Turnaround

How to regenerate Britain's less prosperous communities by helping them take back control

ONWARD

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Summary of the argument

There is considerable evidence to suggest that some parts of the UK lag well behind the most prosperous places - and feel less invested in the UK, and less invested in personally, as a result. Particularly in post-industrial and coastal towns, rural communities, and some city suburbs, we frequently encounter the same stubborn problems: few good jobs and low skills, high public health need and criminality, a decaying public realm and weak civic institutions. Whether we call them “left behind”, “disadvantaged” or “deprived”, it is accepted that some places require additional support from Government to thrive because market forces and philanthropy alone are insufficient to break a cycle of relative decline.

It is also clear that these problems are strongly linked to political and economic volatility. Research has shown that the decline of civic assets like community pubs was strongly correlated with rising support for UKIP before the 2015 General Election - just as the closure of community convenience stores precipitated the Gilet Jaunes protests in France. The geography of place-based decline corresponds closely to the geography of the Brexit vote and declining Labour support in 2019. If we want to usher in an era of more stable and consensual politics, we need to work harder to regenerate left behind places.

Every government of every stripe in the last fifty years has attempted to turn left behind lagging places around through regeneration schemes. From Wilson’s Urban Aid programme to Thatcher’s Urban Development Corporations to Blair’s New Deal for Communities (NDC) and the current Government’s Levelling Up Programme, billions have been spent and considerable political will has been expended. Yet for all that activity there has been remarkably little policy focus in Whitehall on understanding what works best in improving outcomes in the most challenging communities in the UK - and how successful approaches can be scaled more broadly to communities everywhere. That task is the subject of this paper.

Looking at previous regeneration initiatives in this country and abroad, we establish a number of key lessons that make or break regeneration. First, communities must have a stake in regeneration, not merely be consulted, if improvement is likely to be sustained beyond the funding period. However, some communities require greater capacity to be involved in the design and financial control of initiatives. Second, the best schemes take both an asset-based approach and introduce new forms of civic governance to oversee the change, building long term institutional strength in the process. Third, it is vital that regeneration happens at the appropriate geographic level, which for many activities will be the neighbourhood level, and that it combines social as well as economic interventions over the long term.

These insights are reinforced by new analysis for this paper of Labour's New Deal for Communities programme, which ran between 1998 and 2007-08 at a total cost of £2.29 billion, before being extended to 2011. The NDC is by most accounts one of the more successful regeneration schemes in recent years. Our analysis shows that:

- Of the 39 local areas that were part of NDC, 30 (77 per cent) saw levels of deprivation fall relative to the national average between 2004 and 2019, and 20 (51 per cent) saw deprivation fall faster than the surrounding local authority.

- However, this progress would have been higher had the pace of improvement not dropped off after the scheme ended: more than half of areas (54 per cent) that improved relative to the local authority subsequently fell back after 2010.

- Improvements in an area's Indices of Material Deprivation (IMD) score[1] were largely driven by improvements in the living environment. The average NDC area reduced their deprivation rank on this measure by 18 percentage points relative to the local authority. But areas were held back by barriers to housing and services, where they fell back relative to the surrounding area by 4 percentage points.

- The NDC areas that have delivered the most significant sustained improvements are those with the strongest base of civic assets and most engaged communities. This suggests that the government should pay much more attention to nurturing the social fabric of a place alongside economic interventions.

This analysis, and the broader history of regeneration, reveals that many "left behind places" face a twin problem. They are less likely to enjoy exogenous improvement - as they are less attractive for outsiders to invest, work, buy a house, or bring up a child - but need support to leverage the endogenous assets and networks that they do have because they often lack local capacity to deliver enduring change as a result of long-term decline. This double-Catch 22 goes to the heart of what regeneration policy should seek to fix.

The good news is that the current Government has stated their commitment to investing in local places and turning around their fortunes. The 2020 Spending Review announced more than £1.4 billion in regeneration funding through the Levelling Up Fund, Towns Fund and Community Renewal Fund combined for regeneration-related initiatives in 2021/22 alone. The Shared Prosperity Fund, which opens next year, will go even further, albeit this to some degree will replace previous EU structural funds.

The bad news is that the way these funds are currently set up - as central funding streams, focused at town and local authority level, using short-term and mostly capital-heavy funding, with little clarity over evaluation - risks repeating past mistakes. We therefore set out a number of recommendations to ensure communities are involved by default, to build local capacity for the long term, and to ensure meaningful evaluation of what works. These include:

1. Community Deals. The Government should introduce a programme of Community Deals to allow local communities to take greater control of their area. These would be convened at community, parish or neighbourhood level, cover a defined geographic area, and put forward a long-term improvement plan for the local community. These plans should be funded through the Community Renewal Fund and Shared Prosperity Fund, including direct capital funding for new Community Trusts to acquire and manage assets (including existing local authority assets) on behalf of the community. This would create a long-term endowment for every deprived area that would sustain regeneration over time. Where Town Deals exist, Town Boards should have a duty to take account and support Community Deals in their area.

2. Funding for capacity building. The Government should set aside funding for capacity building in the communities least able to exploit national funding. This would involve ring-fencing a small share of existing funding streams to support the areas most in need to identify the key challenges they face, design and manage interventions, and apply for different streams of funding. This could support a new organisation or network of experts in community regeneration to build capacity in local communities and community organisations, in the same way as the New Schools Network has successfully built capacity among new school leaders.

3. Comprehensive measurement of community strength. Ministers should commission a new comprehensive set of indicators for community strength covering every local area. This should create a gold-standard dataset on social outcomes in every lower super output area, to both improve the evaluation of interventions and support a much more sophisticated debate about what is happening in different communities in different parts of the UK. This would include data on the number of civic assets, patterns of volunteering and philanthropy, and levels of community ownership locally.

4. **Develop a detailed understanding of what works in regeneration.** It is a failure of successive governments that - despite billions being spent on regeneration since the 1960s - there is no accepted methodology for what interventions are most effective at reviving the social and economic fabric of a place. This hampers value for money and undermines policymaking. Building on the recommendation above, the Government should take steps to develop an evidence base for local regeneration that can guide future policy. This could take different forms, but the most promising would be to found a new institution to develop and promulgate evidence-based practice, building on the success of the Education Endowment Foundation.

These proposals are not the only proposals necessary for turning around some of Britain's most troubled communities. But they would go a long way to ensure the Government's good intentions do not follow the path of previous regeneration policies, while building solid evidence of what works and improved capacity at local level to help places take back control of their own destinies in the longer run.

The history of regeneration

Over the last six decades, political administrations of all stripes have been worried about left behind communities, and almost all of them have introduced high-profile policies to turn struggling places around. Harold Wilson had the Urban Aid Programme. John Major brought in the Single Regeneration Budget. Tony Blair invested heavily in the New Deal for Communities. David Cameron unveiled the Big Society. Today, the Government is interested in similar themes through its signature "Levelling Up" agenda.

The rationale for each of these policies has remained remarkably consistent over time. The Labour Government described its regeneration policies as "the broad process of reversing physical, economic and social decline in an area where market forces will not do this without intervention."[2] The Coalition Government used a similar formulation: its regeneration strategy was "a comprehensive process aimed to tackle a combination of social, economic, physical and environmental issues, and focused on areas of disadvantage, particularly those where the market alone cannot deliver improvement."[3] In short, both parties recognise there are some places that require a helping hand.

But in practice, initiatives have varied widely. From regional or city policies with a broad focus to more localised and tightly targeted initiatives at the neighbourhood level. They also include permissive approaches, based on giving local people more freedom to take greater control, through to more interventionist approaches that define what good looks like on communities' behalf. Some initiatives have attracted considerable long-term funding; others have been expected to transform places with much fewer resources at their disposal.

This chapter explores the evolution of regeneration policy since the 1960s. The next chapter takes these experiences and synthesises them into lessons that any regeneration policy should take into account and build upon today. They represent a useful set of tests for the Government's levelling up programme.

1. The introduction of the urban policy agenda in the 1960s

The 1960s witnessed a growing political focus on urban problems, following decades of de-urbanisation and rising concerns about poverty in Britain's biggest cities. In 1969, Harold Wilson introduced the Urban Aid Programme, an economic regeneration policy intended to tackle social problems,[4] including poverty, deprivation and housing need. The consensus, at the time, was that these problems were the cause of anti-social behaviour and family breakdown,[5] and funding was set aside for projects to help tackle those supposed causes.[6]

The programme comprised 75% government-backed grants to local authorities and voluntary organisations for social projects in disadvantaged urban areas.[7]

Around 3,300 projects worth £32 million at the time (£539 million today) were approved by 216 local authorities in England and Wales.[8] Projects included family planning units, nursery schools, legal advice centres, community centres and holiday schemes in inner urban deprived areas.

As the programme progressed the emphasis shifted from social initiatives to economic expenditure to support enterprise, business and environmental improvements. The outcome of the new focus was mixed, with "improved employment opportunities and higher wages" coupled with rising urban poverty during the period.[9] Understanding the implications of the Urban Aid Programme was complicated by a lack of transparency. In Parliament, backbench MPs lamented that "local authorities failed to communicate the reasons why one project is preferred to another, and the Government was equally secretive by failing to publish criteria on which they make their selections".[10]

Alongside the Urban Aid Programme, the Government introduced a series of Community Development Projects (CPDs) in 12 British cities in 1969, including Liverpool, Oldham, Tynemouth, Paisley and Coventry.[11] These projects aimed to deal with pockets of poverty by finding new ways to meet the needs of people living in those areas, with the state playing a more active role than in previous schemes.[12] The programme ran for over a decade, and was one of its largest and boldest community initiatives at the time, at an estimated cost of £5 million.[13]

Working together with local authority workers and local university social research teams, the programme looked to assist the needs of an area and how they could be met. This involved supportive and advocacy services, joint community-workplace action, building community groups and establishing campaigns on local issues. Funding for the project was eventually withdrawn for a number of reasons, including tensions between local CDP teams and the Home Office[14] and limited feedback loops between local projects and national policies, meaning bureaucracy often undermined local experimentation.[15] There was also a breakdown of relationships between action (community workers) and research team (academics) partnerships used for the initiative, with the former reluctant to support recommendations that did not serve their specific community.[16]

A 1985 evaluation of the Urban Programme (UP) by the National Audit Office (NAO) pointed to "inadequacies both in the scale and quality of monitoring", which would "not enable soundly based conclusions to be drawn about the effectiveness of UP projects in general."[17]

2. The introduction of area-based approaches in the 1970s and 1980s

The 1970s and 1980s heralded a tumultuous period for regeneration policy, driven by the volatile shifts at the ballot box over the period. Policy shifted from a focus on a balanced relationship between the private and public sectors in the 1960s and early 1970s to an emphasis on decentralising local government and giving the private sector more of a role in redressing urban decline.[18]

The Inner Urban Area Act was introduced in 1978 to strengthen the economy, improve physical fabric, protect the environment, tackle social problems, and secure a balance between inner areas and outskirts.[19] Under the terms of the Act, 42 local areas in England were put into one of three tier classifications. These included: Partnerships Areas (14 formal partnerships between central and local government backed by a substantial sum of money); Programme Authorities (14 areas with some financial support but no formal partnership); and Other districts (14 areas with powers under the Act, but no direct transfer of money).[20] How these areas were chosen remains unclear: the then Secretary of State for the Environment, Peter Shore, said at the time that Ministers used "judgement about the scale, intensity and concentration of the problems of individual districts."[21] At the time, a table of statistics was presented which set out the basic data for any assessment of need.[22]

The original idea behind the Inner Urban Area Act was that inner city decline could not simply be addressed by localised job-creation alone - and that both environmental and social factors were a part of the problem.[23] For example, in the earlier years of the project, 25 per cent of the 12,000 or so projects supported at any one time were defined as economic in nature, 15 per cent environment and 60 per cent were social interventions.[24, 25] By 1984, however, the share of economic interventions had increased to 34 per cent economic, while the number of social interventions had fallen to 48 per cent, with 18 per cent environmental.[26] The NAO highlighted that this was partly because ministerial advice was for "capital expenditure to be substantially higher than revenue expenditure."[27]

Following the Conservative election victory in 1979, regeneration policy changed again. The 1980s are often considered to be a deregulatory period, with the introduction of 'Right to Buy' in 1980 and the use of Enterprise Zones to drive local growth. Between 1981 and 1996, 38 Enterprise Zones were designated in the UK, focused on securing private investment through tax incentives or less onerous planning rules.[28] The evidence on their effectiveness is mixed. It is estimated that between 96,000 and 125,000 people gained employment in the zones, of which 58,000 were additional alongside £2 billion (in 1994/95 prices) of private capital investment in property. But there is also evidence of displacement,[29] with an estimated 24 per cent of firms relocating to Enterprise Zones from within the same region and 17 per cent from other parts of the UK.[30]

Alongside more deregulatory measures, the Thatcher Government introduced more interventionist policies. Urban Development Corporations (UDCs), based in part on the 1960s New Towns programme, were established in fourteen de-industrialised cities.[31] In UDC areas, the Government offered urban development grants to developers and private industry to “pump prime” capital investment.[32] The Urban Programme saw funding increase from £93 million in 1978-9 to £338m in 1984-5, while money directed to partnership areas rose from £700 million to £1.4 billion during those six years. The derelict land grant supported the reclamation of an area the size of Grimsby every two months during this period.[33]

By the late 1980s, many UDC areas - including London Docklands, central Manchester and Merseyside in Liverpool, had seen vast physical changes to their areas, with mass housing developments and commercial retail centres built. However, despite considerable economic growth in some of these places, most notably London Docklands, some have argued that the approach came at the expense of good urban planning and without the involvement of local people.[34]

However, by this time, there was rising criticism of the wide variety of different schemes introduced to support regeneration. In 1985, the Archbishop of Canterbury’s Commission on Urban Priority Areas criticised the Government for not doing enough to solve the crisis in ‘inner city’ Britain. In 1989, the Audit Commission criticised the fact that "Government support programmes are seen as a patchwork of complexity and idiosyncrasy." In 1990, the NAO referred to a "complex hotch/potch of urban initiatives.”[35]

3. The introduction of the Single Regeneration Budget in the 1990s

The Major Government overhauled regeneration policy in the early 1990s. In 1991, the City Challenge was introduced, targeting deprived areas with funds to lever public, private and voluntary sector resources. A sum of £75 million per year for five years was allocated to 15 local authorities by central government.[36]

This was quickly followed by the introduction of the Single Regeneration Budget (SRB) in 1994, which collapsed 20 separate government funding streams into one flexible fund, at a cost of £5.7 billion at the time.[37][38] SRB areas delivered a heterogeneous set of projects, targeting a number of objectives across areas that were not linked to local authority or other jurisdictions. A third of SRB expenditure was spent in the top 20 deprived local authority districts, covering around 15 per cent of the population.[39]

A 1999 report for the Department of the Environment, Transport and the Regions evaluated the SRB against three areas: value for money, 'wider achievement' and 'partnership effects.' The last two of these concepts are nebulous and hard to quantify. The report was able to clearly quantify the limited success that the SRBs had in delivering value for money.[40] For instance, in Brent and Harrow, £1 million of public expenditure over three years (1995 to 1998) led to the creation of 100 firms. When added on to the baseline of 10,243, this equated to a 1 per cent uplift in firm level activity. Unemployment in Brent and Harrow barely improved, with 181 additional jobs created on top of a baseline of 26,800, or less than 0.1 per cent.[41]

An evaluation of the SRB, carried out by the LSE, found that the subsidisation of commercial developments did increase workplace employment by an estimated 206,675. However, it was not clear whether the increase in employment was a result of new jobs or displacement of jobs from other locations. It was also unclear whether the jobs were taken up by the local community or by people based outside SRB areas.[42] The SRB was replaced in 2001 by the creation of Regional Development Agencies under the Labour Government.[43]

4. New Labour's new approach to regeneration

After 1997, community regeneration became less economic in nature and encompassed a range of social and public service interventions. These included Education Action Zones, the London Challenge, the introduction of Anti-Social Behaviour Orders and a major Housing Market Renewal programme. The latter generated £2.2bn of investment which "secured the refurbishment of 108,000 dwellings, 15,000 new properties and the clearance of 31,000 obsolete dwellings." 32,000 new dwellings were built in HMR areas and the investment supported 19,000 jobs in the construction industry.[44] These were accompanied by greater economic coordination at a regional level through the establishment of Regional Development Agencies covering NUTS1 geographies in England.

