Area-based Initiatives: The rationale and options for area targeting

Gillian R Smith

Contents

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Centre for Analysis of Social Exclusion
London School of Economics
Houghton Street
London WC2A 2AE
CASE enquiries – tel: 020 7955 6679

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Editorial Note

Gillian Smith is a Principal Research Officer in the Research, Analysis and Evaluation Division of the Department of the Environment, Transport and the Regions. She was a User Fellow at the Centre for Analysis of Social Exclusion in November and December 1998. This paper was written as part of the Fellowship, which was supported by the ESRC. The opinions expressed in this paper are the author's alone, and should not be attributed to the DETR or to the Government as a whole.

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Abstract

This paper explores the rationale for area targeting and the growth of new area-based initiatives. The author examines the geographical concentration of deprivation, the extent, and whether there is a polarisation between areas. The evidence confirms that there is a clear rationale for area-based approaches, although it should not be assumed that they will be the most effective means to improve conditions in all cases. The evidence suggests that there should be a closer link between area-based approaches and national level main programmes, given the time limited nature of the former and the fact that they only reach a minority of all deprived people. The issues involved in identifying target areas are also reviewed including the question of who decides and on what basis. It is concluded that understanding the spatial distribution of deprivation is crucial and that there is an urgent need for better, more up to date statistical and other data relating to small geographical areas.

Section 1: Introduction

The publication of the Social Exclusion Unit's report 'Bringing Britain Together' (SEU 1998) has enlivened the long standing debate about how best to address the needs of 'deprived' areas. These areas are commonly understood to have the following characteristics:

- A high level, or proportion, of individuals or households, who experience a range of negative or undesirable circumstances, either singularly, or in combination, which significantly reduce their overall well being: these include, for instance, low incomes, unemployment, poor health, bad housing conditions, and lack of skills.
- The concentration of these 'deprived' households and individuals in an area coupled with the undesirable aspects of that area: poor environment, poor housing, neglected open spaces, abandoned shops and houses, high crime levels, lack of services, shortage of job opportunities, all of which can act to reinforce the level of deprivation experienced by the community (Mason, 1999).

The existence of deprived areas has, of course, been written about for well over a century, but by the 1960s there was increasing recognition that Government mainstream programmes designed to deliver nationally agreed standards on everything from schools, social services, to policing, etc, were under pressure in these areas. Although funding formulas for mainstream programmes had taken some account of the levels of need for various services across different areas of the country, it was felt that something extra was needed in these areas. This was in part driven by a fear that Britain might be going down the American path of inner city ghettos and urban unrest. During the 1960s and 1970s several 'top up' policies were introduced to address some of the problems encountered in 'poor' areas. These included programmes such as the 'Education Priority Areas' and 'the Urban Programme'.

During the early 1980s the emphasis of 'inner cities' programmes moved away from social welfare type issues towards a concern over the consequences of large-scale industrial closures in some areas of England. The emphasis of the Urban Development Corporations, for example, was on economic regeneration of the physical environment, including large-scale dereliction, and creation of new jobs; the underlying policy assumption being that the benefits would 'trickle down' to the disadvantaged residents of these areas.

As the limitations of the 'trickle down' theory became increasingly apparent, the emphasis of urban programmes changed during the early 1990s (Robson *et al.*, 1994). Programmes such as City Challenge (which started in 1991) and the Single Regeneration Budget challenge fund (1994 to date) continued to be 'area-based' though have focused more explicitly on trying to tackle multiple social and economic problems in a comprehensive way.

Many other Western countries have also found it increasingly necessary to introduce specific, geographically targeted, programmes to tackle the problems of deprived, socially excluded or 'distressed' areas (Parkinson, 1998; Smith *et al.*, 1996). Nevertheless, Britain is regarded as at the leading edge in developing area-based programmes, possibly because the scale of the problems is greater than in many other advanced western countries (OECD, 1998).

Recent Developments

Since the election of the new Labour Government in May 1997 there has been a significant increase in area-based initiatives, extending beyond the traditional 'urban' or 'inner cities' policy remit (Annex 1 sets out some of the main initiatives). Education Action Zones, for example, have been introduced in 25 areas – typically covering 2-3 secondary schools and their feeder primaries – that suffer from low educational achievement and economic and social deprivation. Many of these zone type policies are designed to provide a test bed for trying out new ideas for delivering policies which could ultimately be incorporated into the operation of mainstream programmes which affect the whole country. For example, the area-based initiatives may be granted greater flexibility in the working of programmes, such as the pooling of resources, to alleviate long-term unemployment at the local level. Many are based on a 'bottom up' approach, underpinned by partnership between key local players (for example, Health Action Zones are meant to be partnerships between the NHS, local authorities, community groups and the business community).

