times for health treatments at different hospitals, patient satisfaction;
- support for users to access their chosen services – e.g. subsidised school transport for low income parents to enable them to access schools outside the immediate area;
- spare capacity in public services; and
- funding that follows the user and so encourages services to attract more users.

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[56] *Choice in public services* Audit Commission 2004
[57] ibid.

The delivery system is not coordinating and targeting services to ensure maximum impact

The delivery system consists of a wide range of neighbourhood renewal and regeneration programmes, area-based initiatives (ABIs) and EU funding for tackling deprivation being used alongside mainstream public services with the aim of influencing outcomes for people living in deprived areas.

These programmes are delivered through national, regional and local organisations with a major emphasis on achieving coherence and coordination across programmes to ensure greatest impact.

National organisations Government departments run and manage a range of ABIs, e.g. Neighbourhood Nurseries (DfES), Healthy Schools Programme (DH). The NRU runs and manages some generic schemes, including the Neighbourhood Renewal Fund (NRF), New Deal for Communities (NDC) and Neighbourhood Management Pathfinders. There are also allocations made to deprived areas from the Lottery Distributors and other trusts and Charities.

Regional organisations[58] Government Offices for the Regions (GOs) act as intermediaries in the delivery of the National Strategy, regulating and supporting performance management of Local Strategic Partnerships (LSPs) and NDC programmes. They also manage EU funds. Regional Housing Boards (RHBs) draw up regional housing strategies and invest a single housing pot. Regional Development Agencies (RDAs) lead and coordinate economic strategy. Other bodies operating regionally or between the regions and local authorities include Learning and Skills Councils (LSCs), Strategic Health Authorities, Connexions, police authorities and Jobcentre Plus.

Local authority-level organisations Delivery is organised through the work of the mainstream public services. A key new feature is Local Strategic Partnerships, which are responsible for joining up delivery across agencies on the basis of agreed community strategies and local neighbourhood renewal strategies. Many ABIs and generic regeneration programmes operate at local authority level.

Neighbourhood-level organisations Although there is no standard pattern of organisation at the neighbourhood level, around two-thirds of the UK is covered by some form of neighbourhood-level organisation. Area Committees, for example, typically cover areas of around 20,000 households. In some areas neighbourhood-level delivery programmes exist (Sure Start local programmes, NDC), or community-led agencies are involved in delivery (e.g. community trusts/associations).

The organisations described above are often responsible for deciding how funds should be allocated rather than direct delivery of services. In terms of 'front line' delivery, a range of agencies from the public, private and voluntary sectors are directly responsible for the programmes in deprived areas.

Community engagement has become a more common feature of programmes and can, if used effectively, help provide more sustainable outcomes through the involvement of residents in the design and delivery of services as well as broadening local networks and improving social cohesion.

The current system is not achieving the maximum possible value for money or sustainable outcomes due to a number of weaknesses.

There are too many area-based initiatives and too much bureaucracy

Area-based initiatives (ABIs) are targeted streams of funding aimed at one or more specified geographical areas. A recent assessment found that there are 70 separate ABIs under way from central government (see Figure 4.9). Each of these has its own regulations and performance management arrangements leading to a heavy burden of bureaucracy on front-line delivery agents.

Difficulty achieving coordination between funding streams and multiple lines of accountability between delivery agencies and funding bodies is a major cause of poor responsiveness to need and inadequate focus on delivery. Too much time and resources are spent constructing complex funding packages, bidding for funds and demonstrating compliance with regulations. This distracts focus from achieving better outcomes for residents.

The Regional Coordination Unit (RCU) has responsibility for ensuring that ABIs are properly designed and coordinated to achieve maximum effect. They use an 'ABI Gateway' to assess new initiatives against key criteria, including links to other initiatives, and provide advice to departments. The RCU has also led a review of 40 ABIs that resulted in the number of initiatives being reduced to 23. However, the creation of further initiatives has continued and problems of coordination remain.

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[58] The 'regional' tier also includes sub-regional bodies (e.g. JobCentre Plus).

Figure 4.9: Number and type of ABIs

Total number of ABIs[59]: 71

Distribution by department

Distribution by theme

Theme	Value
Access to job opportunities	15
Public space	10
Crime/ASB	10
Education/lifelong learning	9
Aspirations	6
Social capital	6
Poor health	5
Families (incl teenage pregnancy)	3
Access to suppliers	3
Poor transport	2
Poor housing	2
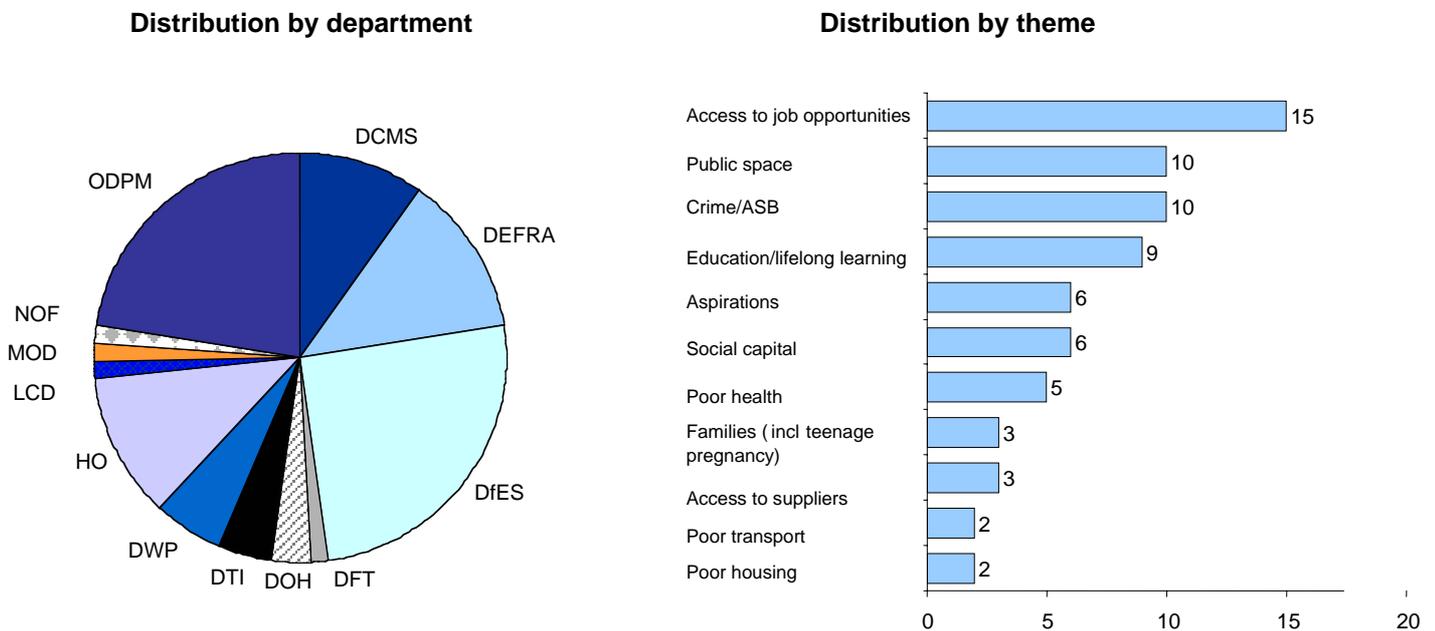
NB The Regional Coordination Unit uses a different definition of ABIs, the SU definition is wider. The numbers of ABIs are constantly changing. This count should be viewed as indicative at one point during this project.
Source: SU analysis, 2004

At the regional tier of the system, responsibilities for regeneration are unclear and fragmented

Both RDAs and GOs have economic development and social regeneration responsibilities – e.g. GOs manage EU structural funds, while RDAs manage Single Regeneration Budget funding (to be fully mainstreamed into the single pot by 2007). While RDAs, GOs and RHBs all invest in deprived areas there is no clear lead or accountable body for creating or maintaining a regional strategy, and responsibilities remain unclear in relation to key outcomes.

Government Offices in the regions have many of the necessary skills to play a valuable role in delivery, for example in their grasp of both policy and the local context. However, at present central government departments do not provide them with a clear and consistent role in delivering change in deprived areas and this can lead to a lack of credibility with key central and local agents. Instead, their role is primarily in administering initiatives rather than in

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[59] Excludes generic funds ie New Deal for Communities, community empowerment fund, special grants programme, Single Community Programme (includes community chests, community learning chests) European regeneration funds.

supporting or managing change within their regions. In some cases this has been compounded by a lack of senior and experienced staff dealing with neighbourhood renewal.

Local Strategic Partnerships are making progress but need to increase their capacity to target resources to needs

The Audit Commission has recently validated 60 of the 87 new LSP performance management frameworks and has indicated that their performance is generally more advanced than would be expected at this relatively early stage of partnership development. However, while there was evidence of some strengths in reviewing delivery, more needs to be done to embed a culture of performance management and delivery in all LSPs. The strategic capability and credibility of the local authority in carrying out the community leadership role and providing strategic direction, facilitation, analytical and commissioning functions is a particularly influential factor.

Some LSPs lack the capacity to carry out robust analysis of data (see below). This can lead to deficiencies in analysing local needs and consequently deploying the most appropriate intervention. The Audit Commission found that the introduction of performance management frameworks has helped to address this but more needs to be done to support areas where less progress has been made.

SU analysis has also found that where LSPs function effectively, delivery appears heavily reliant on the level of engagement and focus of mainstream agencies.
There is poor monitoring of the impact of delivery on different ethnic groups, although a number of LSPs with challenging community cohesion objectives have initiated work in response.

Data on neighbourhood renewal does not provide the information required for detailed analysis

The National Strategy for Neighbourhood Renewal clearly recognised the importance of freely available small-area data to support national and local policy making and to drive the change in the most deprived neighbourhoods.

Despite recent improvements, the provision of data on deprived areas can be insufficient for regeneration practitioners and LSPs to use effectively, and often data that is available is not routinely used to inform strategy, monitoring or evaluation. Specific problems include:

- little or no data on some indicators, quality and reliability issues in others;
- lack of time-series data or data sets comparable over time;
- wrong spatial level for some data, e.g. some data not available below LA level;

- a lack of guidance on how to use and combine different datasets to produce meaningful results; and
- local area performance focus is on outputs rather than outcomes.

Providing data on very small areas can give rise to data protection issues and not all data will be suitable for access by all users. There may be a case for tailoring access to data based upon practitioners' needs and the needs of other users. For example, ward-level data on individual indicators may be suitable for members of the public but regeneration practitioners may require more detailed data at a smaller level. In addition, there is not enough guidance available on how to combine and use datasets available from the ONS Neighbourhood Statistics website to carry out detailed analysis of trends and patterns.

The current range of Neighbourhood Renewal Programmes requires reform to ensure that small pockets of severe deprivation receive attention

The current arrangements for delivering neighbourhood renewal programmes do not ensure that additional investment reaches small pockets of deprivation. For example, the Neighbourhood Renewal Fund (NRF) currently does not have conditions attached to the performance management arrangements to ensure improved outcomes in the most deprived parts of local authorities. The New Deal for Communities and Neighbourhood Management Pathfinder Programmes were not selected with the intention of covering the most deprived areas, and while both programmes have settled down well and are achieving outcomes in their areas in most cases, an evaluation[60] commissioned by the NRU has identified that more needs to be done to focus the programmes to ensure they deliver and are sustainable in the long term.

There is a lack of focus on outcomes in the way funds are administered and little evidence of absorption of good practice into mainstream delivery ('mainstreaming').

There remains a culture of 'grant aiding' rather than real commissioning[61] among many LSPs and neighbourhood renewal funding bodies.

Funding bodies can be pressurised into 'supporting' various agencies and institutions, rather than investing in those agencies through strategic commissioning. This reduces both the potential for innovation and the impact of investment.

Short-term funding and a lack of requirement for agencies to change existing practice and/or absorb the cost of neighbourhood renewal funded projects into mainstream budgets perpetuate the cycle of demand for funding from existing projects.

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[60] NAO report on NDC Partnerships 2004. NRU NM Pathfinder Evaluation 2003/4
[61] Commissioning is the strategic activity of assessing needs, resources and current services, the determination of priorities, purchasing of appropriate services and their evaluation on an outcomes and value basis. (*National Treatment Agency for substance misuse, resource pack for commissioners* NHS)

Existing delivery agents tend not to be subject to serious scrutiny or challenge from funding bodies and there is a lack of project evaluation or contestability[62] in the provision of neighbourhood renewal projects. For instance, procurement methods requiring quotations or tenders for services above a certain value are not routinely used. When coupled with weak knowledge of alternative delivery options this can mean that poor delivery goes unchecked and alternative providers are unnecessarily excluded from the market. This includes voluntary, community, social enterprise and private sector organisations that can sometimes identify and reach people in need of support more effectively than mainstream services.

Overall, although LSP performance management has been trying to instil more strategic practice, the behaviour of the delivery system can still be characterised as 'funding-led', rather than strategy- or outcomes-led.

Any attempt to rationalise funding streams will need to be accompanied by measures that address the procedural and behavioural factors outlined here and to manage the risk of the number of area-based initiatives growing again.

Neighbourhood level bodies can be a successful means for addressing local problems - however the use of neighbourhood governance is patchy

There are a number of reasons why residents may wish to be more involved in the delivery of liveability services in their neighbourhood. These include a demand for greater influence over service delivery and greater connection between residents and their immediate locality. However, the desire for greater engagement at the neighbourhood level is correlated with dissatisfaction with local services. See Figure 4.10.

Figure 4.10: Proportion of population wanting more of say in how the neighbourhood is managed, according to their satisfaction with local services
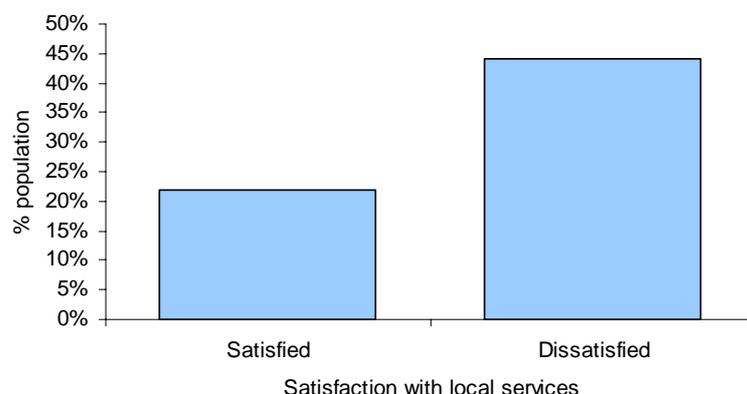
Source: MORI 2003

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[62] Contestability refers to the extent to which providers of a service are challenged and replaced when they do not deliver public value.

Ideally, services should be delivered to an acceptable standard without the need for resident support. Chapter 7 has set out how the extension of neighbourhood management arrangements can contribute to tackling poor local environmental conditions and disorder, including a key role for local residents. This reflects the need for their close involvement in how services are planned and delivered in areas where needs are complex.

However despite community engagement being a key part of the national strategy, there is a lack of clarity about the role of community governance in the renewal of deprived areas. In addition, some neighbourhood bodies working in deprived areas have encountered difficulties in using current programmes to acquire assets to use for regeneration purposes that could generate a secondary revenue stream beyond the life of the programme to enable social benefits to continue to flow – sustaining the renewal of the area.

Some areas suffer from 'engagement fatigue' - others have considerably fewer opportunities for consultation.

Over 25% of local authorities have no formal devolved structural arrangements for consultation in the form of area committees and forums for residents and of that 25%, 81% have no current plans to introduce them.[63]

Although the 1997 Local Government Act established the right of all individuals to draw up a petition to establish a parish or town council, very few are aware of this power or do not have sufficient time or capacity to embark on this process or other ways of assuming greater powers.