In 1998, this was followed by the New Deal for Communities (NDC) programme, which ran initially until 2008, before being extended to 2011. The NDC programme provided economic assistance to 39 deprived neighbourhoods and targeted change in both place-based (crime, community, housing and physical environment) or people-based (education, health and worklessness) outcomes. It cost a total of £1.7 billion and funded over 6,900 projects in 39 local neighbourhoods.[45]

Whitehall and the Government Offices for the Regions provided a framework through which the NDC programme was to be delivered, as well as support and approval for annual delivery plans. A key feature of the programme though was the autonomy afforded to the NDCs. Each of the 39 NDC partnerships received £50 million in funding to implement local regeneration strategies.

Previous programmes of regeneration suffered from a paucity of evaluation as it was considered too hard to accurately measure impact.[46] The NDC programme bucked this trend. While it was recognised that individual NDCs had different goals and would therefore have different results, the final assessment synthesised the findings from individual NDCs to provide an overall account of their success and failures. Evaluation was carried out across 36 indicators, with NDCs as a whole improving in 32 of these (with statistical significance in all but one indicator tested for significance). Out of the 36 indicators, 24 were comparable with national data. The report found that 18 of these had improved relative to the national benchmark, 'satisfied with area' increased by 18 percentage points and 'in employment' improved by 10 percentage points relative to the national figures between 2002 and 2008.[47]

In 2010, immediately before the General Election, Gordon Brown introduced Total Place, following recommendations in the HM Treasury Operational Efficiency Programme report in 2009.[48] The report mapped "flows of public spending in local areas and made links between services to identify where public money can be spent more effectively."[49] The initiative marked a shift in government thinking from comprehensive performance assessments to outcome-focused area assessments. This aimed to weave together local public services such as schools, after-work care, childcare and child health, but at a smaller cost and through a collaborative approach with local organisations and leaders.

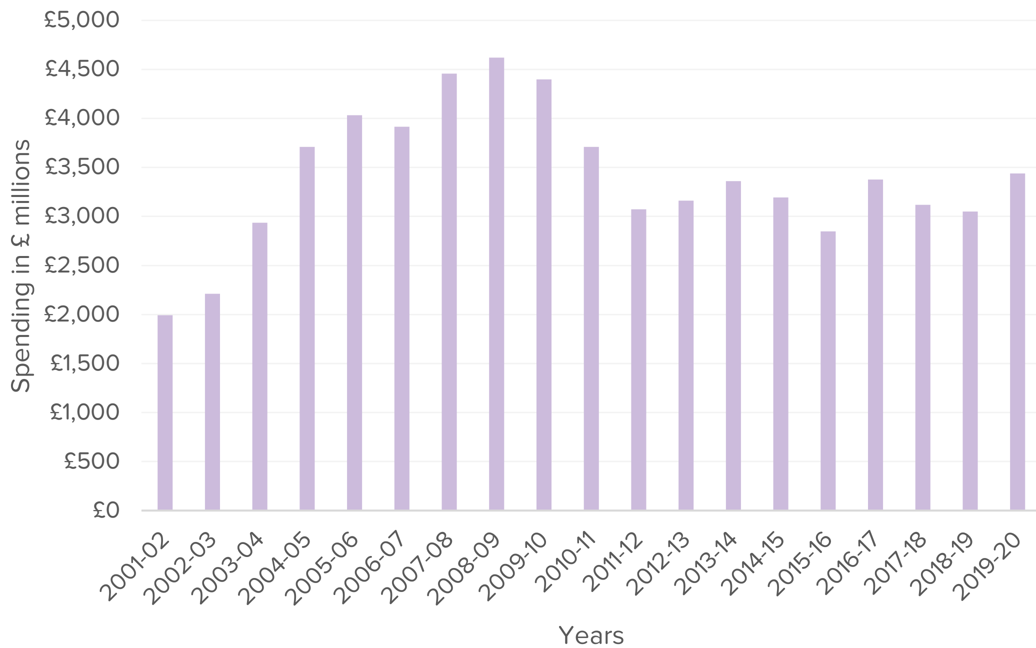
It was focused on efficiency and delivering additional value while saving money, rather than regeneration, and many of the benefits were taxpayer benefits rather than improved community fabric.[50][51] For example, one report estimated that if local areas could find "on average an additional 2 per cent saving in 2013-14 on locally controlled elements of public spending, Total Place could generate savings in excess of £1.2 billion per annum by 2013-14".[52]

The scheme was piloted in 13 areas which covered 63 local authorities at the time, 34 Primary care trusts, 12 fire authorities and 13 police authorities.[53] Early indications showed that the focus of regeneration needed to be on the 'person, citizen, customer by prevention through partnership.'[54] According to the NAO, evaluations had pointed out that 'greater central direction on measurement would have produced more comparable and useful data.'[55] Issues of transparency also dogged the programme. In one of the piloted areas, it was reported that between 25 and 30 per cent of spending was under local government control, in contrast to the Local Government Association figure of 5 per cent.[56] A more comprehensive evaluation was made impossible by the early demise of the programme, which was cut short before it had the chance to have an impact at the community level by the financial crisis and the political cycle.

Government funding for community development

Following the 2008 financial crash, Community Development (CD) spending fell by 33 per cent, from £4.62 billion in 2008-09 to £3.1 billion in 2011-12. Since then, CD spending has stabilised and begun to rise slowly. However, as the chart below shows, funding has yet to reach pre-crash levels. In 2019-20, CD spending was £3.4 billion, just over a billion pounds less per annum in real terms than pre-crash spending.

Figure 1: Community Development spending, 2001-20.
Source: PESA and Onward Analysis



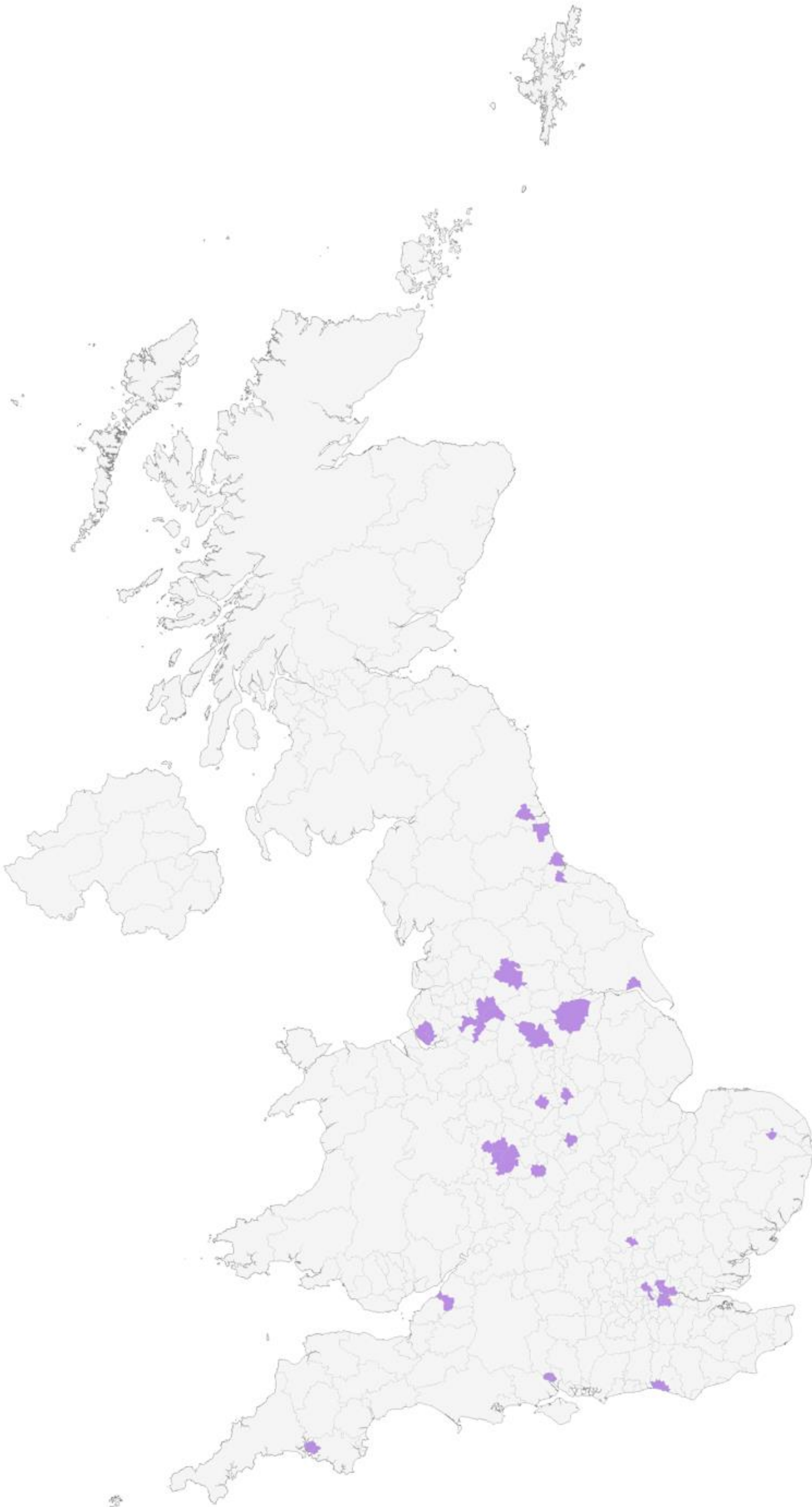
If CD funding had remained at 2008 levels over the last 12 years, communities would have enjoyed an additional £14.1 billion in funding for community development programmes. The reduction in funding is not only a symptom of financial restraint. Of course, spending across Government did fall in the years immediately following the crash, but by 2014-15 the UK's total managed expenditure (TME) had risen above 2008-09 levels. Despite this CD spending has failed to rise to its former levels. In 2007-08, CD funding represented 0.85 per cent of total managed expenditure, but by 2019-20 CD funding represented only 0.56 per cent. This suggests that there has been a shift of priorities away from community development activities.

Figure 2: Community Development Spending as a percentage of Total Managed Expenditure (TME), 2001-2019.

Source: PESA and Onward Analysis

Figure 3: A map of the 39 local authorities for the New Deal for Communities programme

Source: Sheffield Hallam University, Centre for Regional Economic and Social Research and Onward Analysis



5. Localism for all

The introduction of the Localism Act 2011 introduced new freedoms and flexibility for local government, communities and individuals. It redefined the relationship between local communities and central government, giving councils powers discretion over business rate discounts, social housing allocations, and local economic strategy, while giving local people powers to challenge excessive council tax decisions, protect assets of community value and the running of local services.

In conjunction with the disbanding of Regional Development Agencies, the Government set up Local Enterprise Partnerships (LEPs) to support economic growth across England in 2011. These are voluntary partnerships between local authorities and local businesses to determine local economic priorities. A total of 39 LEPs were established across England,[57] with two later merging in 2016.[58] Evidence from the House of Commons Library suggests that many LEPs are highly dependent on local authorities, who tend to prioritise protecting statutory services rather than economic development.[59] In a 2016 report by the NAO, LEPs were predicted to create 419,500 new jobs and 224,400 new homes but the timeline for these figures is unclear.[60] By 2020, the LEP network estimated that LEPS were estimated to have created 180,000 new jobs and 100,000 new homes.[61]

A major part of the diffusion of power also came in the form of the introduction of directly elected Mayors through the Devolution Deals. Since the inaugural Devolution Deal in Greater Manchester, areas in the West Midlands, the West of England, the Tees Valley, the Liverpool City Region, the Sheffield City Region, Greater Manchester and Cambridgeshire and Peterborough as well as most recently West Yorkshire have all elected Mayors, and with new discretionary budgets and powers as well as greater responsibilities.

6. The new Levelling Up agenda

Since 2016, the Conservative Government has been strongly focused on regional growth, with a greater focus on towns and provincial areas than previous initiatives. The Industrial Strategy launched in 2017 piloted a new approach in the Greater Grimsby Town Deal, which invested £67 million in the town to support new road infrastructure, heritage-led development and Enterprise Zones.[62]

As set out in the Industrial Strategy White Paper, the ten year deal put into practice the Government's commitment to "create a new relationship for towns between government, local councils, Local Enterprise Partnerships and businesses to work together to deliver growth in that area".[63] The deal focuses on four core objectives: to drive economic growth, to accelerate housing delivery, to transform Grimsby's waterfront and to improve skills and educational attainment, and works alongside the delivery of North East Lincolnshire Council's adopted local plan.[64]

The Grimsby Town Deal has proved the model for the Government's wider regeneration efforts since the 2019 election. In October 2020, the Government announced seven further Town Deals in Norwich, Barrow-in-Furness, Blackpool, Darlington, Peterborough, Torquay and Warrington. In his Levelling Up speech of July 2021, the Prime Minister announced a further 15 Town Deals in Birkenhead, Bloxwich, Blyth, Crewe, Darwen, Dudley, Grays, Millom, Nelson, Newhaven, Runcorn, St Helens, Stainforth, Tilbury and Todmorden.[65]

Alongside, the Government has announced the £3.6 billion Towns Fund for 101 towns across England 2018. This is the biggest community regeneration initiative in several decades.[66] Deals announced from the Towns Fund have focused on driving long-term economic and productivity growth through investment in connectivity, land use, economic assets including cultural assets, skills and enterprise infrastructure.[67] This sits alongside the Levelling Up Fund, which commits £4.8 billion to support town centre and high street regeneration, local transport projects, and cultural and heritage assets.[68]

Table 1: An example of previous key area-based initiatives

Policy	Description	How many	Length	Cost
Community Development Projects 1969 - 1975	Action and research teams led by the local authority and university were established to help find ways to support the needs of the local area. Examples include, advocacy services, joint community-workplace action, building community groups	12 urban areas in the UK	5 years	£5 million[69]
Inner Urban Area Act 1978 - 1982	Assistance, mainly financial for local authorities to help combat urban deprivation.[70] Areas were grouped into either a Partnership, Programme or Other which had different levels of financial support.	43 urban areas in England	4 years	-
Urban Development Corporations 1981 - 1987	New set-up bodies to reclaim derelict and contaminated land to invest in private-sector development of hard infrastructure.	10 local areas in England	7 years	£297 million[71]