The Government has also revamped the existing Single Regeneration Budget challenge fund with the intention of placing greater emphasis on targeting areas of 'severe need'. In future bidding rounds of the SRB, roughly 80% of funds will be targeted on the 65 most deprived local authority districts in England (DETR, September 1998b) in contrast with the previous policy under which there was no formal mechanism to ensure that SRB funds were targeted at deprived areas. The Government has also recently announced the New Deal for

Communities (NDC) policy which aims to tackle multiple problems in very small geographical areas. These will typically contain 1000 to 4000 households (SEU, September 1998) and the first phase of the new NDC policy will be targeted on areas in 17 'pathfinder' authorities selected on the basis of the 1998 Index of Local Deprivation. The Sure Start programme announced at the same time, aims to co-ordinate activities which support young, pre-school children in deprived areas (DfEE, November 1998).

Given the concentration of multiple deprivation, it has been inevitable that many of the different area-based programmes have been located in the same places and this is illustrated by annex A. In order to co-ordinate these and to attempt to ensure that they complement each other, rather than duplicate, the Government has recently introduced two measures (Hansard, 28 October 1998). Six areas where several area-based initiatives are running concurrently have been designated for special research to be mounted by DETR – 'The six areas study'[1]. The purpose of this new initiative is to improve co-ordination, flexibility and performance of area programmes, and to disseminate best practice. A unit has also been set up within DETR to exchange information on, and co-ordinate the activities of the various 'zones' which have been established, and to oversee the monitoring and evaluation arrangements. In the future, this unit will also have a key role in advising a Cabinet Committee before new zones and area-based initiatives are approved (DETR, October 1998).

In order to keep track of initiatives and inform the development of future policies, DETR have commissioned the Ordnance Survey to map the main area-based initiatives. This work, which is expected to report by summer 1999, will enable the degree of overlap between initiatives in particular areas to be pinpointed and tracked. In the longer term, it is hoped to link the map information to data on social and economic deprivation relating to small areas.

Outline of this paper

It is clear from the above discussion that area targeted programmes have emerged as an important aspect of policies to tackle social, economic and environmental problems. The purpose of this paper is to stand back from recent developments and explore their rationale. It should be

1 The six areas are Newcastle, Plymouth, South Yorkshire [including the S Yorkshire coalfield and Sheffield], East London [Hackney, Newham, Tower Hamlets], West Cumbria, and Sandwell.

stressed that it is not the purpose here to discuss the design of policies or the detailed operational rules under which area targeted or main programmes operate; nor is it intended to assess whether the scale of resources devoted to programmes is sufficient. The concern is with the broader rationale for initiatives and the options for area targeting within the constraints of the existing English policy context. The next section (section 2) discusses the evidence, particularly on labour market disadvantage, the overlapping nature of different aspects of deprivation and the idea that an additional 'area effect' may be generated. The section then goes on to discuss the respective roles of mainstream programmes *vis à vis* area targeted interventions. The following section, section 3, looks at the various options for decision making on which areas to target in the future. The concluding comments draw out the implications for future research and statistics.

Section 2: The rationale for area targeting

The many and differing arguments about area targeting which have been developed over the years can be briefly summarised as follows.

The arguments in favour of geographically targeted policies are:

- There are identifiable geographical areas that suffer disproportionately from problems. This places mainstream programmes under pressure so that they operate less effectively than in other, more affluent areas and something 'extra' is therefore needed.
- Problems overlap in geographical areas and they are often made worse when they all co-exist together; the sheer scale of the difficulties means that extra action is needed.
- An increased polarisation between deprived and more affluent areas means it is important for social and political reasons to be seen to be doing something extra for people living in deprived areas.
- Because problems are concentrated, a greater number of deprived people are captured if resources are geographically targeted than if they are spread more evenly.
- Focusing activity on small areas within tight boundaries can, potentially, make more of an impact than if resources are dissipated.

- Unlike national mainstream programmes, area targeted programmes are often characterised by a 'bottom up' approach which is underpinned by partnership working. This can result in more effective identification of problems and delivery of solutions.
- Local programmes may lead to increased confidence and capacity to participate in the community.
- Successful area-based programmes may act as pilots and ultimately lead to changes in the delivery of mainstream policies.