Conversely, some areas are subject to too many initiatives and the most active residents are vulnerable to overload. In some cases consultation does not in itself exert much influence over how services are delivered.

4.7   Intervening successfully to arrest the cycle of decline requires several challenges to be overcome

Government interventions in deprived areas face six broad challenges.

- **Higher demand for public services.** A higher proportion of residents in need of key services, for example health and education, and requiring sustained, in-depth or multi-agency interventions
- **Difficult operating environment.** A poor physical environment and problems with social order can create a more challenging and stressful setting for public service workers and regeneration practitioners[64]

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[63] Source: LGA Research Unit, May 2004

- **Shortages in skilled workforce.** It can be difficult to attract and retain high quality staff or those with specialist skills. For example, deprived areas tend to have fewer primary care workers per person than less deprived areas and there are problems with teacher recruitment and retention[65]

- **Mistrust and low expectations.** Residents can have low confidence in government services and interventions in deprived areas. Public service providers can have low expectations and mistrust of residents[66]

- **Problems with access and engagement.** Residents face a range of barriers (e.g. lack of transport, confidence, motivation, awareness of what is on offer) to accessing services and engaging with service providers. These include not only health services but employment agencies and community support services. Poorer socio-economic groups tend to use public services less, relative to their need, than more affluent groups

- **Multifaceted and complex problems require better joining up.** In deprived areas there is a higher proportion of residents with multifaceted problems requiring a more integrated, coordinated and customer-focused approach to service delivery. For example, employment agencies may need to work with social services and childcare providers in order to effectively help clients find and retain work.

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[64] Lupton R., *Improving Schools in Disadvantaged Areas* LSE 2004.
[65] *Bridging the gap* Social Exclusion Unit 1999; *London project interim report* Strategy Unit 2003
[66] Strategy Unit *Choice, quality and equity in education,* 2004*;* Duffy, B *Satisfaction and Expectations: attitudes to public services in deprived areas* CASE, LSE 2000

5. Vision

Summary

- The Government's overall goal should remain the same as it was for the National Strategy in 2001 – that within 10 to 20 years no one should be seriously disadvantaged by where they live
- A cycle of success will be created if the cycle of decline is tackled successfully through revitalising local economies, improving housing and the local environment , stabilising communities and improving the delivery of public services and targeted support to deprived areas
- Methods for distributing funds should be flexible enough to reflect the different spatial levels (e.g. regional, local, neighbourhood) at which problems arise

5.1   Aims of future strategy

The Government's overall goal should remain the same as it was for the National Strategy in 2001 – that within 10 to 20 years no one should be seriously disadvantaged by where they live

However it needs to be updated to reflect the fact that three years have passed since the launch of the Strategy. Therefore the goal should be reformulated as:

'By 2021 no-one should be seriously disadvantaged by where they live.'

Achieving this vision will require action to address the three main drivers of decline

- Revitalising local economies
- Stabilising communities, improving housing and the local environment
- Improving the performance of public services and the delivery of support to deprived areas.

These high level aims need to be underpinned by specific objectives and practical measures designed to meet them. Chapters 6 to 8 outline those measures in detail.
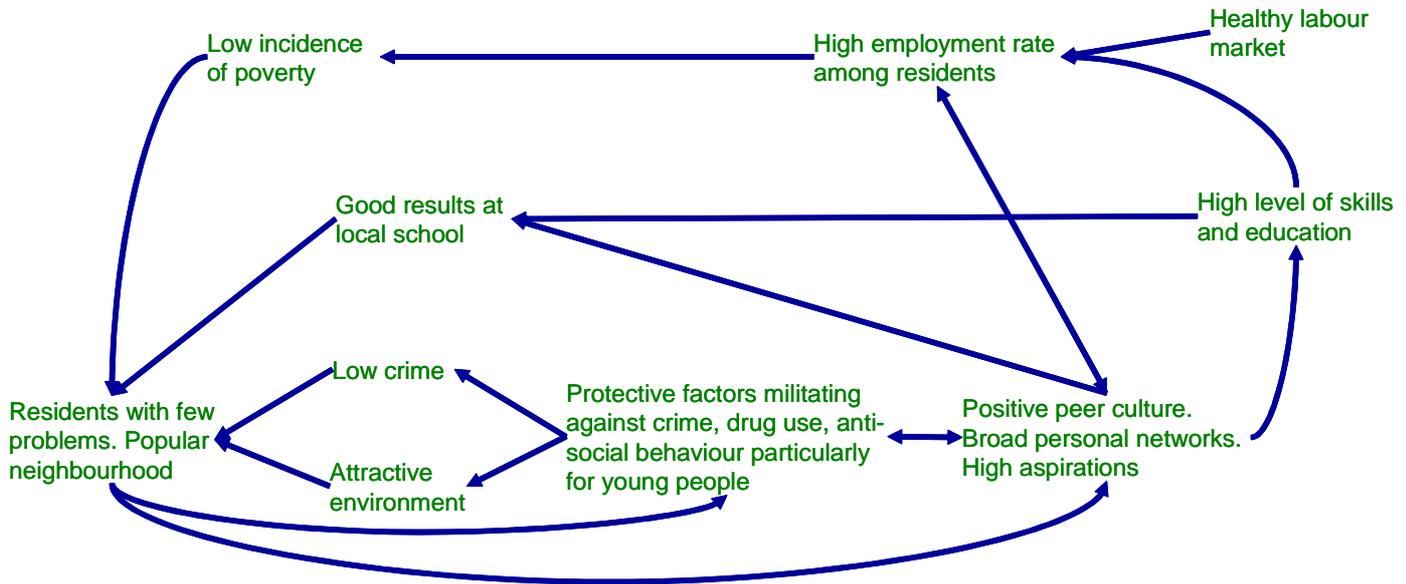
5.2   Turning the cycle of decline into the cycle of success

A cycle of success will be created if the cycle of decline is tackled successfully through:

- revitalising local economies;
- improving housing and the local environment

- stabilising communities and improving the delivery of public services and targeted support to deprived areas;

Figure 5.1: The cycle of success

Low incidence of poverty

High employment rate among residents

Healthy labour market

Good results at local school

High level of skills and education

Low crime

Protective factors militating against crime, drug use, anti-social behaviour particularly for young people

Positive peer culture. Broad personal networks. High aspirations

Residents with few problems. Popular neighbourhood

Attractive environment

Here the characteristics of residents and the environment combine to make an area popular and in turn improve the chances of those who live there. All of these changes will need to be delivered in the most efficient and appropriate way possible.

5.3   Which areas should be prioritised?

Deciding the appropriate geographical areas on which to target funding is a challenge faced by all departments that fund programmes in particular areas. The implications of selecting some areas over others are significant. This issue is considered specifically in relation to the Neighbourhood Renewal Fund (NRF) in Chapter 8.

There are three main options for targeting:
- large areas containing significant amounts of deprivation;
- a limited number of small areas which can be shown to experience particularly poor outcomes; and
- a larger number of small areas which are more deprived than others.

If the characteristics of areas at risk of becoming deprived can also be robustly identified there is a case for also targeting these areas in order to prevent the cycle of decline taking hold.

Targeting large areas, e.g. local authorities based on the proportions of smaller deprived areas within them

This has the advantage of mirroring many service delivery areas, and means that many deprived people are included in programmes. However, it also means that pockets of deprivation which are not located near other deprived areas miss out on funds, and that without careful management there is a risk of funds going to people and areas within the local authority who are less in need.

Targeting a small number of very deprived areas, e.g. the top 500 most deprived super output areas

Analysis of the 2004 Index of Multiple Deprivation (IMD) shows that there are 500 areas of around 1500 people (super output areas[67] (SOAs)) which are substantially more deprived than other areas. This represents 1.5% of the total number of SOAs in England. There is a case for focusing special attention on these very small areas because of the severity of the problems they are experiencing.

However, targeting such areas can, without careful planning, create tensions arising from the boundaries around small areas. These areas have a disproportionate number of deprived people living in them, but targeting interventions at them will only reach a very small percentage of the whole number of deprived people. It can also reduce the capacity for dealing with problems that arise at a larger area level, e.g. structural economic change. It may also be necessary to establish separate delivery systems according to SOA boundaries if funds were focused in these areas.

Targeting a larger number of small areas, e.g. the top 5% most deprived super output areas

The top 5% SOAs on the 2004 IMD (about 1,624 areas) are also identifiable as disproportionately more deprived than those further down the index, although not as severely deprived as the top 500. Targeting these areas rather than the most severely deprived 500 would mean that more deprived people were reached by funds and programmes, but reduce the extent to which funds are targeted on the most severely deprived.

The selection of deprived areas on which to focus investment should reflect the spatial level at which the problems arise

A definition of deprived areas must be adopted to enable regeneration funds to be distributed. However, programmes and their funding should take account of the level at which problems arise if they are to be most effective at tackling the cycle of decline. For instance, liveability

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[67] 'Super output areas' (SOAs) are new geographical areas created for the 2001 Census which will remain consistent over time and which contain an average of 1500 people. Using SOAs reduces the variation in size and changes over time associated with using electoral wards, which were the previous small area units used in deprivation analysis.

interventions may be best targeted on neighbourhoods, since the quality of public spaces is an issue at a very small area level. However, for many interventions to deal with economic outcomes it may be more appropriate to target a larger area. For example, there would be no rationale for trying to increase the number of jobs available in a small area if it was already surrounded by areas where job availability was very high.

Methods for distributing funds should be flexible enough to reflect the different spatial levels at which problems arise and should make the best possible use of available information to guide decisions.

6. Revitalising local economies

Summary

- Measures to tackle barriers to work facing individuals will be put in place. These include improving skills and employment support, increasing the provision of childcare, improving access to transport and addressing disincentives to work in the tax and benefit system

- In addition, the Government will take action to overcome barriers to private sector investment by working with the private sector on a number of initiatives to benefit people in deprived areas, ensuring that regional development agencies (RDAs) focus on employment and enterprise in deprived areas and taking steps to ensure that planning and procurement regulations do not hinder economic activity in deprived areas

- In some cases the government may need to support an area's transition to a new economic role

6.1 Introduction

Deprived areas are characterised by high concentrations of income poverty and worklessness. The shift in demand from unskilled to skilled labour has increased the barriers to work that people in deprived areas face. These include:

- poor skills, education and training of residents;
- poor access to jobs and low travel horizons; and
- variable provision of affordable childcare.

Given the close proximity of most deprived areas to areas of employment, barriers to work facing individuals are the primary cause of worklessness. There are also factors preventing the take up of education and training opportunities. In some areas, there are disincentives for private sector investors who would otherwise provide benefits in terms of employment and access to private goods.

6.2 Tackle barriers to work facing individuals

Improve skills and employment support, particularly for the most disadvantaged

The Government is undertaking a number of programmes to raise skills and support residents in deprived areas to find work.

The Skills Strategy, launched in July 2003, set out a coherent approach to addressing the nation's skills needs. So far over 2,200 low skilled individuals have received financial help with Adult Learning Grant pilots and improved information, advice and guidance is being

provided for adults across the country. In addition, Testbed Learning Communities are being developed to try out new ways of tackling problems of disadvantage and social exclusion through getting people involved in learning.

A report by the National Employment Panel[68] set out the agenda for strengthening the support available for those wishing to secure appropriate training as a route to employment. It made a series of recommendations, focusing in particular on how Jobcentre Plus and Local LSCs can work more effectively together to meet the needs of local communities and employers. The LSC are currently developing measures for a target to increase the level of employer engagement in workforce development.

The NEP recommendations are being taken forward as part of the New Deal for Skills, announced by the Chancellor in the 2004 Budget. It will include such developments as local LSC and Jobcentre Plus district offices developing joint local delivery plans. The New Deal for Skills will also pilot a skills coaching service to offer more help and support to the low skilled who need it most – helping them identify their skills needs, access training and then follow it through to sustained employment.

Supporting residents in deprived areas to find work requires a focus on a smaller spatial scale in the delivery of government employment support programmes. As part of the Spending Review, DWP has adopted a new PSA target for worklessness that aims to:

> 'increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in the local authority wards with the poorest initial labour market position); and significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate'.[69]

Programmes such as Action Teams for Jobs and Working Neighbourhoods pilots operate specifically in areas with high unemployment rates. Initiatives to help disadvantaged groups include Progress2work and StepUp. In addition, Jobcentre Plus has a system of targets that aim to focus effort and resources on helping clients belonging to 'priority groups' into work. This includes residents of some disadvantaged areas. However it is not clear that this approach has had sufficient impact for all harder-to-help groups.[70]

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[68] *Welfare to workforce development* National Employment Panel, March 2004
[69] Ibid.
[70] For example, Jobcentre staff may 'cherry pick', i.e. focus resources on those easiest to help from the priority groups or clients furthest from the labour market could be pushed into employment before they are ready, or pressured into accepting unsuitable employment. See *Jobs and enterprise in deprived areas* Social Exclusion Unit 2004

The Department for Work and Pensions' (DWP) report *Building on the New Deal*[71] proposes increased flexibility for Jobcentre Plus staff to tailor services to meet individual needs. It recognises that a separate approach, including both specialist help and a national strategy, is needed to help the most disadvantaged clients.

Conclusion 1. In developing this national strategy, DWP will consider[72]:

- **greater use of outreach using community-based personal advisers;**
- **an expanded range of tailored support to meet complex needs, including the possible use of Intermediate Labour Markets;**
- **a more appropriate target regime for Jobcentre Plus regarding the most disadvantaged clients;**
- **a 'work focussed' rather than 'work first' approach for the most disadvantaged people; and**
- **a more flexible approach to compulsion for people participating in specialist provision.**

By Q1 2006.

Improve childcare in deprived areas

Since 1997, the Government has done much to make childcare more affordable for working parents, particularly through the introduction of what is now the childcare element of the Working Tax Credit, which was benefiting 340,000 in July 2004. The 2004 Pre-Budget Report announced substantial extensions to the Government's support for childcare costs through the tax credit system. The maximum proportion of costs that can be claimed will rise to 80% from April 2006 and the limits will increase to £175 per week for 1 child and £300 for 2 or more children from April 2005.

Childcare provision has increased substantially across the country alongside a wide range of health and family support for parents through Sure Start Local Programmes, Early Excellence Centres, and other integrated centres. However, concerns about the affordability and provision of childcare in deprived areas remain. Childcare provision continues to suffer from:

- lack of flexibility, especially in meeting the needs of groups such as lone parents and those with disabled children;
- variation in the supply; and
- variation in its cost – with some deprived areas of London among the least affordable. [73]

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[71] *Building on the New Deal: local solutions meeting individual needs*, DWP, 2004
[72] See also the conclusions in: *Jobs and enterprise in deprived areas*, Social Exclusion Unit 2004.

These issues are currently being examined further in seven pilot areas looking at the childcare that lone parents need in order to enter, and remain in, employment[74].

The Government published *Choice for parents, the best start for children: a ten year strategy for childcare* alongside the Pre-Budget Report on 2 December 2004 to outline how it intends to deliver universal affordable childcare for all children who need it up to the age of 14 years and a Sure Start Children's Centre for every community, so that early years and childcare services become a permanent mainstream part of children's services. It built on the work of the Childcare Review announced in Budget 2003 and the settlement in the 2004 Spending Review, which gave funding for Children's Centres in all the 20% most disadvantaged areas and many pockets of deprivation by 2008, and a pilot offering a free part-time early education places for 12,000 two-year-olds in disadvantaged areas in 2006.

This substantial additional funding will enable Governmental spending on Sure Start to reach £1.8bn in 2007-08, more than double the figure for 2004-05. This represents an average annual increase of 24% in real terms.