Enterprise Zones 1981 - 1996	Granted special tax breaks, regulatory exemptions, or other public assistance in order to encourage private economic development and job creation.	25 local areas, 17 in England, 3 in Scotland and Wales, 2 in NI[72].	15 years	£1.6 billion[73]
City Challenge 1991 - 1996	City Challenge focussed on physical renewal, housing regeneration, town centres and community projects.	31 local authorities	5 years	£1.15 billion[74]
The Single Regeneration Budget 1994 - 2002	Supplement funding for local partnership area based projects	1,028 UK-wide flexible boundaries ranging from wards to local authority districts	5-7 years	£5.7 billion[75]
New Deals for Communities 1998 - 2009	Funding for local communities based on the Index of Multiple Deprivation to improve people or place-based outcomes. Local boards were established to facilitate.	39 local areas in England (each accommodatin g about 9,900 people[76]	10 years	£1.7 billion
Neighbourho od Renewal Fund 2001 - 2009	Funding for social regeneration to help reduce deprivation.	88 'worst off' local authorities	5 years	£1.9 billion
Local Enterprise and Growth Initiative 2006 - 2011	Grants for local businesses to help improve the local economy, training and skills	30 of the lowest-ranked local authorities by IMD	5 years	£418 million
Towns Fund 2018 - present	The Towns Fund provides the core public investment in Town Deals. It is intended to deliver: urban regeneration, skills and enterprise infrastructure, and transport connectivity.	An initial 101 towns	-	£3.6 billion[77]
Levelling up Fund 2021 - present	Funding for local authorities deemed most in need of levelling up in England, as identified by a Government index. The index is based on a combination of metrics including need for economic recovery and growth, need for improved transport connectivity and need for regeneration.[78]	UK-Wide	4 years	£4 billion (England) £800 million (Scotland, Wales and Northern Ireland).[79]

Lessons from history

The last chapter exposes the haphazard pattern of regeneration policy over the last five decades. Despite broadly similar aims, different governments have applied markedly different methods to bring growth and community strength to local areas. In doing so, they have been mostly opaque in deciding which areas to focus on and why funding decisions are made. Despite spending billions on regeneration every year, policymakers have invested surprisingly little in understanding what works in turning around the fortunes of a place.

This chapter attempts to fill this gap by exploring the key lessons from the past, taking into account official evaluations of UK schemes as well as international evidence and qualitative research we conducted with community leaders and academics. While not exhaustive and limited by a lack of robust longitudinal data, we attempt to identify the key elements that are necessary for any regeneration scheme to succeed over the long term. These elements are as follows:

1. The participation of communities themselves is essential

There is a high degree of consensus in the academic and civic literature that regeneration is most effective when the communities in question are actively engaged in the process. Evaluations of both the Single Regeneration Budget and the New Deal for Communities have stressed that approaches were more successful when community and voluntary groups were integrated into the planning and delivery of the regeneration project.[80] [81] This is for multiple reasons. First, doing so helps to ensure regeneration is focused on the actual rather than perceived needs of the community. Second, because a community needs to be invested in an initiative for it to be sustained beyond the initial period of intervention. Third, because engagement helps to build the capacity for action that so many communities lack.

During the Single Regeneration Budget, regeneration activity was led by locally-based partnerships with a lead partner drawn from the public, private or voluntary sectors. Out of 1,028 approved SRB schemes, 31 were community group led, 93 were led by voluntary sector organisations and 51 were led by private sector organisations. The remainder were led by local authority or public sector groups.[82] Huyton in Greater Manchester was deemed to be one of the most successful SRB areas, for example, because it sustained "an emphasis on community involvement and capacity building, [which] led to the creation of a network of community groups, which have had great success in addressing social problems."[83]

The NDC programme used a partnership model which tried to incorporate local people. As with previous schemes, partnership boards were made up of local councillors, health leaders, and the police.[84] However, unlike previous schemes, these boards made more systematic attempts to engage local people. Boards included community representatives who were elected rather than appointed and in some areas this innovation in electoral practice led to higher voter turnout than for local authority elections.[85] According to the final assessment of NDC, local partnerships “involved over 40 per cent of residents who remained in NDC areas between 2002 and 2008.”[86]

This emphasis on local community level involvement was deemed critical by those we spoke to about the ingredients for successful action. Respondents repeatedly spoke of the need to “start where people are at” rather than where policymakers want to start from. There was a strong belief that “people must take ownership” to set the goals of the initiative, increasing its longevity and its ability to adequately respond to the needs of the community. As one practitioner told us: “Nothing is successful in any area unless local people are involved in it and take some sort of ownership of it…if it is not something that they want to support then it will not last.”

This is a notable finding, not least because more recent initiatives have reduced rather than increased the level of community involvement in regeneration. For example, while the Localism Act powers created permissive rights for people to challenge or take ownership of local assets and services, there are few active mechanisms for people to do so that do not take considerable time and effort to get involved. Similarly, the recent Town Deals process has been led entirely by local government, industrial and public service leaders, without community representation.

2. But many communities require upfront investment in capacity to participate fully

As stated above, one of the reasons why community-led initiatives tend to be more successful in the long run is that they build capacity within the community that may not have existed before. By involving local people in schemes within their local area and building community led institutions to manage activity, regeneration can upskill communities for self-sustained improvement in future. However, this process is not linear: it requires additional and conscious effort upfront to build the social capital and local institutional capacity to take greater responsibility down the line.

This is evident in multiple evaluations of both the Single Regeneration Budget and New Deals for Communities. For example, in the final evaluation of NDC, researchers note that “community groups or voluntary organisations have not always possessed the professional knowledge, skills and administrative resources to be regeneration partners” and that some areas suffered from “a shortage of qualified staff that can work with partnerships in regenerating areas and understanding their priorities.”[87]

As a result, the evaluations of both the NDC and SRB argue that regeneration activity should follow a period of sustained capacity building. The evaluation of the New Deal for Communities suggests the introduction of "Year Zero", for example, in which communities would create and strengthen relationships, employ the right people, set up management systems and processes for community involvement ahead of any activity beginning.[88] Similarly, the Single Regeneration Budget evaluation argued that the "community can be an effective lead partner but need access to support heavily in the early years to help capacity building".[89] The evaluation also stresses that any new regeneration policy must build on the existing structures in place within the community.

These themes were replicated in our qualitative research. In our discussions, respondents repeatedly made clear that many places in need of regeneration "lacked the capacity for big projects, not the small social stuff" and that this lack of capacity had the potential to slow down or hamper regeneration efforts. Others expressed that capacity building should extend to how funds were disbursed and allocated, with a preference for starting with small installments of funds that can be more easily managed and which can support early stage activity, rather than large budgets which lead to more bureaucracy and naturally lend themselves to larger or more developed organisations.

This has important implications for future policy. Many of the areas most in need of support are also the least able to participate in and sustain regeneration activities. This suggests that regeneration funding, such as the Levelling Up Fund or Towns Deals, should be accompanied by efforts to build capacity. This would imply higher levels of revenue funding, as opposed to capital, than is traditionally the case, and the use of partners to support local organisations and communities on the ground.

3. Some of the most effective interventions take an assets-based approach

There is a growing interest in asset-based forms of regeneration, using what already exists within a community and turning them into long-term assets that generate value and sustain ancillary activity. There is a strong academic literature around Asset-Based Community Development (ABCD), and numerous methodologies established for identifying and unlocking the (often hidden or under-utilised) assets of a community, whether physical or social.[90,91]

While not defined explicitly in these terms, this is one of the key lessons of the SRB and NDC. Evaluators of both schemes stressed the importance of working with and utilising existing structures. Several of the legacy organisations that continued after the NDC explicitly take an asset-based approach, including: Back on the Map in Hendon, Sunderland and b-inspired in Braunstone, Leicester. For example, representatives of Back on the Map take “ownership of and managing local housing and providing good quality homes where people can afford to stay and can put down roots.”[92] This approach has also fed into wider initiatives with a strong regeneration focus. The development of Historic Action Zones and Heritage Development Trusts, which are attempting to regenerate left behind places like Coventry, Stoke-on-Trent and Great Yarmouth, put heritage assets at the centre of their model for local improvement.[93]

Asset based regeneration: Heritage Development Trusts

The Heritage Development Trust model works to reverse community decline by helping communities to transform local heritage or cultural buildings or artefacts into assets for community improvement. Local organisations take the lead in identifying the places and spaces that are central to their community’s identity and, partnering with local authorities, funders and tradespeople, work to protect these places and use them as conduits of social, economic and cultural regeneration.

The Historic Coventry Trust was a trailblazer for this heritage led approach to regeneration. In recent decades, Coventry has experienced decades of economic hardship, including declining employment from the collapse of local auto manufacturing. Partly as a result, many local assets were underused or in a state of disrepair. These included Charterhouse, a 14th century monastery given to Coventry City Council for public use in 1940 but which went to the market in 2011. This prompted local leaders to create what later became the Historic Coventry Trust to resist the sale and ultimately buy the Charterhouse site for regeneration and community use for £1.

In the years that have followed, Historic Coventry Trust has since taken on several other sites, including one of the city’s historic gatehouses, The Burges - a medieval street that once ran through Coventry’s historic market - and the Drapers’ Hall, the historic home of the Coventry Drapers Guild. In 2021, Coventry will be the UK City of Culture. It has been supported extensively by Historic England, Coventry City Council and the Architectural Heritage Fund, as well as the Government’s Heritage Action Zone policy.

The success of the model lies not only in grant funding but in the development of local assets that can bring not only economic value to a place but also restore the cultural and heritage capital which underpins economic activity and pride of place. It is clear that such an asset based approach, made possible by enlightened government support and sustained through strong local partnerships, has the potential to transform many other places too.

In our qualitative research, there was a strong consensus that an investment-led, sustainable approach was the best route for many communities wanting to regenerate their local area. Respondents spoke of an asset-based approach "providing long-term revenue for the scheme, rather than chasing the money" or "helping [to] sustain other services." Others argued that there should not be an option of taking a view between "capital vs revenue, you need both", with the housing market used as an example.

One respondent summed up this approach: "We need to be looking at how we can turn capital to revenue and how we use an asset-base to then generate capital and then revenue. The programme should generate its own momentum." Another said: "We should work from a strength model. Yes, we should identify gaps, but it should not be a deficit model. It is not about what is lacking there, it is about what is there and what needs strengthening in the community."

4. New civic governance can support the regeneration of local places

While several evaluations stress the importance of using existing assets, there is also a strong case for building new infrastructure to support neighbourhood renewal, from both the UK and abroad.

A good example is Berlin's Social City programme, a partnership-based approach involving residents, social facilities, the local economy, housing associations and the local administration to help address multi-polar neighbourhood challenges.[94] The approach, which has been in place since 1999 and draws on the European Regional Development Fund (ERDF) as well as local funding, places a strong emphasis on the creation of self-supporting community activity through what is known as Neighbourhood Management.

This involves the creation of new social institutions, Neighbourhood Councils, in each selected neighbourhood, to manage five Neighbourhood Funds focused on different types of activity. This is facilitated by a platform that helps groups to identify local needs, values and responses. Notably, the most common types of activity funded by residents include support for schools to play a greater role in the community, the refurbishment of public houses to strengthen social cohesion, and the promotion of the neighbourhood culture to entrench solidarity.

This approach was piloted in the UK at the end of the last Labour Government. The lessons are instructive. The formal evaluation, for example, identified "the value of neighbourhood management as a tool that can bring communities and service providers together in order to improve services and outcomes in an area."[95] However, there were clear lessons about scale, with evaluators making clear that "meaningful community engagement becomes more difficult with areas over 15–20,000 population". In Barking and Dagenham, the smaller of the two areas - in Marks Gate - was deemed much more successful at driving improvement.[96] This is explored in greater detail below.

Another example of new civic infrastructure is the rollout of 'Pacts of Collaboration' as part of Turin's Co-City project. Under the scheme, the city authorities have signed more than 50 partnership agreements with residents, including community groups and social organisations, to help maintain the urban commons of Turin and regenerate abandoned and underused spaces. This has included the establishment of a network of eight Neighbourhood Houses (Case del Quartiere) "located in formerly distressed or abandoned spaces that were regenerated and made available to the local community for civic, cultural, and educational uses that meet the needs of residents".[97]

The process for securing a Pact of Collaboration is underpinned by legislation, the Regulation on Urban Commons n. 391, and is permissive. Any civil subject (typically a formal or informal organisation) can put forward a proposal to the city by filling in a simple online form, setting out what service they want to provide for the city and who would be involved.[98] This is then assessed by a technical board and if approved the service is then co-designed with citizens and local people. An example of this process is the Falklab Alla Seconda, which was an initiative to regenerate a former school canteen located in the heart of Falchera into a youth centre. This has led to a specific focus on youth and families, to revive a sense of belonging and reduce social exclusion in a deprived neighbourhood.

These examples, and others in the UK such as Barking and Dagenham's BD Can, suggest that the creation of community-led social infrastructure can support meaningful regeneration that can outlive funding interventions.

5. The geographical unit of regeneration matters

In the past fifty years, different governments have launched regeneration initiatives at the regional, local authority, town and neighbourhood level. While there is a recognition that size matters, there is no consensus on what unit of geography works best. Some argue that the unit of geography should be dependent on the regeneration policy aims, while others say that it is best done at the smallest level possible.

For example, the final evaluation of NDC suggests that there are "intrinsic limits to what can be achieved within relatively small, tightly defined geographical areas. Neighbourhood transformation requires interventions at a variety of spatial scales."[99] For example, the evaluation suggests that while some issues such as community development and crime should be fixed at a hyperlocal level, issues like employment must be linked to a higher spatial scale.[100] There are also risks associated with highly targeted approaches, including the risks of benefit leakage, in which residents of the target area leave, taking the benefits with them; or of displacement, in which improvement comes at the expense of neighbouring areas or the host population that is crowded out by new residents.

However, in the case of the NDC, the benefits of hyperlocality appear to be considerable. The NAO argued that "one of the benefits of the progress that NDC partnerships have made in their area is that stakeholders are able to better focus their efforts at a local level."[101] This meant that delivery targets and interventions could be easily aligned, and the siloing of local issues could be avoided given areas did not cross over into multiple local authorities. At the same time, the official NDC evaluation found "little evidence that either leakage or spillover effects have a significant impact on overall cost-benefit equations and that NDC projects have only limited displacement effects."[102]

This lends credence to the idea that - while some broader economic interventions should take place at a larger spatial scale like the town or local authority level - the majority of traditional regeneration, be it alleviating crime or building civil society capacity, is better done at a hyperlocal level.

6. Regeneration must be social as well as economic in nature

Traditionally policymakers have used economic tools, such as funding for physical infrastructure or local training and employment schemes, to address the problems faced by struggling places. For example, the Enterprise Zones in the 1970s and the City Challenge Fund and Single Regeneration Budget in the 1990s were wholly or largely economic in nature. Partly as a result, when we think of regeneration, we broadly think of improvements to the built environment of a place: the refurbishment of a high street, redevelopment of a housing estate, or the installation of new roads, pavements and trees. These place-based outcomes are more visible and more measurable.

However, more recent experience shows the importance of focusing on people-based outcomes, such as public health, worklessness and education. The NDC was the first major scheme to attempt to address social as well as economic problems, targeting health, worklessness and education. Importantly, the evaluation demonstrated how social improvement and economic improvement went hand in hand, finding that: “NDC areas seeing greater change in housing and the physical environment are also more likely to see greater improvements in crime and the community indicators”; “greater improvements in worklessness outcomes are more likely to occur in areas with improved education outcomes”; and “intriguingly, there is a strong association between improvements in mental health and in perceptions of the area.”[103]

This implies that economic regeneration and the social fabric are strongly linked and mutually reinforcing: regeneration will be more effective if it attempts to repair the networks and institutions of society as well as rebuild local economic activity. This was strongly endorsed in our qualitative work: those involved in regeneration programmes complained that schemes alternated between investing in either “people or the area” without appreciating the “multidimensionality of regeneration.” Instead, they argued that policymakers should embrace both “the warp and the weft” of social and economic capital. As one put it: “investment in social infrastructure and social policy interventions is sometimes the best economic policy.”

7. Long-term certainty is important to achieve meaningful results

The timespan of local regeneration schemes has varied considerably. The NDC lasted for 10 years, the SRB lasted for a maximum of 7 years, Inner Urban Areas lasted for 4 years, while Total Place barely got off the ground. Amongst academics and those involved in previous schemes, there is a strong belief that short-termism is one of the biggest enemies of intervention success.

The reasons for this are not only that regeneration takes time, although this is undoubtedly the case. Numerous studies also point to the fact that a longer programme allows for better planning and the development of close relations with key agencies and local actors.[104] Different policy objectives also require longer time scales than others: major physical redevelopment of regeneration areas may need at least 10 years, compared to three or four years of funding to address local environmental problems and crime.[105] Some studies go so far as to say that because regeneration improvements can be hard to maintain, support beyond the lifetime of the Programme is needed to ensure long-term success.[106]

Older schemes also suffered from short-termism. One evaluation of the National Strategy for Neighbourhood Renewal, for example, argued that: “deep-seated problems cannot be cured overnight. But over a 10 to 20 year period, it should be possible to realise the vision that most of the residents of poor neighbourhoods aspire to.”[107] On the other hand, the evaluation of City Challenge argued that the “fixed, five-year period was not felt to be right for all areas and that the appropriate length of time should be determined by local circumstances.”[108] Much of the evidence leads us to believe that it is hard to generate meaningful results in a short period. However, this often cuts across the need for quick results in politics.

Our interviews with practitioners reinforced the desire for long term certainty. Many spoke of how the “start and stop” nature of previous regeneration schemes has meant that they have not had the impact that was intended. Others urged new thinking around making initiatives longer to break the disruption of the political cycle. As one practitioner said: “People need to feel material change and it is far more than the coming and going. Anything less than ten years will not be effective.”

Analysis

New Deal for Communities

The previous chapters have shown the varying nature of local regeneration since the 1960s, and set out a number of important lessons that can be drawn from the past. But despite the efforts of successive governments, it is clear that many of the local areas involved are still lagging behind, while the catch up for others is slow. This begs a number of questions. Have local areas that have been subject to regeneration policies seen positive changes? Do these changes continue and sustain themselves after regeneration? And why have some places fared better with regeneration than others?

Empirically answering these questions is problematic given that much of the data is partial, vague and in some instances unmeasurable. Census data, for example, is required to consider some local measures at neighbourhood level, but is only available every 10 years. However, some datasets, such as the Index of Multiple Deprivation (IMD), allow us to consider change in local areas subject to intervention and compare them to neighbouring areas, as well as to correlate with factors such as OSCI's left behind neighbourhoods data.

This chapter explores the patterns of change that have been seen across all 39 local NDC areas. These include the seven domains of the IMD; living environment, health, employment, housing, income, crime and education, training and skills. It is important to note that this does not demonstrate a causal link between changes in local deprivation and the NDC programme. We recognise that there are numerous external influences - some measurable and some immeasurable - that would have had a bearing on the IMD rank of the areas.

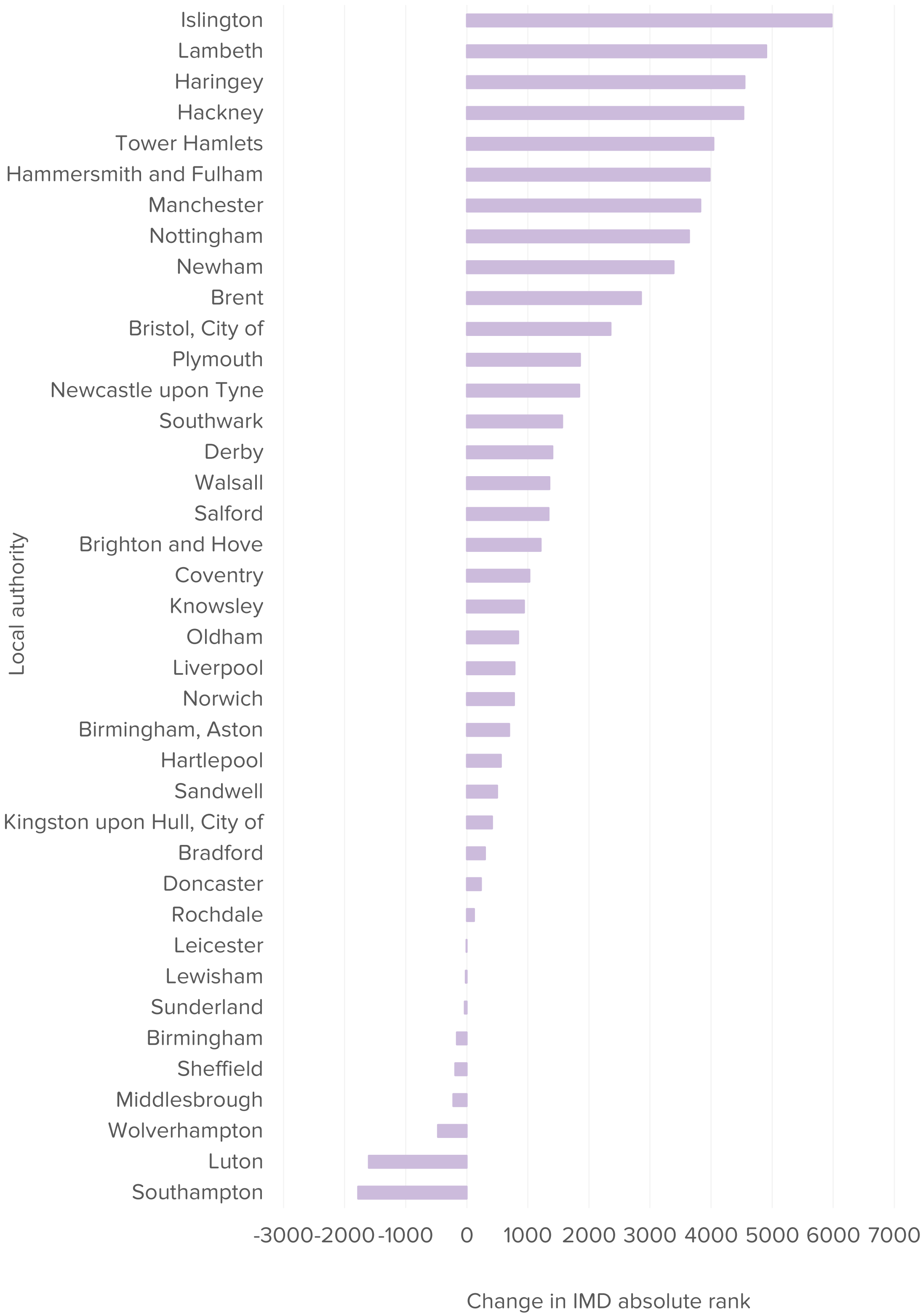
Nevertheless our analysis reveals some interesting and important findings:

- Since 2004, 30 NDC areas have seen their IMD rank increase, compared to nine NDC areas which have seen a decline over the same period (2004-2019). These are set out in Figure 4 below. As you can see, the places that have seen the greatest improvements tended to be the NDC areas in London. These include EC1 in Islington, Clapham Park in Lambeth, Seven Sisters in Haringey, Shoreditch in Hackney and Ocean Estate in Tower Hamlets.

- In contrast, the nine NDC areas that saw their rank decline compared to 15 years ago are: Leicester, Lewisham, Sunderland, Kings Norton in Birmingham, Sheffield, Middlesbrough, Wolverhampton, Luton and Southampton. The projects in Luton and Southampton have seen their rank decrease the most, by 13 per cent from 12,271 to 10,666 and by 24 per cent from 7,317 to 5,537 respectively (bearing in mind that there are 32,000 LSOAs in total).

Figure 4: Absolute change in IMD rank, by NDC areas

Source: IMD, 2004-2019



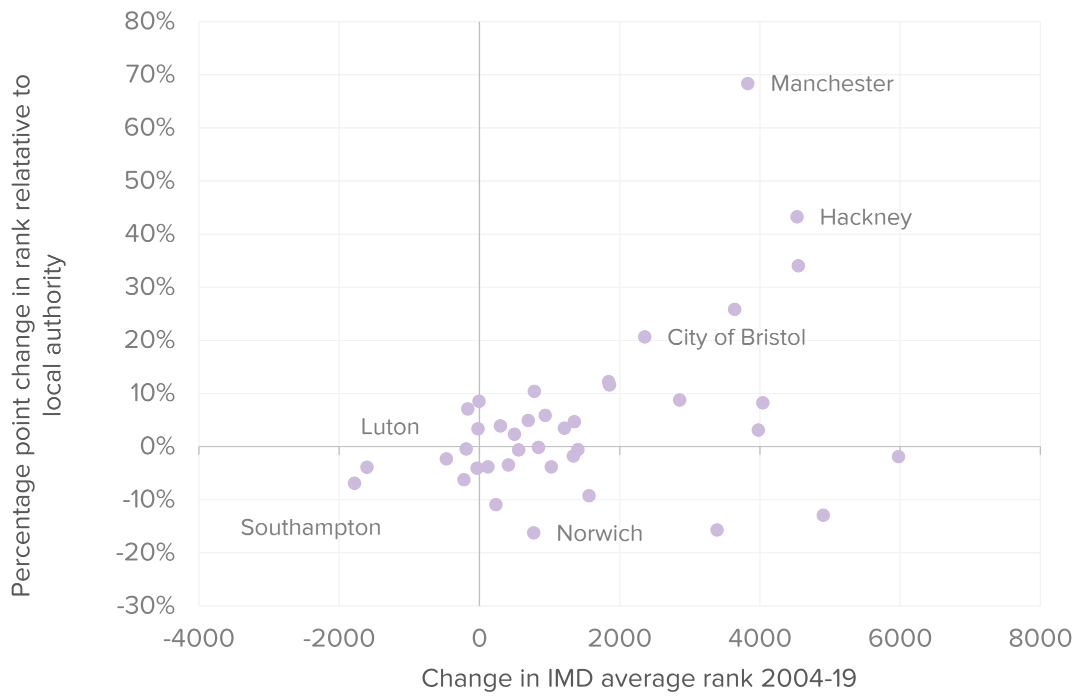
However looking at the absolute rank change tells us relatively little about the change in different areas. Places rise and fall depending on a range of factors and some areas may be influenced by improvement in the surrounding area. It is therefore helpful to examine which areas saw their rank improve relative to the average area of the surrounding local authority. Looking at this, we find that:

- Between 2004 and 2010, two thirds of NDC areas saw their IMD rank improve relative to the surrounding area during the period of intervention. These 26 include Nottingham (25 per cent increase), Manchester (16 per cent), Plymouth (14 per cent), Middlesbrough (9 per cent), Knowsley (4 per cent), Brent (8 per cent) and Rochdale (3 per cent). Over these six years, IMD ranks for these places increased by an average of 7 per cent. This suggests that not only were things improving, but potential interventions and other external influences were having a positive effect on these places.

- The schemes in Sandwell and Hartlepool saw almost no change at all to their position relative to the local authority - less than a 1 percentage point decline. Whilst Oldham (13 per cent decrease), Salford (13 per cent), Southampton (4 per cent) and Haringey (3 per cent), alongside 7 other NDC areas saw their IMD rank fall. On average, these 13 NDC areas saw their IMD rank relative to the local authority decrease by 6 per cent. This does not necessarily suggest that all of these places became more deprived, only that these areas improved less quickly than the surrounding area.

Some NDC areas in London have improved much more slowly than NDC areas in other parts of the capital. Newham, Lambeth, Southwark and Islington have become less deprived since 2004, compared to the other NDC areas of Hammersmith and Fulham, Tower Hamlets, Brent, Haringey and Hackney. The latter saw their IMD deprivation rank decrease by 10 per cent, whilst the former NDC areas have seen their IMD deprivation rank double (19 per cent) over the same period. This suggests that some of the London NDC areas have been outpaced by changes to the wider area and have struggled to catch up.

Figure 5: Change in average IMD rank vs change relative to local authority in NDC areas, 2004-2019
Source: IMD and Onward analysis

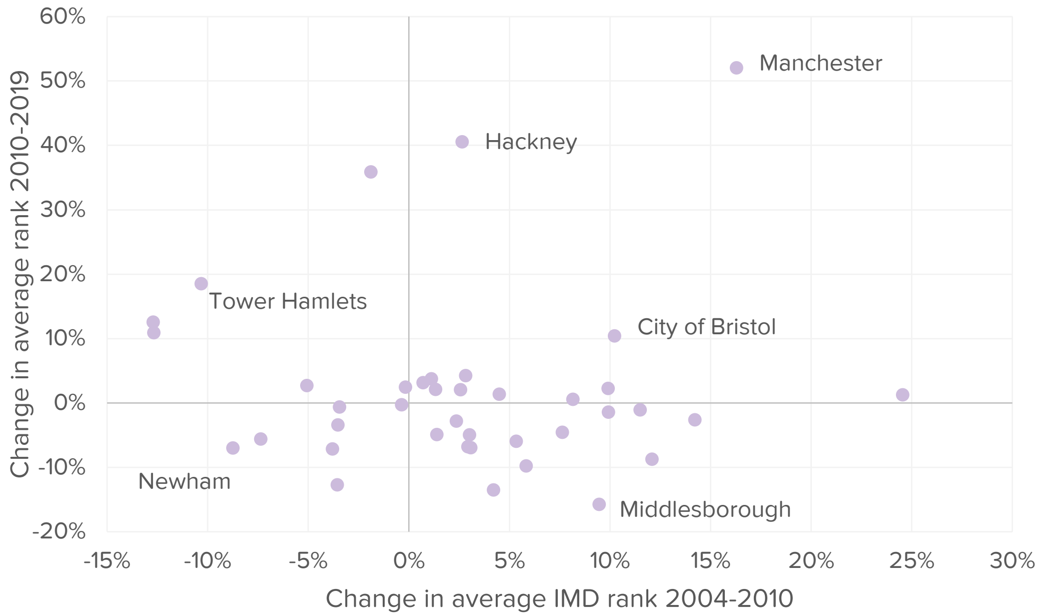


Interestingly, many areas saw their improvement in IMD rank start to fall back after 2010, when NCD was halted and public service budgets started to fall. 14 of the 31 NDC areas (45 per cent) that initially improved between 2004 and 2010, saw their average IMD rank subsequently decline. Similarly, of the 26 areas that caught up to the local authority average between 2004 and 2010, 14 (54 per cent) fell back over the last decade.