Improve mobility and access to transport

In recognition of the barriers that poor transport poses to employment for people in deprived areas, the Government has initiated a number of changes.[75] Further measures for improving accessibility of local areas are outlined in Chapter 8 of this report. Short supply and high demand for social housing reduces people's ability to move to areas where more jobs are available. This has been dealt with further in Chapter 7 of this report.

6.3   Address barriers in the tax and benefit system

Build on current Incapacity Benefit reforms

Following publication of *Pathways to work: helping people into employment* the Government is piloting new measures to help those on Incapacity Benefit (IB) back into employment[76]. The 2004 pre-budget report announced a major expansion of the Pathways to Work pilots to an additional 14 Jobcentre Plus districts covering the 30 local authority districts with the highest concentrations of incapacity benefit claimants. The pilots include:

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[73] *Early years: progress in developing high quality childcare and early education accessible to all* National Audit Office, 2004; *Tax credits still not plugging childcare cost gap for London parents* The Daycare Trust, 2004.
[74] These pilots are currently underway in Bradford, Haringey and Lewisham. Four more areas – Greenwich, Leicester, Leicestershire and Sandwell – were added from October 2004.
[75] See: *Employment and neighbourhood renewal*, Neighbourhood Renewal Unit, 2002.
[76] *Pathways to work: helping people into employment – the Government's response and action plan,* DWP 2003. Pilots are under way in five areas in England. Most new IB claimants in the pilot areas will attend work-focused interviews with a specially trained adviser. Financial incentives will include up to £300 to help find a job and a return to work credit of £40 per week

- improved financial incentives to move from benefits to work;
- more early, ongoing support and easier access to specialist employment and rehabilitation programmes;
- improved engagement with employers and other external stakeholders; and
- more frequent work-focused interviews and mandatory action plans drawn up between clients and advisers.

It is too early to tell whether these changes will be sufficient to tackle the claim culture that may exist in some deprived areas. Further changes may be needed to improve the effectiveness of the gateway to IB, particularly the transition from short-term sickness to long-term disability. These would need to be undertaken as part of a wider reform package to improve employers' engagement and address the skills shortages of disabled people.

Another project being undertaken by the Strategy Unit on improving the life chances of disabled people[77] will set out a comprehensive set of measures to improve the employment prospects of disabled people, including those claiming incapacity-related benefits.

Build on recent improvements in housing benefit processing

Over the previous spending review the Government has made significant progress in reducing the processing times for housing benefit. These reforms included:

- setting clear performance targets for reducing processing times;
- better data-sharing arrangements between central government and local authorities; and
- a £200m fund to provide support for local authorities to upgrade their administration systems and recruit more staff.

DWP need to continue to build on these reforms, in particular by improving information sharing between housing benefit processing and national benefit processing systems.

DWP are also engaging in two further streams of reform to improve the housing benefit system:
- structural reform including Pathfinders for flat-rate local housing allowances in the private rented sector, leading to national roll-out; and
- streamlining and alignment of benefits to make the transition to work easier, improve work incentives and align the rules for housing benefit more closely with other benefits.

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[77] *Improving the life chances of disabled people* Strategy Unit 2004 (forthcoming) see
www.strategy.gov.uk

Raise awareness of in-work support in deprived areas

The Child and Working Tax Credits have increased and extended in-work financial support for low and medium income groups. Awareness among low income families with children should rise as more of those on out of work benefits begin to receive the Child Tax Credit. But there is evidence of a need for a better understanding of levels of awareness of tax credits and trust in some key delivery and information providers in deprived areas.

Conclusion 2. The Inland Revenue will examine evidence of how awareness of tax credits and number of claims varies across deprived areas, and for particular communities; and based on this analysis, they will consider the need for any further work to assess the impact on take-up of working tax credits in deprived areas, and whether any further steps are needed to improve awareness. Q1 2006.

6.4 Overcome barriers to private sector investment

Enterprise Areas will increase support for business in deprived areas

The Government has designated the 15% most deprived wards in England as 'Enterprise Areas', which receive additional enterprise support such as stamp duty exemptions on residential and commercial properties. Further measures to address barriers to employability, including self-employment, are being developed. In particular, draft legislation for a business premises renovation allowance was published in December 2004.

Other measures for encouraging small businesses in deprived areas include:

- £20m of investment through the Bridges Community Development Venture Fund;
- City Growth Strategies for private sector-led regeneration in disadvantaged urban areas; and
- community investment tax relief for investors in accredited Community Development Finance Institutions (CDFI), worth up to 25% over five years.

Work to improve links between government and business at all levels

Improving economic outcomes for people in deprived areas requires government and the private sector to work more effectively together. The Government has adopted several initiatives to foster closer working with the private sector with a view to raising levels of private sector investment for the benefit of people in deprived areas – see Box 6.1.

Box 6.1: Improving links between business and deprived areas

Several projects currently underway may provide models of success to improve the links between business and deprived areas.

In 2002, the Government, in partnership with Business in the Community, launched the Under-served Markets project. The project is led by business and will promote the benefits of greater retail investment in deprived areas, first by researching the commercial opportunities for investment in deprived areas and secondly, through coordinating partnerships to bring about major retail investments in four selected areas.

A Private Sector Advisory Panel[78] has been engaged to advise the Government on how the private sector can be more effectively involved in key aspects of neighbourhood renewal.

The Government is also supporting Fair Cities, a new employer led initiative to link up disadvantaged ethnic minority communities with local employment opportunities, starting in three pilot areas.

To help improve private sector engagement in LSPs, the Government is funding a pilot programme for 'Business Brokers'[79]

Improve the focus of the RDAs and business support in deprived areas

England's nine regional development agencies (RDAs) have been given unprecedented flexibility and autonomy to act as strategic leaders for economic development in their regions. The RDAs also have considerable budgets that will rise to £2 billion by 2005-6. The future economic development of deprived areas will depend partly on how effective the RDAs are at promoting enterprise and investment for the benefit of deprived areas.

As set out in the Devolving Decision Making Review[80], the Government is keen to ensure that the tasking framework for the RDAs is more closely aligned to the priorities identified in their Regional Economic Strategies as well as the government's high-level PSA targets. This work has provided an opportunity to refocus the role of RDAs in relation to deprived areas.

Consistent with their responsibility for developing the economy of the whole of their region, RDAs will need to intervene in deprived areas primarily:

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[78] The Private Sector Advisory Panel contains representatives from large and small companies and Business in the Community.
[79] The Business Brokers programme is funded by the Government with a national support function provided by the Partnership Academy, based at Business in the Community.

- to make sure that the benefits of regional economic growth reach deprived areas through active steps to engage local communities and businesses and ensure that jobs arising from new developments and cluster activities will benefit local people;[81]

- by working with the LSC, Jobcentre Plus, Skills for Business, the Small Business Service and others who make up the Regional Skills Partnerships to ensure that people in deprived areas have the skills they need to benefit from opportunities created by regional economic growth; and

- to harness untapped economic potential in deprived areas, particularly indicated by low levels of employment and enterprise.

DTI is coordinating the introduction of a new approach to tasking England's the RDAs that will help the agencies and departments to work on regional priorities in a way that serves both national and local interests more effectively. The new approach will come into effect from April 2005.

To ensure a focus on concentrations of worklessness and the promotion of enterprise, the RDA commitments will contribute to floor and convergence targets related to economic outcomes in deprived areas:

- promoting enterprise in disadvantaged communities (DTI PSA 6iii); and

- addressing concentrations of unemployment and increasing employment in disadvantaged groups (DWP PSA 4).

As well as setting the right outcomes for RDAs it is important that their performance is monitored professionally and effectively. A new performance management framework is needed that is more transparent and efficient, less bureaucratic and places greater reliance on internal and independent audit. This work should carefully consider the potential for introducing a system of comprehensive performance assessments managed by an independent and professional body, drawing from the lessons of the assessment of the London Assembly by the Audit Commission.

Conclusion 3. DTI, working together with the Regional Development Agencies and other departments will establish a new RDA performance monitoring framework. New framework agreed by Q2 2005.

RDAs and business support
RDAs are being given more scope to deliver effective business support through regional management of local Business Link services, following on from pilots in three regions[82] from

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[80] *Devolving decision making* HM Treasury, ODPM, DTI March 2004

April 2003. The brokerage services provided by Business Links could provide valuable opportunities to promote enterprise in deprived areas. This will require more effective working with community-based business advisers, enterprise agencies and Community Development Finance Institutions (CDFIs).

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Box 6.2: Post-loan support

Business Links and other business advice services play an important role as partners of providers of business finance, for example CDFIs, in deprived areas. Post-loan business support and advice can be vital in helping enterprises improve their operations and pay back loans. However Business Links currently does not have the incentives or resources to undertake this role effectively. One CDFI initially tried to work with their local Business Link Operator (BLO) to provide post-loan support but after disappointing performance from the BLO the CDFI is now starting to provide post-loan advice 'in house'.

Source: interviews with CDFI managers

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Promoting enterprise in deprived areas is also delivered through the Phoenix Fund, which provides funds for a wide range of innovative business support projects, and offers revenue, capital and loan guarantee support to CDFIs. Current commitments under the Fund come to an end in 2006, although plans for follow up arrangements through to 2008 are currently in preparation. From 2006, RDAs will have a greater role to play in promoting enterprise in deprived areas.

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[81] For example the West Midlands RDA, Advantage West Midlands, has developed the concept of 'Regeneration Zones' which link areas of deprivation and unemployment to areas of economic opportunity.
[82] East Midlands, North West, West Midlands.

Box 6.3: The role of RDAs in promoting enterprise in deprived areas

RDA commitments to promote enterprise in disadvantaged communities would imply a role in supporting programmes currently funded by the Phoenix Fund. However, to date, RDA involvement in this area has been limited.

- Out of 95 business support projects financed by the Phoenix Development fund in 2000 and 2001, only four received co-financing from RDAs.
- RDA support of CDFIs has been limited; in 2003 only 5% of contributions to CDFIs came from RDAs compared to 21% from Banks, 17% from the Phoenix Fund and 12% from funds under management.

As the tasking review provides more clarity on the obligations of RDAs in this area more support for enterprise in deprived areas should emerge.

Sources: Community Development Finance Association 2004; Freiss, Evaluation of the Phoenix Development Fund, SBS 2003 (draft unpublished)

Use the planning system to enable deprived areas to benefit from new private development

The Planning and Compulsory Purchase Act (2004) should enable local authorities to take a more strategic approach to planning. Local Development Frameworks form a key component of this and will include:

- a core strategy setting out objectives and a spatial level at which it will apply; and
- action plans to address issues of concern, such as the regeneration of deprived areas.

The Government's target is for agreeing programmes for rolling out Local Development Documents (which make up Local Development Frameworks) in all local authority areas and delivering against these by March 2007.

Conclusion 4. ODPM will make clear in guidance to local authorities on creating Local Development Frameworks how the new measures can be a catalyst for the economic development of deprived areas. Q2 2005.

Other measures include the replacement of Planning Policy Guidance (PPG) 6 *Town centres and retail development* with Planning Policy Statement 6 (PPS) *Planning for Town Centres*. PPS 6 acknowledges the importance of development to support regeneration.

Leveraging greater economic development for deprived areas through the planning system could also involve:

- more strategic use of existing compulsory purchase powers; and
- use of planning agreements, where appropriate, to put schemes in place in new commercial developments to provide training and employment opportunities for residents of deprived areas.[83]

A new Planning Policy Statement (PPS4) on planning for economic development is expected to be issued in draft for consultation early in 2005. This provides an important opportunity to clarify government policy on how planning can benefit deprived areas.

Overcome the effects of a poor surrounding environment

The Government is pursuing a number of area-based initiatives (ABIs) to address barriers to economic development due to poor the local environment, crime and disorder in deprived areas, including:

- the provision of grants for small retailers' expenditure on security equipment;[84] and
- planned legislation for Business Improvement Districts (BIDS), which will allow local authorities and businesses to vote for and finance local business environment improvements through new local business charges.

Other efforts to improve the local environment in deprived areas are discussed in Chapter 7.

6.5 Make better use of government procurement

Introduction

Public procurement accounts for approximately £100bn a year, 10% of Gross Domestic Product (GDP). This is a potentially very powerful lever for promoting the economic development of deprived areas by:

- including relevant employment and training requirements for disadvantaged communities in local government and other public sector procurement (where it is consistent with value for money and EU procurement rules to do so);
- enabling small and medium sized enterprises, social enterprises and voluntary and community sector bodies to bid for contracts and ensuring the wider benefits of social enterprises are considered when assessing the business need and defining the requirement in the contract.

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[83] A 1999 survey found that only 13% of local authorities had used planning agreements to target training and employment outcomes of developments and that these were clustered in the South East. See Macfarlane, R. *Local jobs from local development: the use of planning agreements to target training and employment outcomes* YPS (2000).

This is consistent with the approach of the Government cross-cutting capacity building review in relation to preparing the community and voluntary sector and building demand across government.

When a contracting authority has adopted appropriate policies and the community benefit is relevant to the subject of the contract, it can be reflected in appropriate specifications and contract conditions.[85]

The National Health Service (NHS) is also a major purchaser and employer spending about £11bn a year on goods and services and employing more than one million people nationally.

> **Box 6.5: NHS procurement and employment**
>
> The NHS employs more than one million people nationally. There is a well-established programme of work to encourage the NHS to employ people from their local area and particularly those from disadvantaged areas with high levels of unemployment. A key part of the theme is the Skills Escalator which is a programme to attract a wider range of people to work within the NHS and encourage them to extend their skills and knowledge in order to develop their career.
>
> The Department of Health and the NHS Purchasing and Supply Agency are looking at how NHS procurement can help stimulate local economies and achieve community benefits. This includes opening up the NHS market to smaller-scale suppliers and working with RDAs to identify the effect of the regional 'NHS economy' in relation to regional economic strategies.
>
> *Source: NHS*

Within central government the cross-departmental Sustainable Procurement Group[86] is examining social issues in purchasing and is anticipated to produce guidance in 2005 on the scope to consider them in public sector procurement.

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[84] The Home Office scheme for small retailers in deprived areas ran from 2001 to 2004 and is currently being evaluated.
[85] Macfarlane, R and Cook, M *Achieving community benefits through contracts: law, policy and practice,* Policy Press 2002 (Joseph Rowntree Foundation)*,* provides guidance in relation to employment, training and other community benefits.
[86] The Sustainable Procurement Group is chaired by the Deputy Chief Executive of OGC buying.solutions and consists of government procurement practitioners, sustainable development/environmental policy officials and other departmental representatives.

Conclusion 5. In a way that is consistent with the Government's Efficiency Programme following Sir Peter Gershon's Review, the Office of Government Commerce will ensure that Sustainable Procurement Group guidance on social issues in purchasing clarifies the scope to take account of social objectives within the policy and legal framework for public procurement.

Government departments, on the basis of this guidance, will consider new approaches to procurement and employment with the intention of improving social outcomes. Guidance produced by Q1 2005.

Many local authorities have also used procurement to promote economic and social objectives in deprived areas and align procurement activities with strategic priorities in community plans, as Box 6.6 illustrates.

Box 6.6: Using procurement to benefit deprived areas

Ten local authorities[87] have formed a network to pilot new approaches to public procurement (the NAPP network). As part of this network:

- Nottingham City Council requires firms on their list of approved contractors to endorse and implement a Code of Practice for construction employment, training and equal opportunities. This has produced 182 job opportunities for disadvantaged people over 12 months;
- Sunderland New Deal for Communities (NDC) included recruitment and training requirements in a contract to build a flagship school. 24% of the construction was undertaken by previously unemployed residents of the NDC area providing over £100,000 in wages to the local economy;
- Sheffield City Council has developed a strategy and pilot programme to link their mainstream spending activity with social regeneration objectives through providing opportunities for social enterprises to bid for contracts; and
- Southampton City Council is developing an employment strategy that will include using procurement and planning to achieve community benefits.