For example, the wards in West Middlesbrough Neighbourhood Trust that caught up to the surrounding area by 9 percentage points subsequently declined by 16 points. The figures for New Cross Gate, Lewisham are a 12-point increase followed by a 9-point decrease. This is in contrast to areas like Manchester which saw its IMD rank relative to the local authority increase by 16 percentage points and then again by 52 percentage points, and Hackney which increased by 3 percentage points and then increased again by 41 percentage points.

Figure 6: Changes in IMD from 2004 and the end of the New Deal for Communities in 2010

Source: IMD and Onward analysis



Overall, this means that NDC areas have only seen a marginal improvement in IMD rank compared to their surrounding area over the entire 2004-2019 period. We find that:

- On average, the improvement in IMD rank relative to the surrounding LA across all 39 areas is only 4.7 per cent over the last 15 years since 2004, although this is lower than it would have been if improvement had not slowed after 2010.

- There is significant variation within this group of 39. On the one hand, we see the NDCs in central Manchester, Hackney and Haringey, which have swiftly caught up to the local authority average. In the case of Shoreditch, the area has improved from an average deprivation rank 21% lower than the wider area in 2004 to 22 per cent higher in 2019.

- But the average is brought down by areas lagging behind. These include the schemes in North Earlham, Larkman, and Marlpit in Norwich, West Ham and Plaistow in Newham, Clapham Park in Lambeth and Doncaster Central in Doncaster. These areas have seen their IMD rank as a share of the local authority average decrease the most by between 11 and 16 percentage points.

The different factors influencing these changes

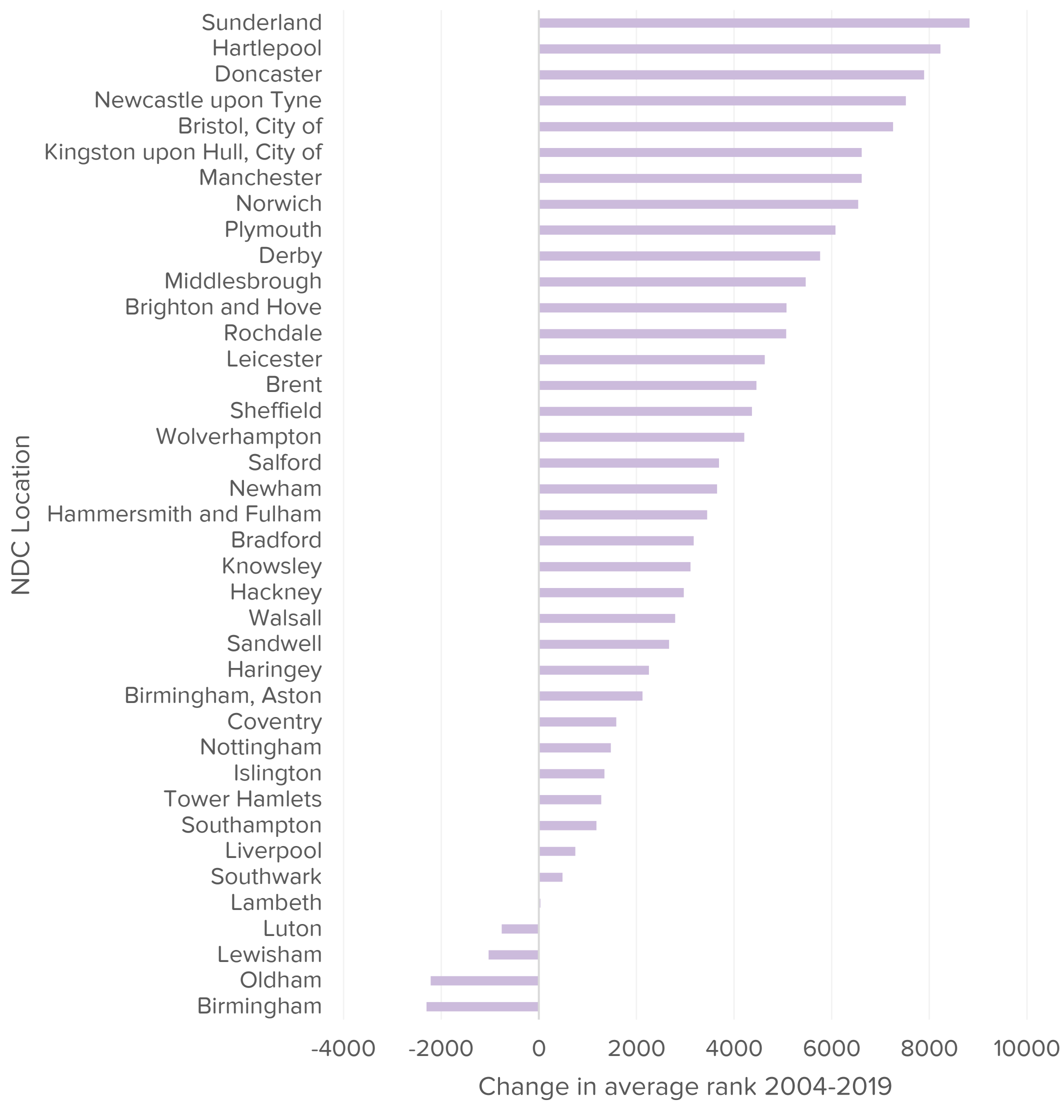
It is clear from the data that some NDC areas have fared better than others based on their overall IMD rankings, but what is driving these changes? Because IMD is based on multiple domains we can examine which factors are most likely to be behind improvement and deterioration. Looking at the IMD data for the NDC areas, we find that:

- The greatest improvements have been made in the *Living Environment* domain. This measures the quality of the 'indoor' and 'outdoor' living environment, such as homes without central heating, air quality, road traffic accidents involving pedestrians. For example, the average *Living Environment* deprivation in the Preston Road NDC in Hull started at 64 per cent of the local authority average in 2004, rising to 131 per cent in 2019.

- All but four NDC areas have seen their average rank increase relative to the wider local authority on the Living Environment domain. The projects that did not outperform their local area were located in Salford, Oldham, Birmingham and Islington. While Sunderland, Hartlepool and Doncaster improved the greatest number of ranks (average increase of 8,300), the Bradford, Sandwell and Liverpool NDCs more than tripled their average rank, having started from a very low base.

Figure 7: Change in average rank for Living Environment, NDC areas, 2004-2019

Source: IMD and Onward analysis



- NDC areas have generally worsened over time on the *Barriers to Housing and Services* domain. This measure covers data on distance to primary schools, GP surgeries, post offices and supermarkets, as well as overcrowding, homelessness and housing affordability. This is especially the case in the NDC areas in Bristol and Aston, Birmingham.

- Only 12 NDC areas saw a very small improvement in their *Barriers to Housing and Services* relative to the surrounding area - less than 20 percentage points. The Norwich NDC is a notable exception; the area has increased its rank for housing deprivation from an average of 10,447 to 18,914 and, compared to Norwich as a whole, the ex-NDC area now scores twice as high. Bristol and Wolverhampton have declined markedly, in absolute terms by 5,506 and 10,253 ranks, and relative to the wider area by falling 45 and 36 percentage points respectively.

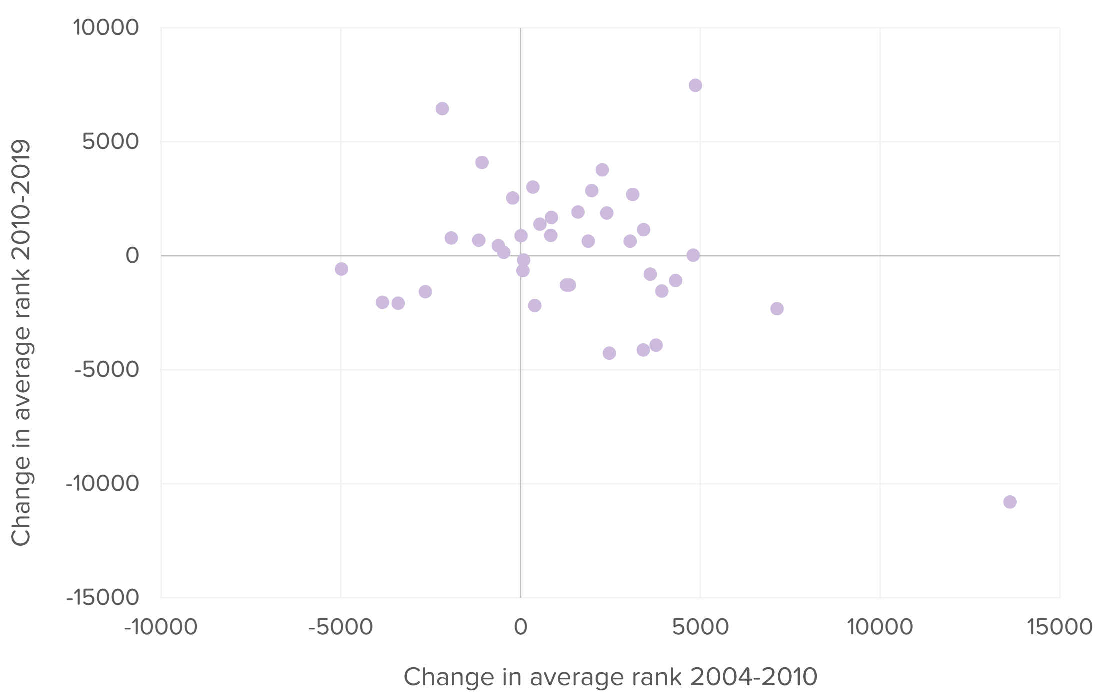
Figure 8: Change in average rank for Barriers to Housing and Services, NDC areas, 2004-2019
Source: IMD and Onward analysis

- Crime was a key place-based indicator in the NDC programme and IMD has a specific domain for crime, consisting of police-recorded crime rates for violence, theft, burglary and criminal damage. Our analysis shows that 11 areas saw their rank on the *Crime* domain decrease between 2004 and 2010. Five of those areas were in London.

- Of those 28 NDC wards that improved from 2004 to 2010, more than half continued to do so after 2010. Following the official end of the programme, 15 of these areas saw their *Crime* rank increase, such as Derby and Nottingham. This is in contrast to the 13 areas that actually fell back, including the schemes in Oldham, Liverpool and Sunderland.

- Looking at the change between 2004 and 2019, 21 areas were outpaced by the surrounding area, with their average Crime rank diverging further away from the local authority average. Southwark fell back by 96 percentage points, from 144 per cent to 96 per cent of the local authority rank; Islington declined by 47 points. Among these worsening areas, the average decline was 21 percentage points.

Figure 9: Change in average rank for crime, NDC areas, 2004-2010 vs 2004-2019
Source: IMD and Onward analysis



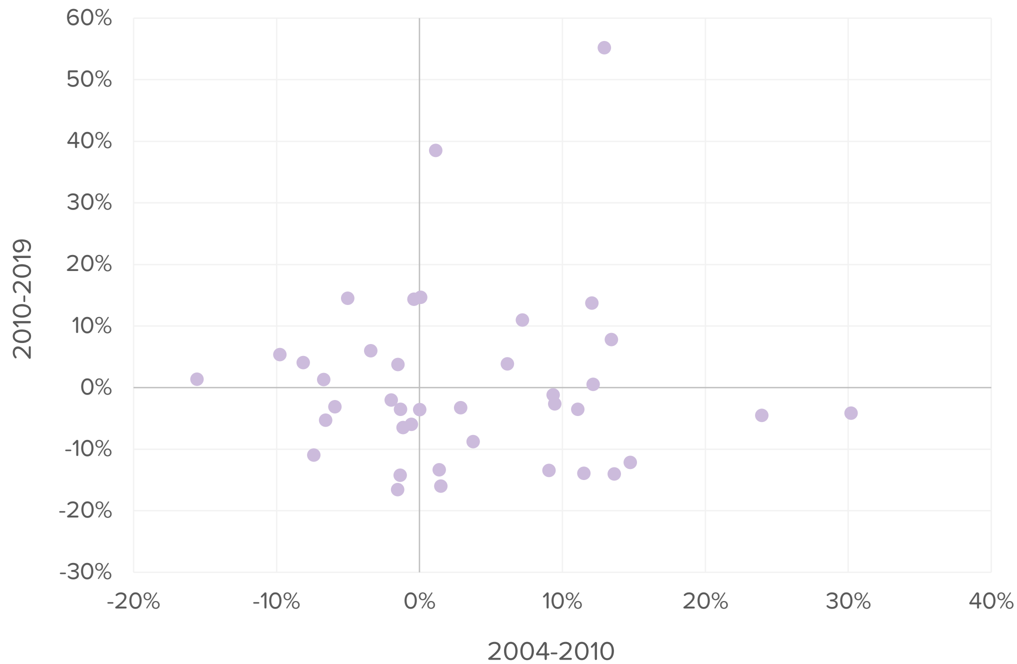
- 32 of the 39 areas improved their absolute rank for the *Employment* domain, which includes measures of prevalence of job seekers' allowance claims, incapacity benefits, and carer's allowance, between 2004 and 2019. This includes many areas in London such as Hackney, Newham, Haringey and Islington, which saw large improvements of over 5,000 ranks.

- However, when comparing these changes relative to the local authority, only 22 areas caught up with neighbouring wards during the lifetime of the NDC initiative between 2004 and 2010. These include places such as Nottingham and Haringey, both of which improved by over 20 points relative to the wider area. 14 of these areas have actually diverged since then, including Islington, Lewisham, Sheffield and Aston in Birmingham.

- Of the 17 areas that were declining relative to the local authority in the 2000s, 8 have reversed their fortunes since 2010. These include the NDCs in Hartlepool and Sunderland, which improved relative to the local authority by 6-points and 5-points, and Oldham and Rochdale which caught up by 15-points and 4-points respectively. The change during the lifetime of the NDC scheme bears no relation to change since the initiative ended. This suggests that regenerated areas were not more likely to sustain any improvements.

Figure 10: Change in average IMD rank for Employment, NDC areas 2004-2019
Source: IMD and Onward analysis

Figure 11: Change in average IMD rank for Employment, NDC areas, relative to local authority, 2004-2019
Source: IMD and Onward analysis



- Looking at *Income Deprivation,* which measures the prevalence of Income Support, Child Tax Credit, Working Tax Credit, and asylum seekers in receipt of subsistence support or accommodation support, we find that most NDC wards improved their rank between 2004 and 2019, both in absolute terms and relative to the local authority.

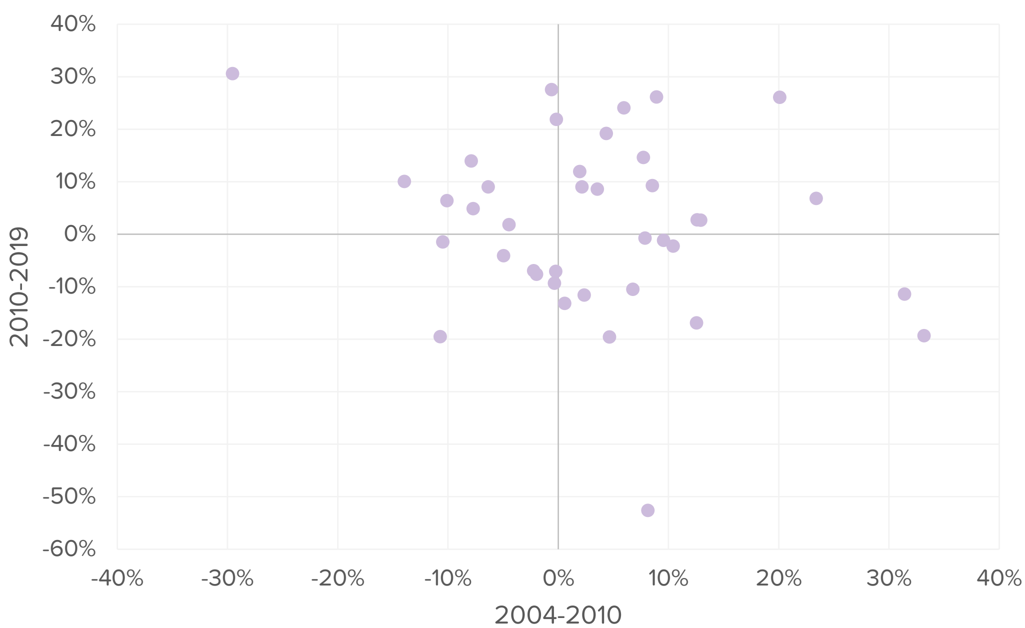
- However, of the 25 areas that initially caught up with their local authority, 15 areas subsequently fell back after 2010. This is especially noticeable in Nottingham, Derby, and Sheffield, which declined by an average 12 percentage points, having initially risen by about 10-points, effectively undoing the improvements made through the 2000s.

- There is much less visible improvement around *Health and Disability*, which measures years of potential life lost, acute morbidity and mood and anxiety disorders. When the Sheffield Hallam evaluation measured outcomes for the New Deal for Communities, they found minimal or moderate improvements in health across NDC projects. We, too, see this reflected in our analysis of IMD data.

- A third of areas (13 out of 39) saw their average rank on this domain decline in absolute terms between 2004 and 2010. Places like Sandwell, Hammersmith and Luton saw their rank decline by 3,819, 2,346 and 2,259 ranks respectively.

- Slightly more (16) areas fell further away from the local authority average during the scheme's lifetime and 70 per cent of areas that improved their rank during the scheme continued to do so afterwards. These include places like Haringey and Aston. Relative to the local authority, half of the areas that caught up continued to outpace neighbouring wards after the scheme ended. The Aston and Salford NDCs have seen marked improvements in both periods, before and after 2010.

Figure 12: Change in average deprivation rank for Health and Disability among NDC areas during and after the scheme
Source: IMD and Onward analysis



- A similar story is visible for *Education and Skills*, which measures children's attainment and Key Stage 2 and 4, secondary school absence and entry to higher education, as well as the proportion of adults with no or low qualifications and English language proficiency.

- Most NDC areas did generally improve their average rank for *Education*, but these improvements were outpaced by neighbouring areas in just under half of areas. For example, 29 areas had an average rank in 2019 that was higher than 2004. But only 20 areas had increased relative to the wider local authority. The table below shows the 10 areas that saw the greatest improvements during the scheme's lifetime.

- We see the same distinction when looking at the percentage of areas whose improvements persisted after the scheme. 62 per cent of areas that saw an initial increase in average rank experienced the same again from 2010-2019. But only 44 per cent of areas that improved relative to the local authority continued to do so.

Table 2: Change in average IMD rank for Education and Skills, most improved NDC areas 2004-2019
Source: IMD and Onward analysis

Average rank change		Rank change relative to local authority	
NDC location	2004-2019	NDC location	2004-2019
Hackney	9,302	Manchester	57%
Manchester	7,205	Hackney	25%
Islington	6,600	Nottingham	24%
Lambeth	4,359	Brent	22%
Lewisham	4,327	Bristol, City of	17%
Southwark	4,277	Walsall	14%
Hammersmith and Fulham	4,130	Plymouth	14%
Tower Hamlets	4,001	Haringey	13%
Brent	3,161	Birmingham, Aston	9%
Newham	2,964	Liverpool	9%

Figure 13: Absolute change in average IMD rank for Education and Skills, NDC areas 2004-2019

Source: IMD and Onward analysis

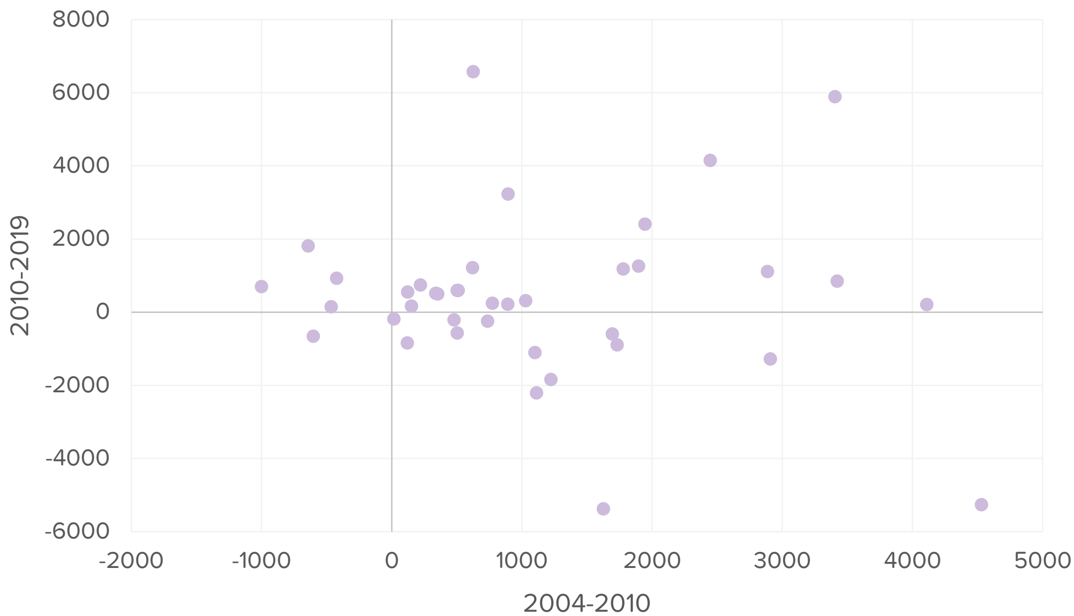
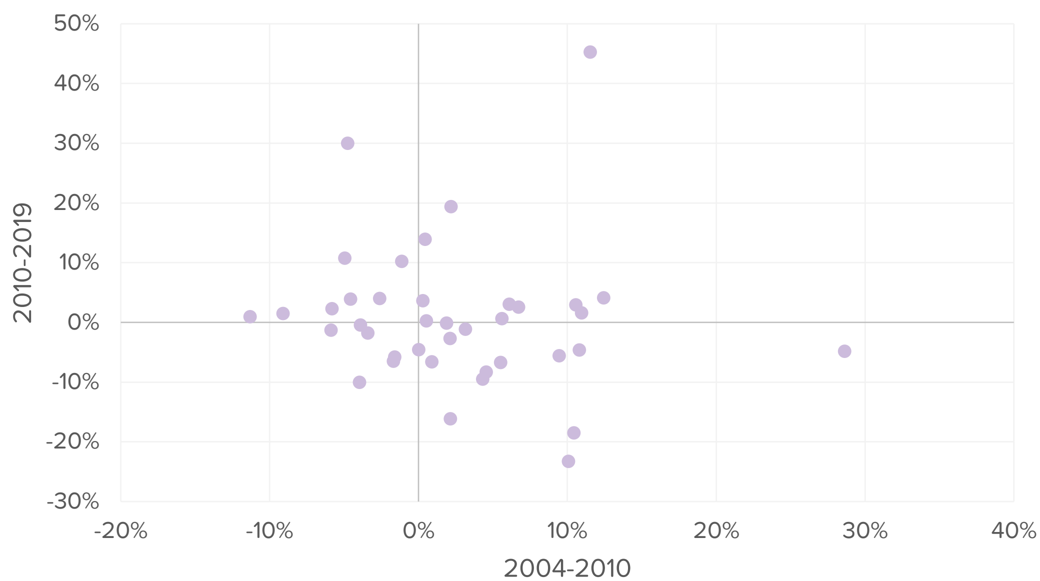


Figure 14: Relative change in average IMD rank for Education and Skills, NDC areas 2004-2019

Source: IMD and Onward analysis



Summary of the analysis

- Most NDC areas (30 in total) saw deprivation alleviate over the last 15 years. But only 20 areas increased their IMD rank relative to the surrounding local authority. So it is likely that improvements across the wider area have spilled over into NDC areas rather than changes being specific to the wards themselves.

- There is some suggestion that early improvements during the scheme were not sustained after it ended. 45 per cent of areas that initially improved their IMD rank, and 54 per cent of areas that improved relative to the local authority, subsequently fell back after 2010.

- Improvements in IMD are largely driven by the *Living environment* domain. The average change in rank is 3,495 since 2004 and an increase of 18 percentage points relative to the wider local authority.

- But NDC areas have been held back by the *Barriers to Housing and Services* domain. Places saw their deprivation rank fall by 190 over the period 2004-2019 and decrease relative to the surrounding area by 4 percentage points.

- We next look at whether the characteristics of a place might be related to changes in deprivation, using Local Trust and OCSI's Community Needs Index.

Civic Foundations

What role does community play in regeneration?

The previous chapter examined the changing nature of deprivation in NDC areas between 2004 and 2019. This shows that while many NDC areas improved over the period, improvement only outstripped that of the local authority in around half of areas, and only on some domains, with the living environment being the strongest area of progress, and barriers to housing and services being the greatest drag on improvement. This tells us something about the limits of regeneration in the past, and where we might focus attention in future.

One factor that we have not yet considered is the relationship to the strength of social fabric. Do areas with stronger social infrastructure correlate with faster regeneration? Are areas with stronger civic assets more able to sustain the progress from regeneration beyond the period of intervention? Do communities that are more engaged in local activities help regeneration schemes deliver certain outcomes over others? Does connectivity matter?

If it is the case that places with stronger civic institutions and networks are more easily able to regenerate, it follows that policymakers should invest in social infrastructure and foster community links before and alongside formal regeneration efforts. This chapter examines the relationship between change in IMD rank in NDC areas against measures of social infrastructure in each of the areas. To do so, we use data from Local Trust and OCSI's *'Community Needs Index'*,[109] which identifies three key domains:

1. Civic Assets. This measures the presence of key community assets and facilities that provide activities for local people in proximity to the local area. For example, pubs, libraries, green spaces, swimming pools.

2. Connectedness. This measures the connectivity of a local place, such as digital infrastructure, services and the strength of the local jobs market. For example, good public transport to health services.

3. Active and Engaged Community. This measures levels of civic and community activity and barriers to participation and engagement. For example, active charities and how engaged people are in the broader civic life of their community.

We explore which of these factors are more closely related to rank improvement in IMD scores over the period studied, 2004-2019. Our findings show that the measure of 'Active and Engaged Community' is strongly correlated with improvements in overall IMD. This reflects earlier Onward research, which showed that although the physical infrastructure of a place is important, relationships and social norms are stronger determinants of the local social fabric. When looking specifically at the 39 NDC areas and taking into consideration the Community Needs Index, we find that:

- Areas that saw greater improvements in their IMD rank since 2004 also score higher for civic assets. And, conversely, areas with weaker civic assets scores saw their deprivation rank decrease over the period. This is particularly clear for the EC1 scheme in Islington, which saw average IMD rank rise from 5,472 in 2004 to 11,448 in 2019 (bearing in mind that there are 32,000 LSOAs in total); the area ranks 6,980 out of 7,433 for civic assets, placing it at the 94th percentile. This is in stark contrast to Luton Marsh Farm Community Development Trust, which not only saw average IMD fall from 12,271 to 10,666 during the period, but also ranks 2,343 for civic assets, which places it in the bottom third of areas.

- An area's score for engaged communities is the best predictor of change in deprivation. Statistically, Figure 15 below – Engaged Community rank average - shows the r-squared value is 0.51, which means that NDC areas with greater levels of community activity and participation and a more vibrant civic life tend to have seen the greatest improvements in local deprivation. The NDCs in Islington and Hackney both rank over 7,000 for engaged community and have also seen average IMD improve by 4,531 and 5,976 ranks respectively, 4th and 1st among all NDCs. But the Thornhill NDC in Southampton stands in stark contrast to this. The area saw the largest decrease in average deprivation rank - a fall of 1,781 between 2004 and 2019. Thornhill is also ranked 4th lowest among NDCs for engaged community, at 1,281, which would place the area at the 17th percentile.

- There is a very weak relationship between the connectivity of an area and its IMD rank improvement. This suggests that - despite the political focus on digital and physical connectivity - this is not strongly related to changing levels of deprivation in left behind neighbourhoods. Take the example of the NDC schemes in Leicester and Sunderland. Both saw almost no change in average deprivation over the period 2004-2019 (small decreases of 7 and 35, respectively). But they differ significantly in their score for connectedness. The Leicester NDC is ranked 4,456 - the 60th percentile - whereas the NDC in Sunderland falls almost at the very bottom of the distribution, ranking 603 which equates to the 8th percentile. This suggests that, statistically, physical infrastructure does not have a strong bearing on the social fabric of places and is unlikely to explain the differing fortunes of NDC areas.