Sources: Sheffield, Southampton and Nottingham city councils, Macfarlane, R Valley Road School Local Labour in Construction Scheme - Final Evaluation Report, 2002

Activities such as those undertaken by the new approaches to public procurement network should be encouraged and good practice should be spread more widely in local government.

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[87] Sheffield, Nottingham, Hull, Sunderland, Manchester, Liverpool, Bristol, Southampton, Brent and Tower Hamlets

Conclusion 6. ODPM will work with LGA and other key partners to develop guidance that underpins the National Procurement Strategy for Local Government 2003,[88] showing how innovative approaches to procurement can be used more widely in local government to target improving the quality of life in deprived areas. **Q2 2005.**

6.6   Help areas adjust to economic change

Government employment programmes are essentially focused on helping people overcome the personal barriers that may prevent them from accessing new employment opportunities in a rapidly changing labour market. But a major policy challenge for the Government is to decide whether, in a small number of cases, it should try to regenerate an area that has little prospect of returning to former levels of economic activity.

As Box 6.7 highlights, the Government has sought to regenerate areas badly affected by the decline of a major employer in certain cases with specially targeted assistance. However, such programmes have generally failed to have a lasting impact. The experience of regeneration support provided to coalfield areas[89], for example, can be contrasted with the signs of positive regeneration in many large cities such as Bristol, Leeds, Birmingham, Manchester, and Liverpool.

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[88] The National Procurement Strategy for Local Government, ODPM 2003, includes objectives for councils to engage with the voluntary and community sectors and invite bidders for contracts to submit proposals for the delivery of community benefits.
[89] See, for example, Beynon, H. and Hudson, R. (2000). *Coalfields regeneration – dealing with the consequences of industrial decline*, Joseph Rowntree Foundation.

> **Box 6.7: Coalfields regeneration initiatives**
>
> In 1997 the Government announced the setting up of the Coalfields Task Force to help revive communities badly affected by coal pit closures, underpinned with £354 million of support over three years. A range of programmes sought to attract business and promote new start-ups in affected areas but with limited success. Studies have found that[90]:
>
> - many of the new jobs created were part-time and not sustained over time;
> - employment in new industries has been poor;
> - inward investment has remained low compared to surrounding areas;
> - the cost of each job created has been relatively high (around £26,000 per job); and
> - out-migration of the young has continued in many affected areas.[91]

A better understanding of which deprived areas are likely to be responsive to government action and which are not is vital to the success of future policy for improving outcomes of people in deprived areas. Factors to take into account include:

- output markets – to what extent is the local economy reliant on particular employers, and what is the market outlook for key outputs?
- labour markets - how do skills in the area match current and future employer needs?
- population and demographics – the extent of inward and outward migration, and the resultant size and mix of the local population, including the dependency rate[92].
- sources of competitive advantage – has the area any exploitable competitive advantages, either from its geographic location or under-utilised local community assets (e.g. tourist sites, university research centres)?

Where deprived areas have many of these basic ingredients for economic development, government policy should focus on:

- supporting individuals to take advantage of the available local opportunities;
- helping to overcome barriers that restrict private sector investment and employment, as discussed earlier in this Chapter; and
- enabling local businesses to access to new markets through better transport and communication facilities (e.g. better use of IT).

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[90] *Business-led regeneration of deprived areas,* NRU/Small Business Service, 2003; Bennett, K., Beynon, H., and Hudson, R. (2000). *Coalfields regeneration – dealing with the consequences of industrial decline,* Joseph Rowntree Foundation.
[91] Sub-national population projections, ONS 1999.
[92] The dependency rate is the ratio of persons aged 65 and above to the population aged 20-64

In other areas, high unemployment, poor job prospects, high out-migration of the most able, and a lack of any obvious exploitable community assets may leave the area in a poor position for future economic development. In these areas, the Government approach may need to be very different.

An example of a new approach to the problems of deprived areas is Housing Market Renewal Pathfinders, which are under way in nine areas – see Box 6.8.

Box 6.8: Housing market renewal pathfinders

In 2003 the Government announced a new approach to tackling low housing demand and abandonment in nine market renewal pathfinder areas. Low housing demand areas are characterised by the departure of economically active households, poor condition of unpopular housing, poor facilities and inadequate local services. Empty housing creates a focus for vandalism and crime which exacerbates the cycle of decline.

The nine areas were chosen after analysis and research of housing markets by Birmingham University. Based on new partnerships of local authorities and other key regional and local stakeholders – including the private sector – the partnerships aim to:

- develop strategic, radical schemes for housing markets, including replacing obsolete housing with modern sustainable accommodation, through demolition and new building or refurbishment; and
- provide a long-term commitment to comprehensively reinvigorate the housing markets in pathfinder areas within the context of the area's socio-economic situation and projected future economic activity with a view to improving the liveability of the area for current residents and to help draw people back.

Government is making £500m available over three years to help restructure housing markets in the pathfinder areas.

Source: ODPM, Sustainable communities – building for the future ODPM 2003

7. Stabilising communities, improving housing and local environments

Summary

In order to improve the day-to-day conditions facing the residents of deprived areas government will:

- Tackle the contribution of housing allocation and management to creating poor local environments, including supporting local lettings policies
- Deal with the impact of disorder, poor local environments, drugs, alcohol and poor provision for young people
- Use neighbourhood management to improve local services and the environment

7.1 Introduction

Improvements to the day-to-day conditions facing the residents of deprived areas are essential to improving quality of life and effectively managing deprived areas. This includes improving housing conditions and local environments alongside programmes to reduce crime and antisocial behaviour and to provide constructive support for young people.

This section sets out a range of measures to deal with these issues. It places a major emphasis on reforms to aspects of housing and a commitment for further work on social housing, new national commitments to improve local environments, improved local management and uniformed presence and a focus on drugs, alcohol and provision for young people. Chapter 8 sets out complementary proposals in relation to the role of neighbourhood governance in improving day-to-day conditions for residents of deprived areas.

7.2 Tackle the contribution of housing allocation and management to poor local environments

Improve data and analysis of migration patterns and support for local lettings policies

Allocation of social housing can fail to take the characteristics of an area into account, and so exacerbate the concentrations of deprivation, which drive the cycle of decline.

In local lettings policies, the landlord takes into account the characteristics of the potential tenant, and how that will alter the demographic or economic make-up of the area. This requires detailed understanding of the profile of an estate. Government should support local agencies in gathering and analysing useful profiling information.

Local lettings policies bring challenges.

- They must be applied with great sensitivity to prevent certain groups being excluded

- Where social housing supply is tight, local lettings may conflict with prioritising households with severe need

- Local lettings can be counter-productive if areas "compete" for certain groups (e.g. the employed) resulting in a displacement of vulnerable groups to other estates.[93]

Therefore local lettings policies are most appropriate for small neighbourhoods and individual estates and are best targeted at areas at greatest risk of decline. Box 7.1 provides more information.

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[93] Cole, I. et al, *Social Engineering or consumer choice?: Rethinking Housing Allocation*s, Joseph Rowntree Foundation/ Chartered Institute of Housing 2001

Box 7.1: Local lettings in the UK

There are a great variety of schemes that have a local lettings element. For example, North British Housing (NBH, part of the Places for People group) identified the detrimental effect of extremely high concentrations of vulnerable residents in its estates. As a result it implemented a local lettings policy across all its housing.

Lettings are segmented into three categories.

- General allocations, which cover about 75% of vacancies, offer housing on the basis of greatest need using a points system
- Community allocations aim to cover 15% of vacancies and offer housing to those who want to provide or receive support from an existing resident, those with local links or former members of the armed forces. (NBH actively seeks out family and friends of existing residents where that is likely to increase the sense of community)
- Economic allocations aim to cover 10% of vacancies and offers properties to those who are in employment or who want to take up an employment opportunity, and who are not dependent on housing benefit.

Where an estate has particularly severe problems, local managers have discretion to increase the proportion of tenants from the community and economic streams. In setting local policies, residents are asked what kind of households they feel would benefit the estate. The policy also operates in conjunction with choice: applicants are not penalised for refusing a property and are offered a choice of accommodation.

Local lettings are used in conjunction with other initiatives e.g. action against antisocial behaviour, 'super caretakers', or introductory tenancies.

NBH believes the policy has improved life on many of its estates. Given the negative perceptions of social housing, it has been challenging to attract sufficient people who are not in severe economic need,. It is also harder to implement the policy in high demand areas and where the local authority has 100% nomination rights.

Source: Northern British Housing Introduction to the allocations policy; Strategy Unit interviews

Conclusion 7. ODPM and Government Offices will improve data and analysis of local migration patterns to support local lettings policies. Q1 2006.

Clarify guidance on tenure diversification

An area with a diverse economic base is more able to sustain local businesses and reduces the strain on local services. Mixing tenure is one tool which government and planners have at their disposal in order to reduce the likelihood of concentrated disadvantage developing.

The Social Exclusion Unit[94] highlights a need for increased clarity around government planning guidance on mixed communities. Recognising this, government has already announced that it will publish more detailed guidance in the updated Planning Policy Guidance statement 3 and the good practice guide accompanying this.

Box 7.2: Diversifying tenure case study: Woodberry Down

On many sites the value of the land occupied has grown faster than the cost of constructing the housing units that occupy the site. Therefore it may be possible to redevelop a site at higher density with a proportion of the cost being met by selling some of the additional units into the private market. Existing tenants benefit from a refreshed built environment and public realm.

At the Woodberry Down estate in Hackney, there are plans to increase the number of housing units on the site from 2,500 to around 3,750. This includes rebuilding or refurbishing existing social housing units and adding around 1,150 private housing units. Homes for key workers and shared ownership are included amongst these. Market sale of the private housing units is expected to fund almost 60% of the total cost of the scheme.

However a lesson from projects of this kind is that proper communication with the community is key to ensuring original residents contribute to, and support the plans to redevelop the area.

Source: Strategy Unit London Project 2003

Conclusion 8. ODPM will explore the options for promoting estate redevelopment on a mixed tenure basis. Q1 2006.

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[94] *Jobs and enterprise in deprived areas* Social Exclusion Unit 2004

Take into account the characteristics of the local area when housing asylum seekers

Current contracts with the National Asylum Support Service (NASS) for housing dispersed asylum seekers expire in 2005. The dispersal arrangements established in 2000 have been criticised because they can lead to asylum seekers being placed in localities around the country without the involvement of local authorities.[95] A particular concern has been the provision of properties by some providers without due regard to community cohesion or the potential impact on local economic conditions.

NASS is currently developing a framework which offers local authorities increased influence or control over where asylum seekers should be housed to ensure that future dispersal arrangements take into account community cohesion and local economic issues.

Critical to success is that local authorities understand the profile of an area and any community tensions, and that NASS and Government Offices can support them in this. NASS plans to monitor asylum seekers' housing conditions and also develop measures that will take account of the impact on community cohesion.

Conclusion 9. NASS will ensure the characteristics of a local area are considered when housing asylum seekers. Ongoing.

Improve housing choice for minority ethnic groups

- Local authorities or LSPs should undertake to identify where local BME clustering stems from negative factors - such as discrimination, fear of harassment, or lack of choice - rather than as a result of the benefits the community perceives from living in the same area

- Government should continue to extend choice-based lettings schemes, and provide support to help BME groups access these initiatives (see Box 7.3).

Conclusion 10. ODPM will improve housing choice for BME groups through better understanding the drivers of ethnic segregation. Ongoing.

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[95] *A Review of the Operation of the National Asylum Support Service,* Home Office 2003

Box 7.3: Choice-based lettings

Choice-based lettings (CBL) offer potential for greater housing choice among minority ethnic applicants. The evaluation of CBL pilots found registrations by members of BME communities increased, sometimes substantially. However choice is likely to be restrained by the supply of larger properties (and the evaluation also noted a lack of data on BME participation).

Case study: Bradford Homehunter

The Homehunter agency manages Bradford Community Housing Trust lettings. This is a choice-based lettings system where the longer you wait the more properties you can bid for. Priority is given to particular needs (medical, overcrowding etc). All housing stock can be viewed online, via phone hotline or 15 kiosk access points. Key features of the scheme are:

- the re-branding of the service distances it from the council and RSL, which has increased trust among black and minority ethnic (BME) groups;
- increased transparency has encouraged BME participation;
- targeted promotion of the service has increased awareness among BME groups;
- bilingual staff support BME participation in the scheme. There is also additional support for moving to the new home (e.g. transferring utilities, crisis loans), and a personal point of contact for follow-up problems;
- access to a stock of larger properties, more suited to BME extended families, is provided through partnerships for example with BME social landlords; and
- BME occupation of social housing has doubled in two years.

Source: Bradford Homehunter

Undertake further work on social housing

Government should undertake further work on the relationship between social housing and concentrations of disadvantage. The project should explore government's objectives for social housing[96] in the context of short supply, strong demand, and goals to create mixed income communities. It should also look at the role social housing plays in reducing mobility and examine the impact of increased choice in social housing on concentrations of vulnerable residents.

Conclusion 11. ODPM will undertake further work on social housing. Q1 2006.

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[96] Barker K., *Review of Housing Supply, Stability: Securing our Future Housing Needs*

Strengthen social housing management and maintenance

The Government aims to make all council and housing association housing decent[97] by 2010. Better management and maintenance will improve the appearance and quality of housing. Maintenance of social housing has improved following the policy of stock transfer including £6.7 billion extra investment in repairs and improvements to transferred homes.[98] However stock transfers do not necessarily lead to marked improvements in management. 57% of residents whose tenancies transferred between 1988 and 2001 said the new social landlord provided the same standard of service as the local authority, and 16% said it was worse.[99]

Housing Corporation regulation and Audit Commission inspections are the main ways to ensure that social housing tenants receive good service. There is scope to strengthen the weight of tenant views in inspections, and to drive up social landlords' performance. Options include:

- ODPM and the Housing Corporation should consider how it can use its existing powers to improve housing associations' management and maintenance performance;

- make regulation of Housing Associations more responsive to tenants' views; tenants should see the results of inspections of their social landlord's services;

- increase incentives for local authorities and Registered Social Landlords (RSLs) to improve management and maintenance, and to be active in regeneration and local partnerships.

    - Consider strong management and maintenance performance when awarding Approved Development Funds and dowry funding for negative value stock transfers;

    - Link 'lighter touch' inspection and regulation oversight and strong management and maintenance performance;

    - Ensure that the Housing Corporation efficiency index and measures from the Efficiency review provide an incentive for registered social landlords, local authorities and arms length management organisations to improve management and maintenance performance. As well as an incentive for landlords to improve performance, this will greatly increase transparency for tenants, regulators and policymakers.

Conclusion 12. ODPM, the Housing Inspectorate and the Housing Corporation will ensure that assessment of local authority, arm's length management organisation (ALMO) and Housing Association performance is focused on quality as well as cost effectiveness. Q1 2006.

Stationery Office 2004
[97] A decent home is one that is warm, weatherproof and has reasonably modern facilities
[98] ODPM
[99] Survey of English Housing

Monitor impact of new regulation of private landlords

The Housing Bill proposes greater powers for local authorities to regulate certain parts of the private rented sector. Measures in the bill include: the licensing of houses in multiple occupation (HMOs), selective licensing of properties in designated areas suffering from low housing demand and/or antisocial behaviour; and a new Housing Health and Safety Rating System to help local authorities target the worst-condition properties. This legislation is targeted at the sector's worst problems in order to drive up standards. For example HMOs are often in poor physical condition, lacking in adequate amenities and tend to be occupied by the most vulnerable tenants who do not have access to alternative housing options. The bill provides for mandatory licensing, proposed for HMOs of three or more storeys and five or more people, and additional licensing for other types of HMOs at Local Authorities' discretion. The government is publicly committed to reviewing the efficacy of the licensing provisions within three years of implementation. Moreover, should it prove desirable, the bill allows the flexibility to extend the scope of selective licensing through secondary legislation to address problems other than low demand and ASB.

Conclusion 13. ODPM will monitor impact of Housing Bill provisions in dealing with problems in the private rented sector. Q1 2006.

7.3 Deal with the impact of disorder, poor local environments, drugs, alcohol and provision for young people

Increase local 'uniformed patrols'

As part of its commitment to revive the idea of 'community policing' and build a foundation of security, public order and stability as the basis for the trust and confidence which individuals families and communities need to fulfil their potential, the Home Office has announced in its five year strategy an intention to recruit a further 20,000 Community Support Officers (CSOs). This will form part of the plan to extend neighbourhood policing teams, particularly in high crime areas. CSOs work under the control of the police to patrol neighbourhoods on foot, tackle antisocial behaviour and build links with local people. They are not a substitute for fully trained police officers, but have an important contribution to make alongside them in the neighbourhood police team.

Strengthen local strategies for combating drug and alcohol misuse

Action on drugs and alcohol needs to address supply side and acquisitive crime, antisocial behaviour related to drugs and alcohol and the social and treatment needs of drug and alcohol users.

New powers in the Antisocial Behaviour Bill to tackle crack houses are likely to have a positive impact on the impact of drugs on deprived areas. In addition the Home Office five-year strategy sets out measures to reduce the harm caused by both illegal drugs and alcohol.

In addition the Alcohol Harm Reduction Strategy published in March 2004[100] recommended that where appropriate to local need, Crime and Disorder Reduction Partnerships (CDRPs), including representation from PCTs, should provide a coordinating body for agreeing local priorities for action. The wider implementation of the strategy will have am impact on a local level in key areas of prevention, enforcement and treatment.

LSPs should be required to make formal linkage with the drug action teams and CDRPs and develop plans to tackle drug use in deprived areas. In support of this ODPM, the Home Office, the Department of Health and GOs should encourage LSPs and Drug and Alcohol Action Teams to use good practice in strategy and commissioning to meet the specific needs of deprived areas. For example:

- improve local agencies' understanding of drug and alcohol problems in deprived areas and improve co-ordination between local agencies, (e.g in understanding the dynamics of local drug markets and the supply of alcohol to under-age drinkers);

- target appropriate prevention, treatment and criminal justice responses for the needs of drug and alcohol misusers that make services accessible from deprived communities;

- involve the local community to develop appropriate solutions to local drug problems which address the harm caused by drugs;

- increase educational and support provision for young people at risk will also reduce drug and alcohol misuse; and

- ensure that the local strategies for housing and social services are acknowledging and meeting the needs of drug misusers.

Conclusion 14. ODPM (NRU), Home Office and Department of Health (DH) will work with LSPs, CDRPs and DATs to strengthen local strategies for combating drug use and harmful alcohol use in deprived areas. Q2 2005.

Improve support for young people

Since government published *Transforming Youth Work* in 2001, Office for Standards in Education (Ofsted) has reported signs of improvement in youth services.[101] Services for

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[100] *Alcohol harm reduction strategy for England* Strategy Unit 2004
[101] Ofsted Annual Report 2002/03

young people are also prioritised in the proposed new CPA framework, giving local authorities an additional incentive to improve general provision.[102]

There are also successful and cost-effective government and voluntary schemes working with young people at high risk of becoming offenders e.g. the Youth Inclusion Programmes, the On Track initiative and Positive Futures.[103] These appear to have a beneficial impact.

A green paper on a new youth offer, as a result of analysis and policy development across Government Departments, will be published soon.

Existing programmes such as Youth Inclusion Programmes and Youth Inclusion Support Panels should be scaled up to reach more young people – and in particular to reach young people most at risk of offending and social exclusion. Funding for young people's needs should be greater in deprived areas than in other areas, and there is a need for commitment over a sustained period of time to give the programmes stability.

The Home Office five-year plan includes the commitment to increase the number of Youth Inclusion Programmes and Youth Inclusion Support Panels by 50% by 2008.

Box 7.4 illustrates the potential benefits of providing services for young people but also shows the difficulties such projects face given a multiplicity of short-term funding streams.

The forthcoming DfES green paper on youth will set out the government's approach for addressing the needs for young people at risk.

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[102] CPA 2005 – the way ahead Audit Commission 2004
[103] Home Office analysis 2004.

Box 7.4: Improving young people's aspirations and behaviour – case study

The Karrot project aims to increase school attendance and reduce youth crime. The Metropolitan Police Service lead the project, delivered in partnership with Southwark Council. The project is open to all the 8,500 11- to 15-year-olds living or educated in the borough, and all schools, children's homes and youth clubs in the borough now take part.

Karrot surveyed young people in Southwark in order to identify their needs and activities which would build positive aspirations rather than being just diversionary. The resulting activities are:

- an Internet bus, where young people can access information about what's available to them in the area;
- a reward scheme for good attendance and behaviour at school; and
- high-quality activities delivered by high-profile professionals.

While Karrot has been operating, youth crime in Southwark has dropped by 21%. As a police initiative it had mainstream support from the outset. High level involvement from all partners gives Karrot clout and authorisation to share information to identify at risk groups. However Karrot still suffers from the insecurity of short-term funding (fragmented across 11 different government funding streams) although it receives many private sector donations.

In future, Karrot plans to increase support for parents and families in order to have even greater impact. Six other local authorities and police authorities are now looking to introduce the Karrot model to their areas, subject to a successful funding bid.

Source: Southwark Council

Conclusion 15. Home Office will increase provision for young people in deprived areas through Youth Inclusion Programmes and Youth Inclusion and Support Panels to target children most at risk of criminality and other poor outcomes. 2008.

Increase government focus on the local environment in deprived areas

Government has introduced new national targets related to the quality of local environments and public space.

ODPM have been given a new national PSA target: 'Lead the delivery of cleaner, safer and greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvement by 2008.'

Similarly, as part of their PSA suite, the Home Office has made new commitments to tackle fear of crime and antisocial behaviour.

The government will also rationalise existing funding streams pertaining to local environments and community safety as part of the development of Local Area Agreements. The 'Safer and Stronger Communities Fund' draws together existing funding streams held by ODPM and the Home Office to promote the Government's commitment to addressing liveability issues, including tackling antisocial behaviour and disorder, improving public spaces, reducing crime, and empowering communities.

The revised Comprehensive Performance Assessment (CPA) framework to be introduced from 2005 will include a 'Safer and Stronger Communities' element within the shared priorities element of the corporate assessment. However it is important that this and the Environment Service Block in the CPA service assessments fully reflect the new ODPM PSA target. In addition, government should further investigate the potential for reviewing Best Value Performance Indicators so that they fully capture the breadth of liveability issues and impact at sub-local authority level and particularly in the most deprived neighbourhoods.

The DfT has issued guidance that local authorities must ensure their policy proposals in their next Local Transport Plans (LTPs) improve transport-related public space. Examples of initiatives include the improvement and better maintenance of streets, street furniture and street lighting. Local authority performance in this area will affect DfT's assessment of LTP quality, and hence decisions on investment funding for transport infrastructure. The Government is also working towards the development of a National Nuisance Vehicle Strategy. DfT has a PSA target to reduce the number of people killed or seriously injured in road accidents, tackling the significantly higher incidence in disadvantaged communities. DfT is also working with local authorities, transport operators, the police and other relevant bodies to help reduce crime and the fear of crime wherever it occurs in the transport system.

Conclusion 16. ODPM will work with the Audit Commission to ensure that the revised CPA fully reflects the new ODPM PSA target and the breadth of liveability issues. Q1 2005.

Conclusion 17. ODPM to carry out further work on ensuring best value performance indicators (BVPIs) accurately capture the breadth of liveability and impact on liveability in deprived neighbourhoods. Q2 2005.

Conclusion 18. DfT to assist authorities in the identification of good practice and to encourage them to work in partnership with other local bodies to improve the quality of transport-related public spaces. Q4 2004 (programme launch) and ongoing.

7.4   Use neighbourhood management to improve local services and the environment

Increase the coverage of joined-up neighbourhood management

ODPM will establish a 'neighbourhoods' element of the Safer and Stronger Communities Fund that will be used in the most deprived neighbourhoods. This will encourage the strengthening of neighbourhood management approaches to deal with poor liveability. Neighbourhood management is a broad term used to define the local organisation, delivery and coordination of core civic and community services within a small recognisable area.[104]

The core services to be covered by neighbourhood management arrangements are generally regarded as:[105]

- security, control of nuisance and general supervision;
- environmental maintenance and repair of damage to public areas;
- street cleaning, refuse collection and rubbish removal;
- community liaison, contact, consultation and support; and
- coordination of other services delivering in the neighbourhood (including housing, health, education, policing, leisure, regeneration).

Neighbourhood management schemes can take different forms depending on local circumstances. Box 7.5 outlines components commonly found in neighbourhood management approaches, though these are not mutually exclusive.

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[104] Power, A Neighbourhood management and the future of urban areas CASEpaper 77, LSE 2004
[105] Ibid.

> **Box 7.5: Common components of neighbourhood management**
>
> **Neighbourhood manager**: This is usually the appointment of a senior level manager (possibly with a team of staff) whose role it is to co-ordinate service delivery and to involve the local community in setting local priorities. In some cases the manager will have direct responsibility for commissioning or delivering some of the services listed above and will seek to influence others. In others the manager may have a solely influencing role. Commonly the manager will report to a board involving local residents and public agencies. Multi-agency support is critical to the success of these arrangements.
>
> **Wardens/concierge/super-caretakers**: The functions of these staff vary but typically they have responsibilities for issues such as security, cleaning, repairs, environmental care, youth and community liaison roles. These services can exist as part of broader neighbourhood management schemes or can stand alone.
>
> **One-stop shops**: In these schemes, a range of public services are brought together either in a single location in a neighbourhood or in a way that enables reporting of a number of problems through one point of access

Evidence from NRU Neighbourhood Management Pathfinders[106] and non-pathfinder schemes[107] shows strengths of this approach.

- Sorting out the basic, visible services with community support generates confidence among residents and more specialist professionals such as doctors and teachers
- The coordination and stability it provides supports other regeneration investment and wider public service delivery. This leads to 'knock-on' benefits in education, employment and health
- Someone in 'overall charge' is an important success factor
- Direct resident involvement is crucial and builds confidence and capacity
- Neighbourhood management can be funded through reorganisation and redeployment but requires some 'pump priming' funding.

Experiments with local agreements between service providers and local communities, called 'neighbourhood agreements' or similar have proved effective in securing a collective approach to achieving agreed standards and developing a positive response from local communities in tackling liveability problems.

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[106] *Neighbourhood Management evaluation* Neighbourhood Renewal Unit
[107] Power and Bergin. *Neighbourhood Management*. CASE Paper

Authorities in receipt of the neighbourhoods element will be encouraged to use 'neighbourhood agreements' which will be a localised articulation of the joint commitment to outcomes between service providers and the local community. Agreements should link to mainstream performance management systems and allow reliable comparison between areas and over time e.g. through the use of the Audit Commission/IDeA Library of local indicators[108]. Highly visible local reporting on performance will act as an accountability measure, in line with the principles of devolved decision making and increasing accountability to communities[109].

Conclusion 19. ODPM will encourage councils to extend neighbourhood management methods in the most deprived areas through the use of a neighbourhoods element of the Safer and Stronger Communities Fund. Q1 2005.

Chapter 8 sets out how forms of neighbourhood governance could further support the sustainability of local management approaches.

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[108] http://www.local-pi-library.gov.uk/index.shtml
[109] HMT Devolved Decision Making Review 1. Delivering better public services: refining targets and performance management.

8. Improving public services and creating a more effective delivery system

Summary

Government will:

- Improve the targeting, coordination and flexibility of health, education and transport services to achieve better outcomes for people in deprived areas
- Improve the targeting, coordination and flexibility of the neighbourhood renewal delivery system through using local area agreements and improving incentives for local strategic partnerships to deliver outcomes more effectively
- Strengthen support from the regional tier with a strengthened role for regional government offices
- Use neighbourhood bodies to improve local services and sustain the renewal of deprived areas
- Use improved public services to raise the aspirations of residents and public sector workers alike

8.1 Introduction

The previous two chapters of the report have recommended measures to address weak local economies, poor housing, local environments and unstable communities using targeted methods of delivery to reflect the complexity of the challenge of delivery in deprived areas.

Other key public services such as education, health and transport will be likely to achieve greater outcomes in deprived areas if they adopt a similarly targeted approach. In addition, the system of delivering additional neighbourhood renewal funding needs to be more effectively focused on the right issues, in the right places and needs to ensure that investment benefits the right people.

Delivery of services and programmes should learn from the wider programme of public service reform in reducing bureaucracy, releasing resources to the front line of delivery and ensuring that services are designed around the needs of the intended beneficiaries of government policy and investment.

Delivery also needs to recognise the significant barrier to outcomes caused by low aspirations and weak peer networks in many deprived areas.

8.2 Improve the targeting, coordination and flexibility of mainstream public services to achieve better outcomes

A range of incentives can be used to improve the performance of public services, such as health, education and transport in deprived areas.

These range from 'top-down' control in the form of more effective targets, performance ratings and inspection to 'bottom-up' incentives such as competitive pressures from contestability and user choice.

Increase the targeting of health services on deprived areas

Several recent changes in health service provision may address the difficulties faced in providing appropriate services to deprived areas.

- **Resources will more closely reflect need** after the Primary Care Trust (PCT) funding formula was revised from 2003/4
- **Provision of additional services** is rewarded through new GP contracts and extended pharmacy services
- Healthy Living Centres have promoted a **new, joined-up model of service provision**.[110]

However, gaps remain in services and in understanding of how to improve services in deprived areas.

- GP recruitment in deprived areas is still problematic. DH is implementing an action plan to address this and developing new facilities in deprived areas through the Local Improvement Finance Trust (LIFT) programme which may help improve the situation. PCTs may also need to try alternative solutions including, where appropriate, alternative provision of primary care. They need better incentives to encourage improved and innovative primary care provision
- Understanding of local unmet need is still limited. It will be improved by electronic patient records, but in areas where particular groups are missing out – for instance minority ethnic groups - PCTs and local GP surgeries need to develop better outreach services
- There is a continuing lack of good research about effective health and health-service based interventions to reduce health inequalities and more is needed.[111] This point about the quality and use of data about need and interventions also applies across other aspects of delivery.

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[110] The Evaluation of the New Opportunities Fund Healthy Living Centres, 2nd Annual Report of the Bridge Consortium, November 2003
[111] Wanless D. *Securing Good Health for the Whole Population* HM Treasury 2004

> **Box 8.1: Local data improving public services**
>
> Collecting, understanding and sharing local data can lead to an improved response from public services. In Castle Vale in Birmingham, the Housing Action Trust identified a higher than average rate of breast cancer. Local GPs report that screening rates are 60 to 65% (lower than the national target of 70%) - unsurprising since it takes two bus journeys to get to the hospital. The Housing Action Trust is working with the health authority to enable women due for screening to be identified to the Housing Action Trust so that it can provide direct transport to the hospital.
>
> *Source: Castle Vale Housing Action Trust*

The current target on health inequalities reflects a key outcome of deprivation but extra incentives are needed if change is to happen.

- The new Health of the Population PSA target specifically addresses health inequalities (see Box 8.2).
- Within the Health of the Population target, elements have been added to targets on cancer and coronary heart disease to ensure that improvements reach areas of greatest need.
- To encourage action amongst groups with the highest prevalence of smoking there is a socio-economic element to a target on smoking.

Box 8.2: The New 'Health of the Population' PSA

Objective I: Improve the health of the population. By 2010 increase life expectancy at birth in England to 78.6 years for men and to 82.5 years for women.