Figure 15.1: Change in Deprivation vs Connectedness score

Source: ONS, OCSI and Onward analysis

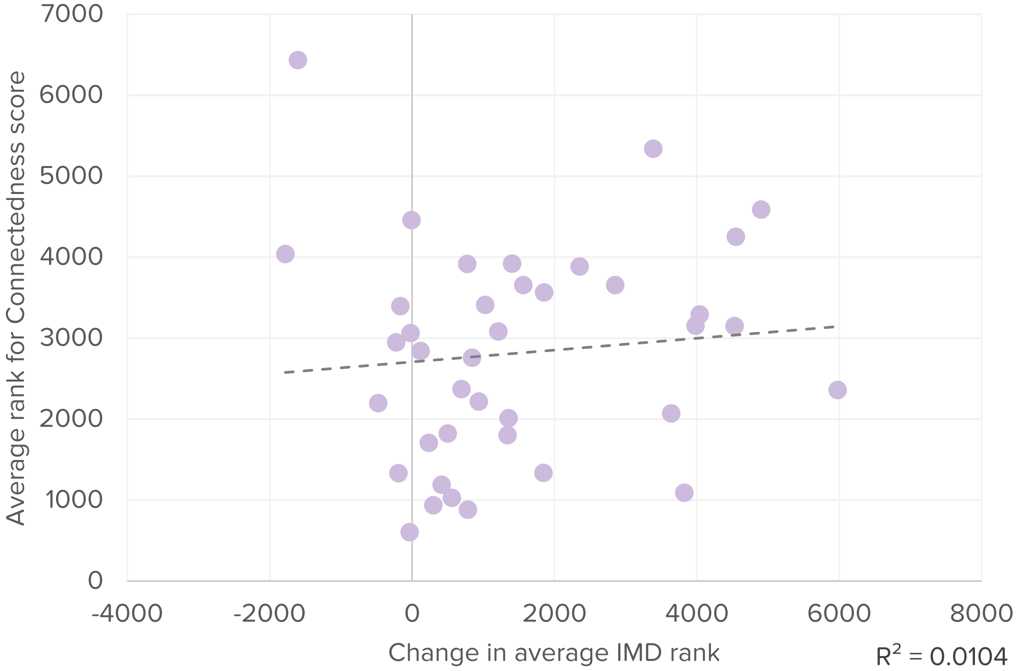


Figure 15.2: Change in Deprivation vs Engaged Community score

Source: ONS, OCSI and Onward analysis

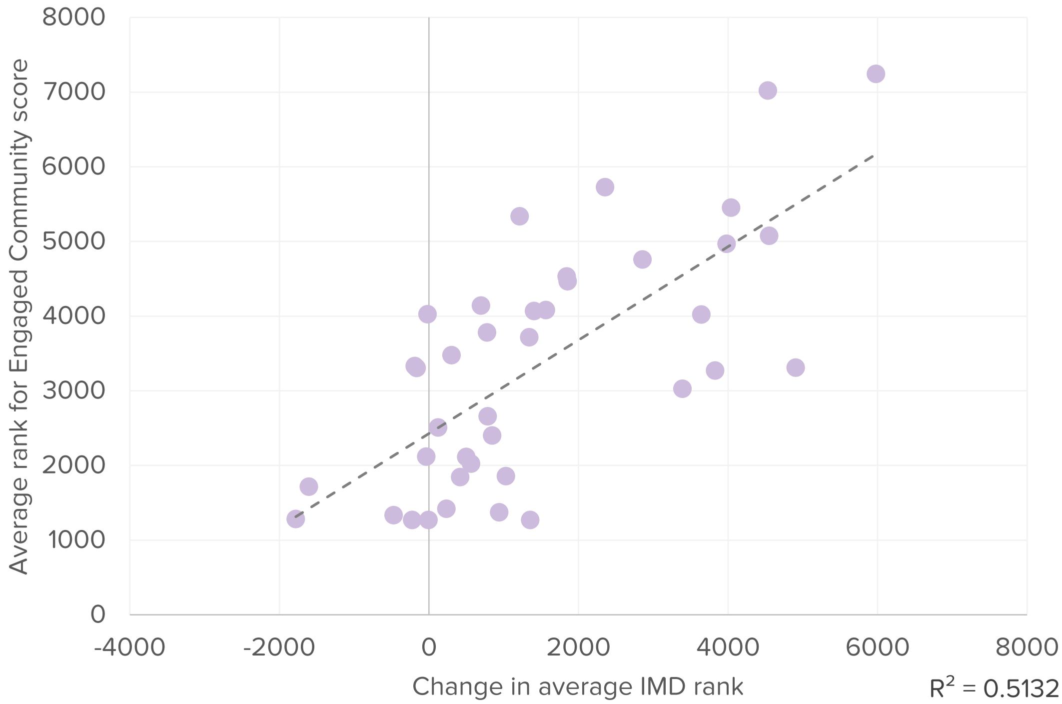


Figure 15.3: Change in Deprivation vs Civic Assets score
Source: ONS, OCSI and Onward analysis

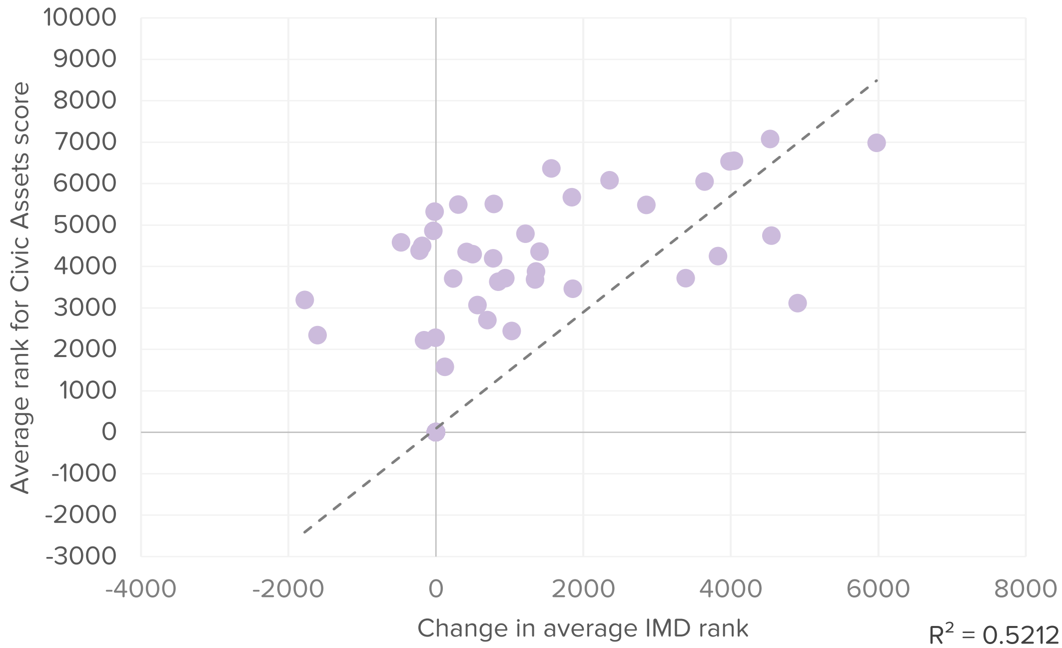
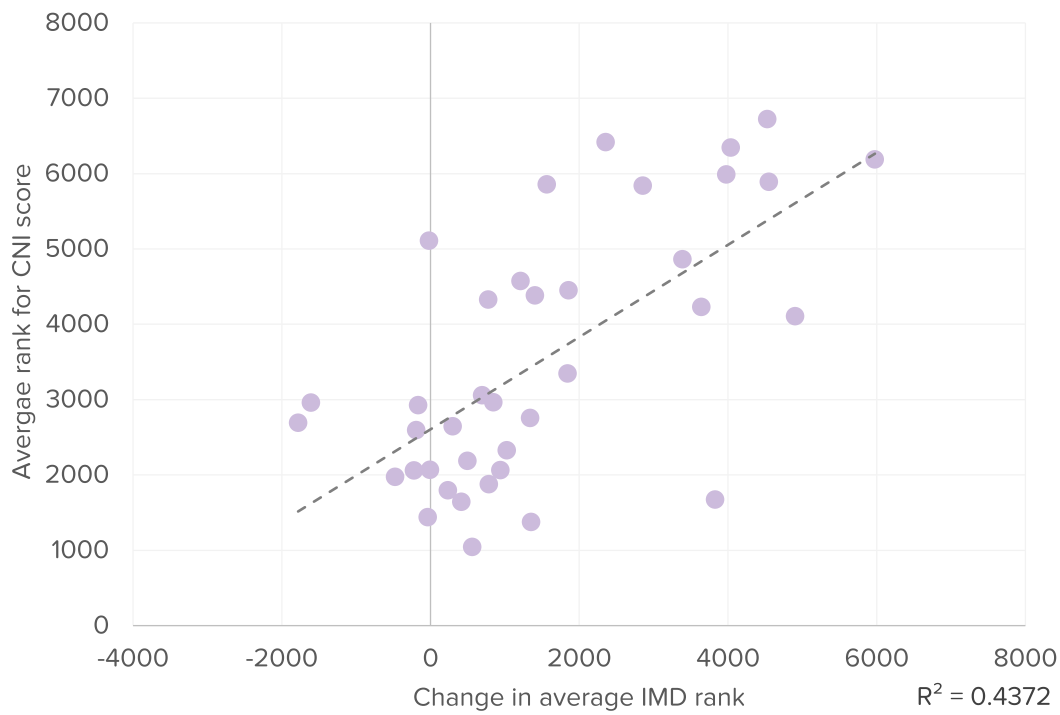


Figure 15.4: Change in Deprivation vs Community Needs Index (CNI) score
Source: ONS, OCSI and Onward analysis



Looking beyond the narrow focus on the NDC areas, we can see that our findings reinforce the left-behind places analysis conducted by Local Trust and OCSI. This work identified 225 'left-behind' wards that have a lack of places to meet (pubs or village halls), less engaged and active communities, and poorer connectivity to the wider economy.

In our analysis, we found that:

- There is wide variation in how the communities of the 225 left-behind wards identified by OSCI have fared over the last 15 years. The average change in IMD rank was -417 since 2004 and the change relative to the surrounding local authority was -5.1 percentage points, which reinforces their status as places that have either fallen behind or seen little relative improvement in deprivation.

- Over the last 15 years, more than half of OSCI's left-behind wards (123) have seen their average IMD rank decline. There were nine wards that saw their average deprivation rank fall by over 4,000, located in the local authorities of Maidstone, Fenland, Tendring, Weymouth and Portland, Basildon, Swale and Rother. The remaining 102 wards saw average IMD improve. The 10 wards with an average rank increase of over 2,000 fall within County Durham, Knowsley, Barnsley, Coventry, Wakefield and Sunderland. Although, for these 10 areas, the change in IMD represents a fairly substantial improvement, they still rank near the bottom of the deprivation scale.

- This is a similar picture when comparing left-behind wards to their surrounding areas (the local authority average). Between 2004 and 2019, 62 left-behind wards saw their position improve, compared to 163 wards who did not. The same wards mentioned above (Shevington and Halewood in Knowsley and Easington in County Durham) which saw their rank improve, also saw the fastest convergence towards the local authority average - over 20 percentage points. This is in stark contrast to three wards in Tendring (St Marys, Harwich East, and St Osyth) and Southcoates West in Hull, which fell further behind the local authority average by over 25 percentage points. As demonstrated by Figure 14, this suggests that areas which improved their rank, also tended to catch up with their wider local authority.

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- Many of the wards that saw the greatest decline in their average IMD rank are located around the Essex and Kent coast. For example, we notice several wards in the local authorities of Tendring, Swale, Thanet and Basildon. This indicates that these areas were relatively less deprived 15 years ago, but have since fallen into the category of left-behind. They generally have fewer civic assets and tend to be less connected communities than other wards in those two counties. Of the 22 left-behind wards in Essex and Kent, only one (Folkestone Central) saw an improvement in either average IMD or deprivation relative to the wider local authority.

- The wards that have seen the most improvement tend to be part of larger urban areas, compared to those least improved which tend to be in towns or rural places. Left-behind places in city authorities, like Stoke, Knowsley and Sunderland altogether saw an average increase of 154 IMD ranks; left-behind wards in non-city areas fell by an average of 824 ranks. Those left-behind areas that saw their IMD decrease over the same period are more likely to be forgotten smaller towns, such as those in Swale, Thanet and Pendle. There are only two exceptions to this, Hodge Hill and Southcoates West. This suggests that despite the significant challenges that cities have faced with depopulation and deindustrialisation in the last half century, it is now smaller towns and areas on the outskirts of cities (like Hough Green outside Liverpool and Clifton on the edge of Nottingham) that are being increasingly left behind.

Figure 16: Change in IMD rank and change relative to local authority, 2004-2019

Source: ONS, OCSI and Onward analysis

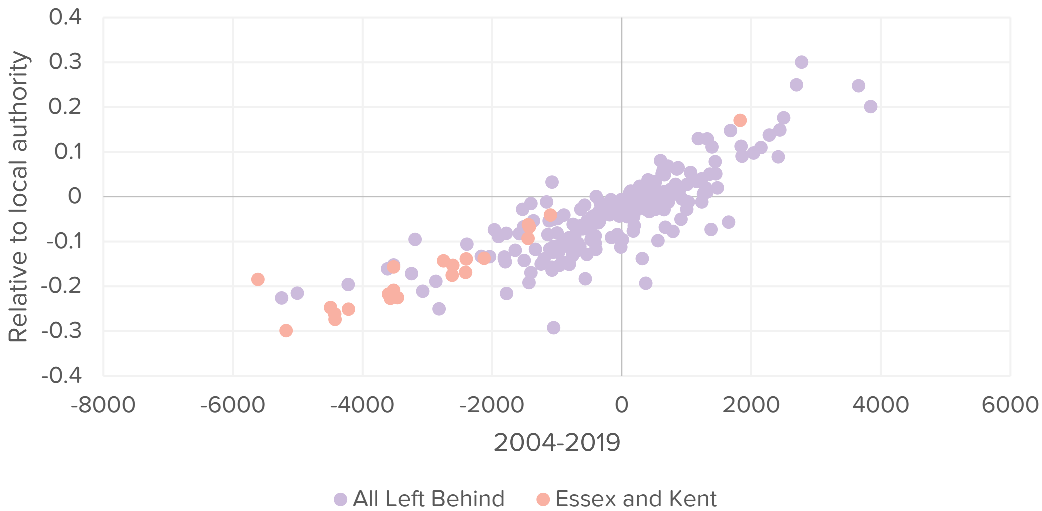


Table 3: Changing fortunes: Left-behind wards that have seen the greatest decline in IMD and greatest increase

Source: ONS, OCSI and Onward analysis

Greatest decrease since 2004

Ward	Local authority	Change in average rank	Change in rank relative to local authority
St Osyth and Point Clear	Tendring	-5181	-29.9%
Southcoates West	City of Kingston upon Hull,	-1050	-29.3%
Harwich East	Tendring	-4422	-27.4%
St Marys	Tendring	-4428	-26.1%
Sheppey East	Swale	-4216	-25.1%
Stacksteads	Rossendale	-2816	-25.0%
Pitsea South East	Basildon	-4491	-24.7%
Northwood	Thanet	-3567	-22.7%
Staithe	Fenland	-5246	-22.6%
Dane Valley	Thanet	-3458	-22.5%
Alton Park	Tendring	-3599	-21.7%
Hodge Hill	Birmingham	-1775	-21.6%
Littlemoor	Dorset	-5004	-21.6%
Clover Hill	Pendle	-3068	-21.1%
Sheerness	Swale	-3521	-20.9%
Sidley	Rother	-4221	-19.6%

Greatest increase since 2004

Ward	Local authority	Change in average rank	Change in rank relative to local authority
Shevington	Knowsley	2779	30.0%
Halewood South	Knowsley	2700	25.0%
Easington	County Durham	3656	24.8%
Boscombe West	Bournemouth, Christchurch and Poole	3843	20.1%
Shotton and South Hetton	County Durham	2504	17.6%
Folkestone Central	Shepway	1828	17.0%
Dearne South	Barnsley	2443	14.9%
Blurton West and Newstead	Stoke-on-Trent	1679	14.8%
Deneside	County Durham	2278	13.7%
Speke-Garston	Liverpool	1183	13.0%
West Middleton	Rochdale	1321	12.9%
Trimdon and Thornley	County Durham	1842	11.3%
Fenside	Boston	1395	11.1%
Airedale and Ferry Fryston	Wakefield	2152	11.0%
St Anne's	Sunderland	2037	9.8%
South Elmsall and South Kirkby	Wakefield	1861	9.0%

We also looked at how these left-behind wards have fared across the seven domains of the IMD. We found:

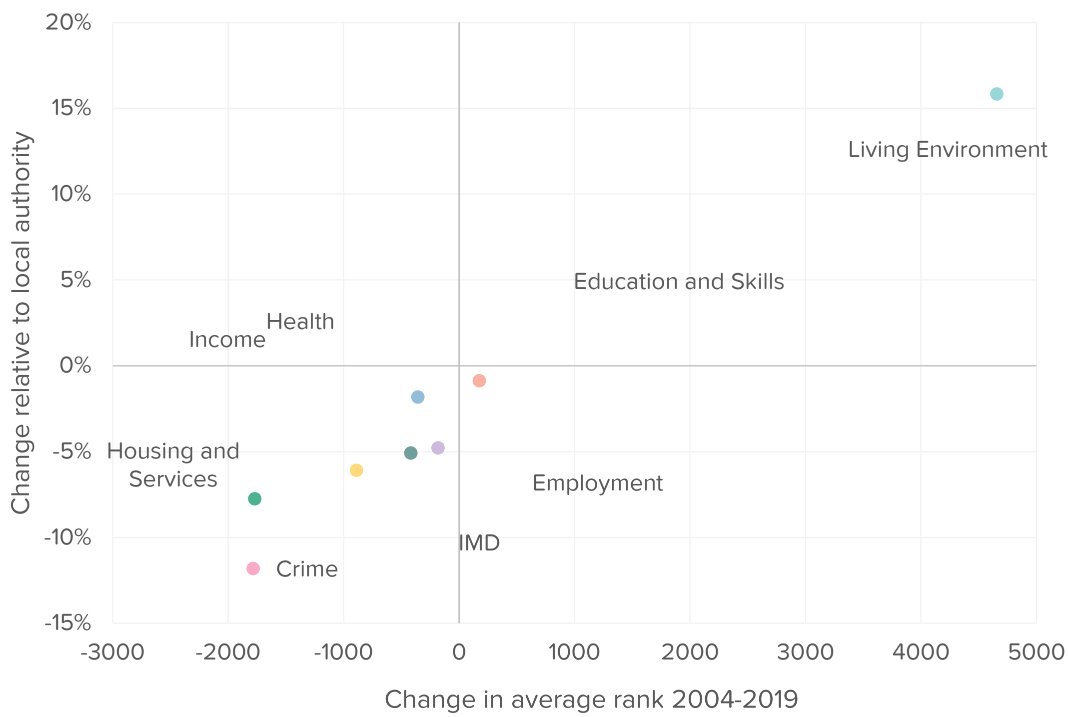
- On average, OSCI's left-behind wards have seen deprivation worsen on five out of seven domains since 2004. Looking across the wards, on average we see declines among the domains of Crime, Housing, Income, Employment and Health. Crime and Housing are the two domains which saw the largest decrease in deprivation rank over this period, with an average fall of 1,783 and 1,770 ranks respectively. Left-behind places have, on average, declined by 12 percentage points and 8 percentage points in Crime and Housing, respectively.

- Worsening crime is concentrated in Northumberland and County Durham. Of the 11 wards in which their average rank decreased by more than 10,000, four are in County Durham and a further four are in

Northumberland. The remaining three are located in Sheffield, Dover and Barrow-in-Furness.

- Living environment is the only domain on which the average rank has increased since 2004, both in absolute terms and relative to the surrounding local authority. Left-behind places caught up with the wider local authority by an average 16 percentage points. This was especially true for places such as Sidley in Rother and Marfleet in Hull, which saw an increase of 74 and 79 percentage points, respectively.

Figure 17: Change in IMD rank and change relative to local authority, OSCI left behind wards average, 2004-2019
Source: OSCI and Onward analysis



Recommendations

The desire to transform the fortunes of struggling areas is far from new. Governments of varying stripes have attempted to turnaround left behind areas in the last half century, with varying degrees of success.

As this report has shown, the initiatives with the most evidence of success are those that combine long-term funding and a neighbourhood focus, with the establishment of new local governance structures that can sustain the change after the period of intervention. The least successful have been programmes to merge budgets or only improve the economic characteristics of a place, without due attention to the social and cultural foundations.

In addition, as the analysis in the last chapter shows, there appears to be a strong link between the underlying social and civic fabric of a place and its ability for sustained improvement through regeneration. Places with established civic assets and engaged communities are much more likely to have seen their deprivation rank improve over the last fifteen years, for both the original NDC areas and those areas identified by OSCI as “left behind”. This suggests that policymakers should pay much greater heed to the social infrastructure within local places - and seek to foster a stronger civic base as an essential corollary to regeneration.

This section sets out a number of policy recommendations for future policy, taking into account the considerable amount of initiatives the Government has already announced under the Levelling Up Programme, including the Levelling Up Fund, the Community Renewal Fund, the Shared Prosperity Fund, the Towns Fund and the Town Deals programme. Some are straightforward, others are more difficult, but taken together they provide a strong foundation for future local regeneration policymaking to enact.

1. Introduce a programme of Community Deals to sit alongside and complement Town Deals

The Government’s Town Deals programme involves local leaders making an agreement with central government to unlock investment in local priorities in return for stronger local governance. This is governed by a Town Deal Board, which brings together all tiers of local authority, the local MP, local businesses, the LEP and communities themselves to agree an Investment Plan and decide local priorities. These plans are funded through the Towns Fund but may also have access to other funding mechanisms, such as the Future High Streets Fund.[110]

The rationale behind the Town Deals programme is sound and reflects many of the lessons from this paper. By establishing new Town Deal Boards, ministers are creating new local governance to drive change and giving towns more direct ownership over regeneration. It is also happening at pace: ministers have so far invested around £2 billion as part of Town Deals with 83 towns in England.

However, the vast majority of these deals have centred around physical improvements to local places, including town centre and high street renovations in Torquay, Barrow, Norwich, Warrington and Hereford, and net zero infrastructure in Doncaster, Peterborough and Hastings, for example. This reflects the unit of scale at which Town Deals are being agreed and the fact that the majority of funding available is capital rather than revenue funding.

Physical improvement is important, not least in towns where the public realm has been left to deteriorate for several decades. But on its own this approach will fall into many of the same traps as the regeneration schemes outlined earlier in this report. Regeneration is most effective when efforts are taken to foster a strong social fabric, including by actively involving communities in the process of regeneration to build capacity and resilience, and much of this social activity is best done at neighbourhood rather than town level. It is also relatively short term, with funding only to 2025/26.

We therefore recommend that Ministers introduce a programme of Community Deals, to sit alongside and beneath Town Deals, which should support the development of stronger social infrastructure at the ward, parish or neighbourhood level. This would follow a similar model to the Towns Deal but at a lower level, drawing on the successful experience of Neighbourhood Councils in the New Deal for Communities programme and the Neighbourhood Management model developed in Berlin. In particular:

- Local neighbourhoods should be able to form a Community Deal Board, with input from any existing town or parish council, the designated neighbourhood planning forum, and local community groups, charities and businesses. This board would be responsible for putting forward a long-term Community Investment Plan for their local area. This would complement any existing Neighbourhood Plan for housing development, with a specific focus on improving the social infrastructure and civic assets of a place. The chair of the Community Deal should have an automatic seat on the Town Deal in their area and they should as default have local residents represented.

- Investment plans put forward by Community Deal Boards should be given priority for funding from the Community Renewal Fund in 2021/22, and from 2022 onwards for funds from the UK Shared Prosperity Fund - and backed for an extended period of time (say 10 years). This would incentivise local areas to come together to create new governance structures, “baking in” local involvement into community renewal to ensure improvements are sustained. It would also reflect the funding split of these funds, which have 90 per cent revenue funding and only a small amount of capital. The Government has pledged to prioritise bids to both funds that “target people most in need and support community renewal.” This would be one way to ensure that is the case.

- Community Deal Boards should be encouraged to establish Community Trusts to regenerate and maintain assets on behalf of the community. Following the example of Heritage Development Trusts and Local Trust, this would allow local areas to take greater control of their lived environment and facilitate the disposal of local authority assets into community ownership. In time, and assuming rising asset values, these trusts would become endowments for the local area that could fund sustained investment over the long term. The capital element of the Community Renewal Fund and Shared Prosperity Fund should be specifically directed towards helping local areas acquire and refurbish local community assets, in addition to the Community Ownership Fund.

Local areas need not wait for action from Whitehall. Far-sighted local authorities can already support local neighbourhoods to form stronger local governance to access more funding and the ability to take on assets. This is broadly the approach that Barking and Dagenham Council has taken, while the Wigan Deal was predicated on radical transfer of control from local government to communities, with great success. But for this to happen everywhere, especially in the areas which need the most help, the Government will need to create incentives and direction to local communities.

2. Commission a comprehensive set of indicators for community strength covering every local area

Regeneration policy has suffered enormously from a lack of rigorous evaluation and consistent data, hampering a proper understanding of what works and undermining value for money for the considerable sums spent. As the Government embarks on a major programme of regeneration through the Towns Fund, Shared Prosperity Fund and Levelling Up Fund, to name a few, it is critical that policymakers are able to meaningfully evaluate what is working and what is not, and which areas are most in need of support and which are able to sustain their own improvement.

A lack of formal evaluation is hampered by the lack of robust data on social outcomes that would allow academic or independent scrutiny. This is a well-known problem in social policy: economic outcomes data is reliable, regularly published over long periods of time, and often at granular geographic levels. With the notable exceptions of IMD and *Understanding Society*, data on social outcomes is typically patchy, infrequent, mostly incomparable over time, and unavailable at ward or neighbourhood level.

However, in recent years a number of attempts have been made to better quantify community strength using a fuller range of private and public indicators. These include Onward's *Social Fabric Index,* OSCI's *Community Needs Index* and the Young Foundation's *Community Strength Index*. These indices prove that it is possible, even with scarce data, to examine community strength in a more meaningful way. They therefore lay the foundations for the development of a more comprehensive place-based set of indicators, collected at granular level and continued over an extended period of time.

We therefore recommend that, alongside the Levelling Up White Paper, the Government commissions the Office for National Statistics to develop a comprehensive set of indicators for community strength, with estimates for every Lower Super Output Area in the UK. This should include a variety of indicators, including:

- The number of open civic assets, including pubs, libraries, post offices, community halls
- Levels of volunteering, group membership and group participation
- The number of community owned buildings, public services and businesses
- The area of green space available for community use, including for sporting activity
- Patterns of philanthropic giving, both individual and institutional

Some of this data is available at the moment, including through *Understanding Society,* but not at the granular level and consistent time-series that are necessary to meaningfully measure the success of individual projects or of nationwide regeneration policies. A new set of granular indicators would allow social researchers to conduct much more comprehensive research, local areas to track outcomes more effectively, and allow government to better track what works.

3. Develop a detailed understanding of what works in regeneration.

It is a failure of successive governments that - despite billions being spent on regeneration since the 1960s - there is no accepted methodology for what interventions are most effective at reviving the social and economic fabric of a place. This is hindered by the lack of data available, as described above, but the absence of evaluation goes further - having not been built in as standard to any regeneration scheme aside from the New Deal for Communities.

The result is the regeneration debate we have today: full of good intentions and eye-catching promises but with little evidence to give the Treasury confidence to invest at scale. This is one reason why ministers establish central funding pots that are so broad that they cover everything from road improvements to the funding of youth clubs: there is a limited consensus about what works. This is not to say there are not valuable organisations in this space, including the What Works Centre for Local Economic Development, which has recently offered to help local areas test their local interventions. But it is to say that this area of policy lacks the rigorous approach that is evident in, for example, the work of the Education Endowment Foundation.

We recommend, therefore, that the Government takes steps to improve the evidence base around regeneration and place-based improvement. The first step in this would be to roll out a large-scale evaluation programme for Shared Prosperity Fund, to ensure that every successful bid is tracked for a series of comparable outcomes over time. This should inform future funding rounds, and gradually improve the evidence base available to ministers and philanthropic funders. There are existing organisations that could take on this role, including the new Office for Place in the Ministry for Housing, Communities and Local Government. Alternatively, there may be a case for setting up a new organisation drawing on the most successful What Works Centres.

4. Set aside funding for capacity building in the communities least able to exploit national funding

One of the most enduring problems in government funding initiatives is the extent to which the places which are good at bidding for money from Whitehall are invariably the areas least in need of the additional support. This leads to the poor allocations of limited funding, higher deadweight cost and lower value for money for the taxpayer.

While the Government can reduce the risk by using funding formulae and needs assessments to prioritise certain areas, this process is usually highly controversial and can still lead to perverse results. More importantly it does not solve the underlying problem for the long term, leaving the imbalances in capacity between different areas in place, able to skew the results of the next funding round or, worse, creates a situation where every local authority hires a team of consultants at vast public expense to help them attract funding from Whitehall.

A far more effective solution would be to invest properly in capacity building in the places that need support alongside the rollout of new funding mechanisms. We recommend that the Government ringfences a small amount of revenue funding from each of its funding streams related to local area improvement - including the Levelling Up Fund, Community Renewal Fund, Shared Prosperity Fund and Towns Fund - explicitly for capacity building in the most hard-pressed communities. This would be a substantial amount of funding: 5 per cent of the 2021/22 allocations for the Levelling Up Fund (£600m), Community Renewal Fund (£220m) and Towns Fund (£621m) would amount to £72 million for local capacity building.

There are a variety of models that could be adopted to do this. In the past, previous initiatives have suffered from being too centrally controlled - parachuting in consultants, civil servants or voluntary and community organisations from outside the area - or too focused on local authorities. A better approach would be to either support an existing local organisation with a strong network and level of expertise to provide intermediary support and capacity building to local communities, or to support residents to establish a new association or organisation. Communities might be mentored by a network of community -led regeneration or community development experts.

The latter would not be unlike the New Schools Network, which was set up in 2009 to build knowledge, skills and capacity among new school leaders in England or the Careers and Enterprise Company, which has helped schools to develop evidence-led careers education since it was established in 2015. Such a model would allow the Government to shape the support that went to local areas, ensure value for money for the taxpayer, but allow the delivery to be done at arm's length.

These recommendations would go a long way to learning the lessons of previous regeneration policies: community involvement is essential, but many are capacity constrained; taking an asset-based approach with new civic governance; act at the appropriate scale, and do so both socially and for the long term. Crucially, they go with the grain of existing policy, seeking to bring together the Government's existing schemes and operationalise them to best effect for regeneration.

Conclusions

In the forthcoming Levelling Up White Paper, the Government has an important opportunity not only to reverse the long-term divergence in economic opportunity between different regions but also to revive the fortunes of local places, breathing new life into communities which have felt neglected and underinvested in for decades.

The Government has already dedicated significant funding towards this aim. HM Treasury will disburse £1.4 billion from the Levelling Up, Community Renewal and Towns Funds in 2021/22 alone, with more to come when the Shared Prosperity Fund launches in 2021/22, replacing lost European Social Fund (ESF) and European Regional Development (ERDF) funding. Collectively, this represents one of the most heavily endowed regeneration policies of any Government since the 1960s.

However, if ministers are not careful, the Government's new programmes could replicate the mistakes of past policy. Short-termism, top down control and opaque funding mechanisms all militate against successful regeneration. Meanwhile, long-term certainty, community involvement and meaningful evaluation are the ingredients of success.

We must - in short - let communities take back control, or levelling up will be much less likely to succeed.

Endnotes

1. Indices of Multiple Deprivation refer to the English IMD given this was an England only programme.
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