1. Substantially reduce mortality rates by 2010:

   - from heart disease and stroke and related diseases by at least 40% in people under 75, with at least a 40% reduction in the inequalities gap between the fifth of areas with the worst health and deprivation indicators and the population as a whole;

   - from cancer by at least 20% in people under 75,with a reduction in the inequalities gap of at least 6% between the fifth of areas with the worst health and deprivation indicators and the population as a whole; and

   - from suicide and undetermined injury by at least 20%.

2. Reduce health inequalities by 10% by 2010 as measured by infant mortality and life expectancy at birth.

3. Tackle the underlying determinants of ill health and health inequalities by:

   - reducing adult smoking rates to 21% or less by 2010, with a reduction in prevalence among routine and manual groups to 26% or less;

   - halting the year-on-year rise in obesity among children under 11 by 2010 in the context of a broader strategy to tackle obesity in the population as a whole (jointly with the Department for Education and Skills and the Department for Culture, Media and Sport); and

   - reducing the under-18 conception rate by 50% by 2010 as part of a broader strategy to improve sexual health (jointly with the Department for Education and Skills).

Source: PSAs 2005-2008, HM Treasury, July 2004.

It is important that health inequalities are a priority for Strategic Health Authorities in their performance management of PCTs. Inspection of all health care provision will be carried out by the new Healthcare Commission. The standards based assessment for reviewing performance will take into account the 'need for reducing health inequalities'. The Healthcare Commission's duty to coordinate health care inspection across inspectorates will ensure that tackling health inequalities is a high priority within all inspectorates' work. Assessment of health care organisations should reflect their ability to reduce health inequalities, in terms of

both health care provision and their role in promoting health improvement and preventing disease.

In particular, there should be incentives in the performance management for PCTs to encourage more effective working with local authorities. There also needs to be closer alignment between the Audit Commission and the Healthcare Commission in reviewing the role of local government and health care organisations in improving the health of the public.

These improved incentives will help to ensure that increased resources in health services filter through to communities that need them.

Health services are accessed less often and less effectively by lower socio-economic groups. Greater supported choice in health care, involving assistance with transport and providing a stronger voice for deprived patients, may help to address the factors behind this inequity.[112]

DH will ensure that strategic guidance and the performance management of PCTs provide support for services to focus on the needs of disadvantaged groups and areas. The Healthcare Commission will have a key role in assessing the delivery of health care and health improvement in response to this guidance.

Increase schools' focus on deprived areas

Many education initiatives currently address the problem of low attainment in deprived areas.

- Although some services, such as free part-time early education, are universal, others aimed at improving early years provision and support for parenting, for instance Sure Start local programmes and Children's Centres, are particularly focused on deprived areas. Pilots for the extension of the provision of free part-time integrated education and care ('educare')[113] to two-year-olds are due to start in 2006.
- Individual pupil-level attainment targets and new curriculum materials for personalised learning should enable teachers to deal with the needs of lower achieving pupils
- London Challenge provides opportunities for schools in London to improve performance, for example enabling schools facing similar problems to share best practice.

Extended schools provide a range of services and activities to help meet the needs of pupils, their families and the wider community, from after-school clubs to health and social care provision. The familiarity and accessibility of school sites mean take-up of services in extended schools is good. If extended schools are to fulfil their potential in deprived areas, then the following issues need to be addressed:

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[112] Dixon et al, *Is the NHS equitable? A review of the evidence,* LSE November 2003
[113] 'educare' refers to integrated education and childcare for 3 to 4 year olds before they start school. There is currently a universal entitlement of 12.5 hours per week.

- the different priorities of agencies working in the same communities;
- the lack of engagement, in some cases, of extended schools in the implementation of local strategies; and
- issues of sustainability of projects and the need to co-ordinate multiple funding streams.[114]

Recommendations later in this chapter on improving the performance of local partnerships and coordinating funding streams should help to address these problems and make extended schools a more effective mechanism for improving outcomes in deprived areas.

Children's Trusts will bring together partnerships from education, children's social services, Connexions, health services, Youth Offending Teams and others to integrate the planning and commissioning of children's services, including the pooling of some budgets and resources from across the local authority area. They should help improve outcomes for children in deprived areas.

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[114] 'Evaluation of the extended schools pathfinder projects', University of Newcastle, April 2004.

Balance the education floor target with other indicators

Box 8.3: 2004 Spending review education floor targets

- Improve children's communication, social and emotional development so that by 2008 50% of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20% most disadvantaged areas and the rest of England. Sure Start Unit joint target with the Department for Work and Pensions.

- By 2006, 85% of 11-year-olds achieve level 4 or above, with this level of performance sustained to 2008.

- By 2008, the proportion of schools in which fewer than 65% of pupils achieve level 4 or above is reduced by 40%.

- By 2007, 85% of 14-year-olds achieve level 5 or above in English, maths and ICT (80% in science) nationally, with this level of performance sustained to 2008.

- By 2008, in all schools at least 50% of pupils achieve level 5 or above in each of English, maths and science.

- By 2008, 60% of those aged 16 to achieve the equivalent of 5 GCSEs at grades A* to C; and in all schools at least 20% of pupils to achieve this standard by 2004, rising to 25% by 2006 and 30% by 2008.

- Reduce the proportion of young people not in education, employment or training by two percentage points by 2010.

Source: Public Service Agreements 2005-2008, HM Treasury, July 2004.

Education floor targets have been a powerful mechanism for improving school performance. Current targets focus on the crucial attainment threshold of 5+ GCSEs grades A*-C, and similar levels further down the school system. Increasing the proportion of children achieving these qualifications is essential to the success of deprived areas. However, schools also need to be encouraged to consider the outcomes of all pupils, whether they are borderline to key thresholds or not, and particularly the lowest achieving pupils.

It is therefore important that systems be put in place for schools to be held to account for the attainment and progress of all their pupils. Better means to encourage schools and LEAs to concentrate on lower-achieving pupils should increase teachers' use of curriculum materials to benefit lower-achieving pupils. They should also ensure that, where necessary, resources are focused on those children to improve their attainment.

Conclusion 20. DfES will monitor the attainment of lower-achieving children, and introduce systems that will challenge schools on their record with lower-achieving children. Q2 2005.

Develop Ofsted's role in helping schools in deprived areas improve

Ofsted plays an important role in helping schools in deprived areas improve. It inspects schools, local education authorities (LEAs) and LEA-funded youth services. Developments in Ofsted's work should increase their effectiveness in supporting schools in deprived areas.

- Ofsted's new inspection framework, involving shorter, more frequent inspections, should provide more opportunity for inspectors to take account of the context of schools operating in difficult circumstances when they identify strengths and areas for improvement. The new approach will be combined with renewed efforts to make sure that systematic dissemination of Ofsted findings enables schools and areas in similar situations but in different locations to benefit from one another's experiences

- Under the arrangements prompted by the Children Act 2004, area reviews of all services for children will highlight the contribution all services need to make to the complex needs of children in deprived areas.

Area reviews, being piloted in the spring and summer 2005 and due to begin in summer 2005, will involve a mix of inspectorates and will add to expertise and knowledge about the way services, including schools, work together to improve outcomes for children and young people.

Conclusion 21. Ofsted's new approach to the inspection of schools will enable more attention to be given to schools in difficult circumstances and to dissemination of effective practice. Area reviews will focus on services' contributions to outcomes for children and young people, especially those at risk of social exclusion. Q2 2005.

Use accessibility planning to improve transport access to services for people in deprived areas

Following the Social Exclusion Unit (SEU) report *Making the Connections* accessibility planning will be incorporated into Local Transport Plans from 2005. Accessibility planning will require local transport authorities (LTAs), in conjunction with other partners, to make a systematic assessment of whether people can access local services, and come up with solutions to identified problems. Performance of LTAs will be monitored through accessibility targets which will, for the first time, measure local performance on access to services by public transport. Building accessibility into the performance monitoring of other service deliverers would increase the profile of accessibility and enable more comprehensive assessment of service accessibility. Solutions do not have to involve transport – for instance co-location of services and mobile GP surgeries can improve accessibility.

In order for accessibility planning to be an effective tool in improving access to jobs and key services it needs to be given the necessary priority by LTAs and other service deliverers.

- Accessibility must have a high profile in DfT's assessment of Local Transport Plans and should feature in other service deliverers' strategies and resource allocation too

- Improvement in accessibility must also be a significant criterion in DfT's assessment of the performance of local authorities in implementing their Local Transport Plans.

All agencies need to play their part in taking transport into account when planning and designing services and LSPs should be a valuable resource in achieving this. Guidance on accessibility planning will encourage LTAs to work through LSPs and other existing partnerships wherever possible.

The current transport floor target focuses on road accidents. While this reflects an important difference between deprived and non-deprived areas, accessibility is the key issue in improving deprived areas. Currently, information on access is too poor and variation between local areas too great for a meaningful accessibility floor target to be set. The provision of information on travel times through accessibility planning and the establishment of local indicators on travel costs will improve the situation.

With new information being delivered via accessibility planning, the transport floor target should be reviewed in the next spending review. A possible future solution to variation

between local areas may be to incorporate locally-set targets on some accessibility factors within the national floor target.

Conclusion 22. DfT and other departments will ensure that accessibility planning is a priority for Local Transport Authorities (DfT) and other agencies. Q3 2005.

Provide innovative solutions to transport problems

Improving local or community transport can help improve outcomes for people in deprived areas, enabling access to services such as health care and learning, jobs, food shopping and leisure. Box 8.4 provides an example.

Box 8.4: Mainstreaming accessibility solutions

The Shoreditch Hoppa bus service in east London was developed to address the lack of public transport running east to west across Shoreditch, which was restricting people's access to many activities and services. The main public transport links were previously limited to major north-douth routes through the NDC area.
The NDC purchased two custom-made buses and appointed Hackney Community Transport to run the service following a competitive tendering process. The service started in September 2001 and passenger numbers rose rapidly to 2,200 per week. With the need for and value of the service demonstrated, Transport for London incorporated the Shoreditch Hoppa into the mainstream bus network in April 2003.

Source: Making the Connections: Final Report on Transport and Social Exclusion, Social Exclusion Unit, 2003

Innovative solutions to local transport problems have the potential to help achieve the cross-cutting objectives of LSPs, however LSPs' involvement with transport issues is currently variable.[115] DfT needs to encourage local transport bodies to engage with LSPs to help them identify opportunities for implementing neighbourhood renewal objectives through better transport planning.

Conclusion 23. DfT will work with ODPM to encourage better engagement of local transport bodies with LSPs so that local neighbourhood renewal strategies and/or local area agreement outcomes include a focus on transport and accessibility. Q1 2005.

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[115] Centre for Transport and Society *Local Strategic Partnerships, Transport and Accessibility: Interim Report to the Department for Transport*, April 2004.

Ensure people in deprived areas benefit from more choice in public services

Choice in public services can take a number of different forms.

- Choice over the quality or quantity of a service used
- Choice between alternative providers
- Choice over the specific form or content of the service (e.g. faith-based education)
- Choice over the channel through which the service is delivered.

In order to ensure that people in deprived areas benefit from more choice in public services measures need to be in place to overcome four barriers: information, transport, expectations and supply-side barriers.

Information barriers

In order for users to make meaningful choices it is necessary to provide information on the choices available. For example:

- **education: i**nformation on school performance, parental satisfaction etc;
- **health:** information on waiting times for different treatments, success rates etc; and
- **housing:** information about the types of property available, waiting times for other properties.

Information is more likely to be necessary to support choice between different service providers or choice over the specific form or content of the service.

Evidence suggests that people in deprived areas may need more support in using information.

- Parents from lower socio-economic groups are less likely to utilise formal sources of information in the school choice process[116]
- Choice-based lettings pilots highlighted the importance of clearly communicating with communities for whom English is not their first language[117]

Box 8.5 outlines how the role of Patient Care Adviser has played a key part in helping heart surgery patients exercise choice.

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[116] *Parents' Experiences of the Process of Choosing a Secondary School* DfES Research Report 278, 2001
[117] *Piloting choice-based lettings, an evaluation* ODPM 2004

Box 8.5: Cardiac choice pilots

The role of Patient Care Adviser (PCA) was created as part of the choice initiative in heart surgery in July 2002. The role of the advisers is to offer support and reassurance to patients through:

- informing patients of their option of choice

- providing patients with waiting time information on potential choices

- organising appointments of patients wishing to exercise their option to choose

- acting as the point of contact for patients exercising choice

Evaluation of the pilot showed that PCAs are highly popular and valued by patients. Patients felt that an important role for the PCA was keeping them in touch with what was happening to their case and highlighted importance of personal contact.

Source: NHS

Transport barriers

Some service users may require assistance with transport if they are to access the choices available to them. For example:

- hospital travel costs scheme – providing transport support to low-income patients

- support for school transport costs, particularly for groups for whom transport costs can be a real barrier to choice

Transport barriers are more likely to be associated with choices between different service providers.

Transport barriers are particularly important to people in deprived areas:

- Parents from lower socio-economic groups are more likely to cite reasons associated with transport convenience and transport costs as important to their school choice decisions[118]

- 31% of people without a car have difficulties travelling to their local hospital, compared with 17% of people with a car[119]

Expectations barriers

Studies of school choice policies in the UK and abroad have identified the expectations of users as an important factor influencing the effectiveness of choice in bringing out the desired outcomes.

- Different socio-economic and ethnic groups consider different factors during their school choice decisions (academic outcomes, transport costs and so on), many of which are

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[118] DfES Research Report 278 *ibid.*
[119] *Making the connections* Social exclusion unit 2003

likely to be driven by different expectations and aspirations that parents have for their children[120]

- If parental aspirations and expectations for their children are important determinants of the factors that parents consider in school choice decisions, action to raise parents' aspirations for their children will reduce the differences in how parents choose schools.

Other studies[121] have identified groups who tend to have lower expectations of services.

- Older people tend to have lower expectations and a general lower propensity to complain
- Higher social classes and those on higher income in deprived areas are much more likely to say public services fall short of their expectations.
- Marginalised groups may be discouraged from complaining: 'Why add to the stress of an already stressful existence by complaining about things that are perceived as unalterable?'[122]

Measures to provide information that allows users to make meaningful choices, for example Patient Care Advisers (see Box 8.5), will also need to help raise users' expectations of services where necessary.

Supply-side barriers

In order for choice to have beneficial effects barriers in the 'supply side' must be overcome. These include:

- freedom of entry: new providers of services could be given greater freedom to enter the market;
- more use of takeovers: poor performance (detected through an enhanced performance management system) could trigger takeover by better performing providers. The capital costs of takeover are likely to be lower than under a system where new providers enter the market from scratch;
- spare capacity – so that there are spaces available for users; and
- changes in organisational culture may be required if the delivery of services is changed.

In deprived areas where schools can perform less well, a more flexible supply side can be an important driver of improvement as it enables action to be taken quickly when a school is seen to be underperforming.

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[120] DfES Research Report 278 *ibid*
[121] Duffy, B *Satisfaction and Expectations: attitudes to public services in deprived areas* CASE, 2000
[122] Wilson, G *Community Care: asking the users*1995

Box 8.6: School choice in Sweden

- In 1992, Sweden began introducing reforms to increase the school choice available to parents.

- Freeing up the 'supply side' has been an important component of the reforms. New schools have a reasonable amount of freedom to set up:
  – limited minimum size requirement;
  – building regulations reduce the capital required; and
  – independent schools can be profit-making and run by corporations.

- Since the reforms the number of independent schools dramatically expanded:
  – 422 new schools opened between 1992 and 2002;
  – The independent school share in the primary and lower secondary school sector increased from 1% to 5.5% of students between 1992 and 2002; and
  – 30% of all independent schools in Sweden are operated by profit-making companies, with most of these companies operating more than one school.

Source: SU research

However, in order for these benefits to come about, particularly in deprived areas, a range of challenging conditions need to be in place including:

- adequate information for users to make choices – e.g. information on waiting times for health treatments at different hospitals, patient satisfaction;
- support for users to access their chosen services – e.g. subsidised school transport for low income parents to enable them to access schools outside the immediate area;
- spare capacity in public services; and
- funding that follows the user and so encourages services to attract more users.

8.3 Improve the targeting, coordination and flexibility of the neighbourhood renewal delivery system

A reformed system will be streamlined and focused on outcomes

Analysis of the key weaknesses with the system of delivering the national strategy for neighbourhood renewal funding and its programmes suggests that reforms are needed in the following areas:

- rationalising and increasing focus on outcomes;
- clarifying responsibilities at the regional tier, with a reformed role for government offices for the regions (GOs);
- sharper focus from LSPs on delivering outcomes; and
- better working with neighbourhoods to improve local services.

A reformed system will provide clearer direction from the centre, with fewer separate initiatives and less unnecessary bureaucracy. It will provide a stronger role for GOs in supporting change in LSPs and it will require LSPs to be more effective in understanding local needs and ensuring that programmes achieve lasting change.

Rationalising initiatives through Local Area Agreements

A first step in making the system more focused on outcomes and less bureaucratic must be to reduce ring-fencing of ABIs and funding streams and shift performance management from process controls to outcome targets. Local Area Agreements are an important and potentially powerful tool for achieving this (see Box 8.7)

Box 8.7: Local Area Agreements (LAAs)

LAAs are intended to build on the existing Local Public Service Agreements (LPSAs) and provide a means for rationalising ABIs and ring-fenced funds and giving greater freedom to local agents over how money is spent. Under LAAs, some ABIs and other ring-fenced funds will be brought together and managed in an agreement with local authorities, LSPs and other key delivery partners. The process will take the following form.

- Departments outline their high-level outcome priorities (e.g. to improve liveability), their geographical priorities (e.g. LAs in the NW), and the funding they wish to commit to this programme (e.g. £50m over three years)
- Government Offices will then be responsible for overseeing a series of conversations with each LSP, led by the local authority, about the targets to be specified in the agreement, which will be divided between a series of high level aims. The agreement will then specify the targets and the associated funds available to spend in the pursuit of those targets
- Once the agreement has been made, LSPs in partnership with local authorities will be responsible for spending the money how they see fit in order to achieve the outcomes set out in the LAA. Compliance and spend regulations will be minimal
- Government Offices will be responsible for performance managing LSPs on behalf of departments
- There will continue to be an element of reward grant dependent on the LSP achieving its outcome targets through the LPSA mechanism which will form part of the broader LAA.

Spending Review 2004 announced that:

> 'Local Area Agreements will help achieve efficiencies in central and local government and devolve decision making to the most appropriate level. ODPM will consult on this as part of their work on a long-term strategy for local government and will test this approach in one authority in each region in 2005-06.'[123]

ODPM has published a prospectus on LAAs which outlines the proposal and the proposed pilots in more detail.

The main benefits of LAAs are that they have the potential to:

- encourage a clearer and more coherent set of outcome targets from government;
- reduce bureaucracy;
- give greater freedom to councils and other local delivery agents in determining the appropriate means for achieving change in their area; and
- encourage LSPs and local delivery partners to adopt a more strategic approach to delivering neighbourhood renewal in their area.

It will be important, as LAAs are introduced, that there is a sustained effort on the part of both ODPM and other departments to use the LAA framework and to ensure that it does genuinely result in more freedom for local delivery agents. It will also be essential to the success of LAAs that reforms are made to the performance management of LSPs and the role and responsibilities of GOs (see section 8.4).

Government will pilot Local Area Agreements (led by ODPM) in each of the English regions in 2005/6. If the pilots are successful, LAAs will be rolled out more widely from 2006/7.

Improve incentives for Local Strategic Partnerships to deliver effectively

The credibility and effectiveness of LAAs and of the delivery system as a whole depends on sharpening the incentives of LSPs to deliver in relation to deprived areas. Without this, there is a danger that the LAA framework will not be used to the fullest extent by departments.

Ensuring that LSPs deliver more effectively within the LAA framework requires the use of a performance management approach based on how well LSPs are delivering change in their area. This means that LSPs that are functioning well should be given support if they request it, but otherwise given freedom over how they deliver change in their area. The LAA framework will help to achieve this. For LSPs that are struggling to deliver change in their

area, GOs need to be able to offer a package of support measures to improve their capability. LSPs that are chronically under-performing should face a range of potential interventions including stricter conditions on expenditure. In extreme cases, it may be appropriate that the accountable, leadership and resource allocation roles of the LSP should be transferred to an alternative body.

GOs will carry out these performance management functions on behalf of ODPM and other government departments. Further details on the role of GOs are provided in the next section.

In order to support these reforms it will also be necessary for public sector members of the LSP to be given greater incentives through their own departmental performance management systems to lead local partnerships within themes and to develop integrated delivery arrangements where appropriate.

Conclusion 24. ODPM will develop and implement a proportionate approach to LSP performance including as part of LAA framework. Q2 2005 – Q2 2006 (pilots), Q2 2006-Q2 2007 (roll-out).

Conclusion 25. ODPM / NRU, working with other government departments will review how barriers within performance management frameworks can be addressed to incentivise the use of LAAs and engagement with LSPs. Q2 2005 – Q2 2006 (pilots), Q2 2006-Q2 2007 (roll-out).

LSPs and local delivery agents should sharpen focus on delivering outcomes

The development of Local Area Agreements, alongside a proportionate approach to LSP performance management, will provide LSPs with greater freedom to set and pursue a strategy in relation to deprived areas, as well as sharper incentives for delivery.

LSPs and local funding bodies will therefore need to reform the way in which they deliver neighbourhood renewal in their area. In particular LSPs should develop a stronger capacity to lead change and commission services that deliver outcomes in the most deprived areas.

Developing better strategic capability should include:

- clarifying that the role of the local authority as community leader reflects a facilitating rather than controlling interest;
- ensuring a clear separation of commissioning and providing roles within the LSP; and

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[123] *Comprehensive Spending Review 2004*, HM Treasury.

- developing clear strategies and change management plans for deprived areas based on local data and economic and social conditions;

Developing a better understanding of needs, resources and impact should include:
- collecting and analysing neighbourhood level data. This should enable a better understanding of the impact of strategy and delivery on the most deprived areas and particularly disadvantaged groups (e.g. different ethnic groups);
- mapping the allocation of mainstream resources in deprived areas; and
- ensuring the most appropriate use of community engagement in identifying local needs, (see Section 8.5 below).

The Neighbourhood Renewal Unit has developed a programme for supporting LSPs, building on evidence on performance and the application of existing support measures. The programme focuses on strategic capability and ability to achieve outcomes through partnership. In response to the lack of strategic commissioning it is recommended that support and guidance for LSPs includes measures to change funding behaviour to achieve a greater focus on outcomes as outlined below.

- LSPs and other regeneration partnerships should be more focussed on results when allocating funding. This requires:
    - accurate analysis of need and future trends
    - development of an overall (i.e. thematic and cross thematic) investment strategy;
    - clear specification of outcomes required;
    - greater use of a wide range of providers from the private community and voluntary sector with selection of providers based on their ability to deliver;
    - targets and milestones, based on outcomes, to be delivered in exchange for funding;
    - challenging existing providers and replacing them where this will yield better outcomes;
    - support for investment (e.g. work with providers to removes barriers to delivery);
    - ensuring greater mainstreaming through the use of funding mechanisms such as joint financing (see Figure 8.1).
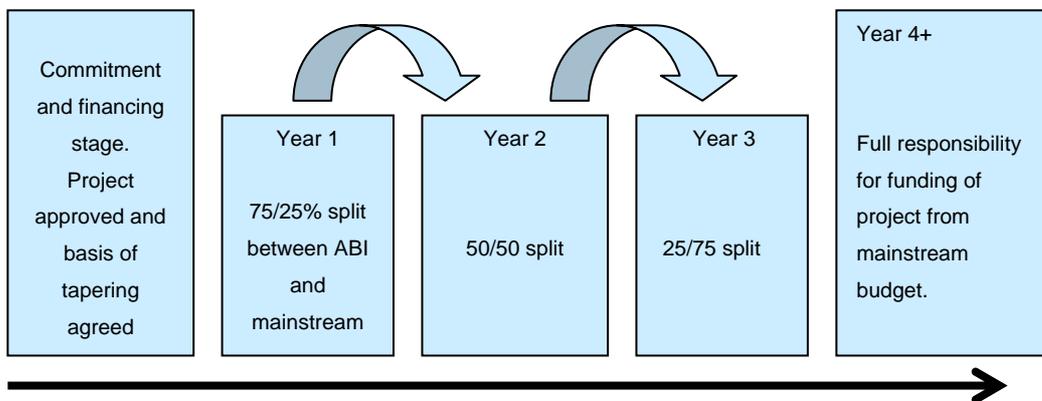
- LSPs could learn more from their partner public sector organisations that have been operating commissioning and/or market-based models of delivery for some years, including LSCs, DATs and PCTs and Social Services Departments.
- The issues raised in this section about the development of choice are equally relevant to neighbourhood renewal programmes.

Further details of the use of outcomes-based commissioning are provided in Box 8.8.

Figure 8.1

Joint financing – ensuring a commitment to mainstreaming
In the past health authorities and local councils used joint finance as a way of meeting shared priorities. Its financial mechanism of 'tapering' the funding requirement toward one or more agencies over time ensured a commitment to mainstreaming from the start and led to greater focus on sustainability. This is a model that could be used to develop joint commissioning and mainstreaming in the field of regeneration and neighbourhood renewal.

Commitment and financing stage. Project approved and basis of tapering agreed	Year 1 75/25% split between ABI and mainstream	Year 2 50/50 split	Year 3 25/75 split	Year 4+ Full responsibility for funding of project from mainstream budget.

Box 8.8: From 'grant aiding' to 'outcome funding'

Traditional grant making tends to focus on the process and activities of proposed services, for instance how many counselling sessions will be held or how many people will be served. The assumption is that activity will lead to improved outcomes but this is rarely tested rigorously. This is still an approach used widely in regeneration. The result tends to be that services are often ineffective and rigid in their responses to local needs.

An alternative approach called 'outcome funding' has been tested in the commissioning of services for drug and alcohol misusers, funded by the Department of Health.
This model involves a shift in attitude and behaviour on the part of the 'funder' from simply managing the allocation of funding to certain organisations, to investing funding in the pursuit of improved outcomes. The funding body produces an 'investor outcome statement' that sets overall strategy and specifies outcomes to be achieved to deliver this. The publication of this and the subsequent invitation of tenders from a range of providers focuses the whole delivery system on outcomes rather than processes.

An evaluation of the model found that the costs of using outcome funding were not significantly higher than traditional funding processes and that it increased innovation, offered a fairer, objective way of selecting projects and improved the performance of provider organisations.

The methodology has also been used in prison healthcare where it has delivered tangible benefits in the quality of health care such as increased take up of testing, improved self management of illnesses and in some cases reductions in costs.

Sources: Centre for Public Innovation, DOH Evaluation of Implementation of Outcome Funding

Conclusion 26: The NRU and GOs will implement a package of support for LSPs that is flexible, coordinated, tailored to the LSP, including support to enable greater use of strategic commissioning. From 2005/6 NRF guidance will require the use of a strategic outcomes-based approach to commissioning. Q1 2005.

Improve the targeting of generic neighbourhood renewal programmes
There are two main generic regeneration initiatives currently in operation: Neighbourhood Renewal Fund and New Deal for Communities (see Box 8.9).

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Box 8.9: Current generic regeneration initiatives

Neighbourhood Renewal Fund (NRF)

The NRF is aimed at enabling the 88 most deprived authorities to improve public services, via Local Strategic Partnerships. The NRF can be spent in any way that tackles deprivation in the most deprived neighbourhoods, particularly, but not exclusively, in relation to the 'floor targets' and to local targets set out in the local neighbourhood renewal strategy.

New Deal for Communities (NDC)

The New Deal for Communities programme was designed to pilot an approach to investing large sums of Government funding (more than £50m in most cases) in relatively small areas of between 1000 and 4000 households over 10 years. Community engagement is a major feature of the programme. There are 39 Partnerships managing between £35m and £61m over 10 years in two rounds ending 2010 and 2011.

Source: NRU, 2004.

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Target the NRF more effectively and impose greater conditionality

The NRF has helped achieve some successes, as outlined in Chapter 2. However it also has certain weaknesses, outlined in Chapter 4.

As well as adopting the strategic practice outlined in the last section to improve returns on investment, other broad principles can be defined for the future of the NRF after 2006.

- The NRF should be more effectively targeted on the most deprived areas. The new IMD should provide the data required to do this better. There may be a case for focussing more attention on the top 5% or the 500 significantly most deprived super output areas (SOAs) – as there is evidence that they are significantly more deprived than other areas
- Government should make clearer the outcomes NRF is intended to help achieve
- NRF should be used to help achieve floor targets and also to deal with very small pockets of deprivation at neighbourhood level
- Government should apply greater prescription in relation to how NRF is spent where LSPs have demonstrated a persistent failure to invest it effectively. This is consistent with this report's recommendations on the performance management of LSPs more generally.

Conclusion 27. ODPM / NRU will consult on new approaches to targeting and conditionality of NRF. Q1 2005.

Reform NDC programmes to improve sustainability

NDC programmes are beginning to deliver outcomes. However, relationships with partner organisations, particularly local authorities, are variable. There is a need to strengthen support from a range of stakeholders. In particular there is a risk that transformation will not be achieved unless problems with worklessness and housing in the areas are solved.

NRU has issued a guidance note suggesting a range of measures that should be taken at this stage of the programme. This includes a range of measures on mainstreaming and support for NDCs from ODPM, GOs and LSPs.

Specific conclusions are that:

- NDC programmes should ensure a primary focus on the issues where they can add most direct value;
- NRU, GOs, LSPs and other agencies should support NDC programmes to achieve their wider objectives - particularly in relation to the key drivers of housing and worklessness;
- NDCs should engage more effectively with their stakeholders, particularly LSPs and local public services;
- NRU and relevant stakeholders should review how real or apparent barriers to asset ownership can be removed to ensure programme sustainability; and
- Agencies supporting NDCs and NDCs themselves should ensure that the relevant funding streams deliver value for money and improve service delivery, within the overall public accountability framework.

Rationalise the number of local partnerships where possible

In some areas, there is a case for rationalising local partnerships. For example, where Surestart partnerships exist there is a strong case for co-ordinating with other local partnerships such as neighbourhood management schemes. This would help reduce the demands on local residents for engagement and would also help streamline delivery and communications. See Box 8.10.

Many police forces and other public services are setting up arrangements to consult communities; wherever possible, these 'police panels' should be coordinated with neighbourhood bodies and where appropriate amalgamated with existing structures to prevent over-consultation of residents.

8.4   Strengthen support from the regional tier

Clarifying responsibilities at the regional tier, with a reformed role for regional Government Offices

Two main reforms are needed at the regional tier to support a more effective delivery system: clarified responsibilities between the main agencies, and a strengthened role for GOs in supporting delivery.

Agencies at the regional tier will retain important responsibilities in developing strategy and supporting delivery. Lead responsibilities for strategy and operations between agencies should be clarified, in particular that:

- social regeneration is primarily the responsibility of Government Offices through LAA and neighbourhood renewal programme management;

- economic growth is primarily the responsibility of Regional Development Agencies notwithstanding the flexibilities agreed under the single pot arrangements;

- housing Strategy is the responsibility of Regional Housing Boards; and

- skills development is the responsibility of Learning and Skills Councils.

However, there should be shared responsibility between these agencies for a core group of deprivation-related PSA targets e.g. concentrations of worklessness.

The Spending Review 2004 has stressed the importance of a much closer link between LSCs and RDAs in recognition of the importance of an integrated approach to strategy and delivery. It will therefore be important that RDAs, LSCs and other regional bodies work more closely to

deliver their shared regional objectives. RDAs and GOs should investigate the potential for RDA funding to use the LAA framework to commission social regeneration projects.

In light of the development of LAAs and a proportionate approach to LSP performance the role of GOs needs to be reformed to take responsibility from the centre for:

- negotiating and performance managing LAAs;
- programme and performance management of generic programmes eg. NDC, NRF;
- support and intervention in LSPs and cross-cutting departmental ABIs;
- analysis of local and regional conditions;
- supporting delivery (skills and knowledge); and
- commissioning appropriate delivery vehicles for small pockets or whole local authority areas.

Particular capacities GOs will need to possess include:

- the ability to ensure the wider functions of the GO support delivery of outcomes in deprived areas (e.g. crime teams);
- the ability to challenge and support practice in commissioning and delivery;
- access to local data; and
- access to support resources (e.g. Neighbourhood Renewal Advisers).

It is also important that reformed GOs have staff with the required level of seniority and experience to ensure sufficient influence with government, other regional bodies, local authorities and LSPs.

Conclusion 28. A reformed role for GOs will be implemented alongside the introduction of LAAs. Q2 2005 – Q2 2006 (pilots), Q2 2006-Q2 2007 (roll out).

8.5   Use neighbourhood bodies to improve local services and sustain the renewal of deprived areas

Neighbourhood service coordination and resident engagement can be supported by a range of governance models

There is a range of options for how residents can be engaged in the planning, delivery and monitoring of local services (see Box 8.11).   Whichever model of neighbourhood management, governance or consultation is used, local service providers need to ensure that working with local communities leads directly to service improvement. If this is not achieved initial community enthusiasm will wane.

> **Box 8.11: Models of Neighbourhood Governance**
>
> **Area committees**: These are committees or sub-committees of the council that can take decisions about a specific area. Establishment is at the behest of the local authority who can also remove them at any time. Area committees typically cover populations of 20,000 to 30,000 but can be set at any size. Relevant ward councillors have voting rights though it is possible to co-opt community and agency representatives as non-voting members. They sometimes have devolved responsibility for modest powers and budgets and are subject to Best Value reviews.
>
> **Development trusts/community associations**: These are independent bodies, usually with the legal status of a company or a charity. They are set up to manage a regeneration programme or aspects of improvement in an area. Case studies have shown an increase in accountability, a sense of ownership and improved liveability as a result. Models involving the transfer of assets improve sustainability of the projects.
>
> **Parish/town councils**: These are democratically elected bodies established either because the local authority wants them or after a petition from local people (signed by 10% of the relevant electorate). Sizes of parish councils vary considerably. They can cover populations of between a few hundred and 30,000 to 40,000. Existing powers for parishes range from street signs to commissioning wider services such as wardens. Parishes are well established and utilise an established legal structure and many fit well with local identities.

The level of influence varies between different approaches. Development trusts and community associations are independent legal structures, though most work productively with local councils, sometimes delivering devolved services on their behalf. Parishes allow residents to stand as councillors to exercise a range of powers that affect the local area; other arrangements include working with councillors from principal authorities through area committees.

Given the success of some neighbourhood-level arrangements, there is a strong case for supporting local authorities to develop forms of neighbourhood governance in the most deprived areas. In some areas community engagement has developed to the point where local bodies have emerged and delivered highly successful initiatives, managing certain aspects of local services and in some cases they have managed major development programmes. The review has seen a number of such examples where successful change in

local conditions is being delivered by neighbourhood bodies with assets and powers to be responsive to the needs of residents (see Box 8.12).

Box 8.12: Examples of successful initiatives

Eldonians (Liverpool)

The Eldonian Village is a model of sustainable community regeneration.

Started 25 years ago, the Eldonian Group has progressed through the development and management of housing to 'cradle to grave' provision for residents. This includes a day nursery, sports centre and a housing with care scheme for the elderly.

The Group runs several social enterprises and owns assets worth £25m, and has attracted more than £100m in private investment. It is now seeking to expand its expertise beyond its border through a trading consultancy.

Witton Lodge Community Association (Perry Common, Birmingham)

Witton Lodge is a groundbreaking experiment in community ownership, mixed tenure and neighbourhood management. A community trust has been developed to take on the ownership of local assets, which over time would help to fund community initiatives, public space and other local assets. The estate, which previously contained defective council houses is now rebuilt on a mixed tenure basis and the Community Association are the RSL for the social housing stock. They are responsible for letting contracts for repairs and maintenance and numerous other functions.

Milton Keynes parishes

The local authority has taken a lead in establishing and supporting parishes throughout the city so relations between the two tiers are good. Parish councillors carry considerable weight in representing the concerns of residents particularly in the larger parishes. They also deliver many key neighbourhood services and are well placed to respond more effectively to the needs of their residents. Parishes like Woughton, in a deprived area, have also undertaken to set up effective means of consulting residents. Woughton employs youth workers, a crime and safety officer and a 'parish ranger' who responds to local environment concerns (rubbish, graffiti etc). The parish has also led an intensive clean-up of housing estate areas.

However, one size does not fit all. The most suitable model for a particular area should be determined locally. Several factors including the capacity of residents to participate, the existing structures and the nature of the problems in an area will define the most appropriate combination of neighbourhood management and governance. If it is necessary to build more capacity, then it may be preferable to adopt an 'evolutionary' approach. For example, a neighbourhood management board could precede a stronger body which could acquire powers incrementally.

It is important that new arrangements are adopted only after careful evaluation, consultation and assessment of the capacity of the neighbourhood to sustain the new body - in general, councils are in the best position to judge which model(s) will be most effective in their areas. Local Authorities, supported by central government, should take a lead role in extending resident influence over services. Key tasks are to:

- invest in capacity-building initiatives to increase the ability of the local community to engage with local services where appropriate;
- assess the need for different neighbourhood management/governance options in each area; this will depend on many factors such as the level of demand for neighbourhood engagement, the complexity of service delivery in that area and local capacity to be involved in decision making;
- support their communities in exploring how existing forms of involvement in neighbourhood management and/or governance might be strengthened or what new forms might be appropriate given their needs and capacity; and
- implement alternative structures to effectively engage the community where appropriate – these will depend on local circumstances.

In some cases, for example, where residents feel their demand for a greater say over local decision making is not adequately being met, they may want to respond by setting up their own organisations and seek to engage the council's support.

Focus the comprehensive performance assessment more on community engagement

The need to engage with communities is not confined to deprived areas. To encourage councils to engage effectively with residents in all areas, central government needs to recognise the importance of community engagement in the way it assesses council performance.

The pilots for CPA 2005 place more specific obligations on LAs to consult their communities but they could go further in requiring LAs to establish the conditions for residents to assume more responsibility in decision making and in devolving more powers where appropriate.

Review barriers to asset ownership

To address an important aspect of the sustainability of programmes, a review of the current arrangements will be conducted within programmes that actually or are perceived (e.g by some NDCs) to present barriers to the acquisition of assets to create revenue streams active beyond the life of programmes.

Conclusion 29. ODPM will take responsibility for ensuring that the residents of deprived areas are given adequate support if they want to take a greater role in local decision making. Ongoing.

Conclusion 30. ODPM will work with the Audit Commission to ensure that the formation of governance and consultation arrangements at the neighbourhood level forms a more prominent part of the CPA Corporate Assessment. Q1 2005.

Conclusion 31. ODPM / NRU, working with HM Treasury and the Home Office, will review how real or apparent barriers to asset ownership can be addressed in order to ensure programme sustainability. Q1 2005.

In the longer term, government should explore options to give some neighbourhood bodies greater freedom in commissioning a wider range of services

Parishes exercise a wide range of powers and are able to commission public services, but they have only a very limited range of functions which are not concurrent with the principal authority and are dependent on that authority to delegate sole responsibility and budgets. Other neighbourhood bodies are wholly dependent on delegation from the council. However, where residents set up their own governance arrangements and wish to use this to address poor local environments, government should explore options to allow greater freedom particularly to accredited neighbourhood bodies like Quality Parishes to commission some services. These could include maintenance and improvement of public spaces (e.g. parks, playgrounds, streets, grass verges) and amenities (bus shelters, community centres), highways maintenance and youth and community safety services.

The issue of double taxation[124] can be addressed either through delegation by the principal authority of the budget associated with the relevant function, or by reducing the council tax in those areas where a function has been delegated. There is scope for both of these approaches to be applied more fully. Government should monitor the extent to which local authorities take account of the existing guidance to improve the financial arrangements between the tiers.

Accredited neighbourhood bodies should be given more powers

Accredited neighbourhood bodies like Quality Parish councils should be given more powers such as economic, social and environmental wellbeing powers. This could be facilitated by increasing the amount parishes are allowed to spend on projects that fall outside their normal powers from £5 to, for example, £20. Some form of resource equalisation and greater

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[124] Double taxation occurs when the parish council instead of the LA provides a service but the LA does not reduce council tax or pass on appropriate funds to the parish for providing that service.

eligibility for grants should also be considered. Ways to simplify the process of establishing a neighbourhood board/parish should also be explored

8.6   Raise aspirations

A final but crucial point about delivering services and programmes in deprived areas is the need to develop measures that tackle the sometimes damaging problem of low aspirations. A range of policy interventions in deprived areas will help to deal with this. Some of these factors stem from measures to revitalise local economies or improve housing and the local environment.

- Better schools will raise aspirations and encourage positive peer cultures as well as attracting other families into an area
- Culture and sport can contribute to community cohesion through providing opportunities for volunteering, strengthening community networks and relationships between people, building self-esteem, confidence and skills, and providing physical, structural and knowledge resources
- There are also specific policy interventions that can help improve the aspirations and networks of particular groups, including young people. The cross-government Positive Activities for Young People (PAYP) programme, targeted both at specific deprived areas and individuals, aims to reduce youth offending and support young people in returning to education or training. Similar programmes in 2002 cut youth crime by up to 11%. See also Chapter 6 on housing and the local environment
- Better housing and local environment will remove some of the disincentives for residents to leave an area
- Community engagement has the capacity to improve networks and participation. The recommendations on neighbourhoods in this chapter suggest how community engagement can best be developed to enhance participation.

9.   What happens next?

This report has set out a series of recommendations to build on the 2001 National Strategy for Neighbourhood Renewal. The analysis outlined in this report provides important insights into the dynamics of deprived areas and why areas of concentrated deprivation occur and persist despite overall rises in economic prosperity across the country.

The vision described in this report will have been achieved if, by 2021, no one is seriously disadvantaged by where they live. Some of the conclusions in this report are already being implemented; others will be implemented in the near future. The national-level commitments are the responsibility of government departments but successful regeneration of deprived areas will also depend on the efforts of front-line public service workers, regeneration practitioners, members of the business community and the residents of deprived areas themselves.

Annex 1: The project team, sponsor minister and advisory group

The team

The report was prepared by a multi-disciplinary team with experience of the public, private and voluntary sectors.

- Jonathan Brearley (team leader), Senior Civil Servant, Strategy Unit (from February 2004)
- Pardip Bans, economist on secondment from the Inland Revenue
- Phil Bradburn, economist seconded part-time from ODPM
- Angelita Bradney, economist, Strategy Unit
- Sophie Craig, policy analyst, Strategy Unit
- Greg Deacon, team administrator and research support, Strategy Unit
- Sarah Fitzpatrick, policy analyst, Strategy Unit
- Jane-Frances Kelly (team leader), Senior Civil Servant, Strategy Unit (until February 2004)
- Katie Law, policy analyst, Strategy Unit
- Chris Marsh, regeneration practitioner on secondment from role as commissioning manager, North Huyton New Deal for Communities partnership
- Catherine May, policy analyst, Strategy Unit
- Wendy Piatt, policy analyst on secondment from the Institute of Public Policy Research
- Tom Startup, policy analyst, Strategy Unit

Sponsor Minister

The Sponsor Minister's role is to oversee the project, provide guidance and chair meetings of the advisory group. The sponsor minister for this report was Lord Rooker, Minister for Regeneration and Regional Development at the Office of the Deputy Prime Minister.

Advisory Group

The team consulted regularly with an advisory group containing senior government officials and external experts. The advisory group provided valuable guidance and constructive challenges to the project as it progressed.

- Stephen Aldridge, Chief Economist, Strategy Unit
- Sam Anderson, Policy Advisor, HM Treasury
- Jonathan Blackie, Regional Director, Government Office for the North East

- James Bowler, head of Housing and Urban Policy, HM Treasury
- Jon Bright, head of Neighbourhood Renewal Unit implementation division, ODPM
- Yvette Cooper, Parliamentary Under Secretary of State, ODPM
- Vincent de Rivaz, Chief Executive, EdF Energy
- Patricia Greer, Deputy Director, Strategy Unit
- Mohammed Haroon, Divisional Manager, Regional and Regeneration division, DfES
- John Healey, Economic Secretary, HM Treasury
- David Henshaw, Chief Executive, Liverpool City Council
- Bronwyn Hill, Director, Regional Transport, Department for Transport
- Margaret Hodge, Minister of State for children, DfES
- Melanie Johnson, Parliamentary Under Secretary of State, Department of Health
- Sukhvinder Kaur-Stubbs, Director, Cadbury Trust
- Jane Kennedy, Minister for Work, DWP
- Fiona McTaggart, Parliamentary Under Secretary of State, Home Office
- John McTernan, Advisor, Number 10 policy directorate
- Joe Montgomery, Director General, Neighbourhood Renewal Unit
- Ray Shostak, Director, Transport team, HM Treasury
- Rob Smith, Director General, regional coordination unit, ODPM
- Claire Tyler, Director, social exclusion unit, ODPM

Annex 2: Visits and consultations

During the course of the project several individuals and organisations provided important input and feedback, all of which was gratefully received.

- Professor Michael Ball, University of Reading
- Nicola Bargery, Steve Boyes, Malcolm Read and colleagues, Wolverhampton city council
- Lord Best, Jon Low and Danielle Walker, Joseph Rowntree Foundation
- Eammon Boylan, Manchester City Council
- Bill Boler and Jenny Dunford, Business in the Community
- Mark Bradshaw, British Retail Consortium
- Dean Brotherton, Rob Hetherington, Alison Lawson, Ian Neville, Ruth Rogers, Mike Watts and Jackie Wellings, Advantage West Midlands
- Andrew Burt, Hertfordshire County Council
- Paul Cheshire, Geography and Environment department, London School of Economics
- Phil Clark, Igloo
- Stephen Dawson, ECI Ventures/Impetus Trust
- Rupert Dickenson, Grainger Trust
- Tony Dylak, Royds Community Association
- Ed Glaeser, Harvard University
- Niamh Goggin, Aspire
- Cath Green, David Henshaw, Nick Hughes, Sophie Krajiewska, Maria O'Brien, Lisa Smith, Penny Wakefield and Keith Watson, Liverpool City Council
- Doug Guthrie, New York University
- Liz Fenton and Michael Groarke, London borough of Hackney
- Adam Fineberg, regeneration consultant
- Anne Fox and Sam Thomas, Thanet district council
- Mark Gore, Metropolitan police
- Ravi Gurumurthy, London borough of Hammersmith and Fulham
- Tony Hawkhead, Groundwork UK
- Andy Hull, Karrot
- Sandra Jetten, UnLtd
- Bruce Katz, Brookings institute
- Peter Kelly, Barclays Bank
- Angus Kennedy and colleagues, Castle Vale Housing Action Trust
- Martin Knox and Mark Cook, Anthony Collins Solicitors
- Don Lavoie, National Treatment Agency
- Toby Lowe, One North East