The arguments against area targeting can be briefly summarised:

- Most deprived people do not live in the most deprived areas and will be missed by most of the targeted programmes –it has been argued that people rather than areas should be targeted.
- Area targeted policies are unfair on those areas which are not covered by these programmes, despite sometimes having similar needs.
- There are political problems associated with targeting some areas and not others.
- Area-based approaches may simply displace 'the problem' (eg. unemployment, crime), to somewhere else.
- The problems are generated at the national level – therefore action needs to be at this level.
- Following on from this, area programmes may detract from the need to do more at a national level through mainstream policies.
- Area interventions interfere with the market – areas should be left to decline or recover since interfering with these processes may do more harm than good.
- It has been argued that small area data and intelligence on deprivation is not good enough to back up targeting decisions.

2.1 Concentration of Deprivation

Understanding the extent to which social, economic and environmental problems are concentrated geographically is clearly a key issue in assessing whether or not specific area targeting is a sensible option. The geographical concentration of social and economic deprivation is not a new phenomenon, as noted in the introduction, but continuing improvements in the availability of small area data mean that more precise analysis is now possible than was hitherto the case.

EMPLOYMENT AND UNEMPLOYMENT

Access to the labour market is an important facet of social exclusion and is at the centre of the Government's efforts. A key issue is how far the geographical variations in rates of labour market disadvantage and unemployment explain the persistence of high rates of unemployment, even in national level economic boom conditions. Analysis of this issue has, until recently, been hampered by the use of travel to work areas (TTWAs) as the main spatial scale for presentation of labour market data since these areas tend to be large and mask smaller concentrations of disadvantage. Analysis relating to local authority districts and smaller spatial levels is far more useful.

Table 1 shows that unemployment is geographically concentrated: the most deprived local authority districts in England, mainly the major cities and major urban areas (see annex B for definition of deprived areas and details of the 1998 Index of Local Deprivation - ILD), suffer significantly above average rates of unemployment. The differential between deprived areas and the rest, in the percentage of the male unemployed who are long term unemployed is not quite as significant, but this be may be a reflection of the definition of LTU and the way in which it is measured[2].

However, the differences may be wider than this. Unemployment and the LTU claimant count information is acknowledged to underestimate actual levels of unemployment, and, unfortunately, the Government's new LFS based measure has limitations at the small area level. An alternative, and more generous definition of 'real unemployment', produced by Beatty and colleagues at Sheffield Hallam University, attempts to capture people who have withdrawn from the labour market because there are no jobs available and who can better maximise their income in ways other than by claiming unemployment benefit, (eg., males claiming incapacity benefit who would otherwise be classed as LTU) (Beatty *et al*., 1997). This analysis demonstrates that differences between rates of male 'real unemployment' and DfEE (now ONS) official rates is far wider in the more deprived local authority districts than in other areas. This is particularly true of the old coalfield

2 There are 2 reasons for this: 1. People may move out in and out of unemployment and Government programmes and may never be unemployed long enough to be classified as LTU. 2. People may withdraw from the labour market onto other kinds of benefit – who would otherwise have been classed as long-term unemployed.

areas; in Easington, for example, there is a 26 percentage point difference between the two rates.

Table 1: Unemployment and male long-term unemployment in deprived local authority districts

	Unemployment %	Male Long term unemployment: male unemployment
44 most deprived LAs	9.4	43.8
Rest (all LAs minus 44)	4.8	36.1
65 most deprived LAs	8.9	42.7
Rest (all LAs minus 65)	4.4	35.2
England	5.9	39.0

Source: Claimant count April 1997 (NOMIS); Economically active estimates based on 1996 mid-year population estimates and 1991 census. Male LTU = LTU as a proportion of male unemployed. Most deprived local authorities defined using ILD (see annex B).

The differences in rates of unemployment between local authority districts are therefore significant. Although the Sheffield work is subject to a number of methodological limitations, including the use of the South East as a benchmark for full employment, the findings potentially strengthen the argument for geographical targeting of regeneration and employment initiatives.

Nevertheless, differences between small areas and estates *within* towns and cities are often more significant than between towns and cities. Analysis of the precise extent of this is constrained by a shortage of up-to-date data. However, by linking 1991 census data to the 5% most deprived wards it is possible to explore small area differences in some key aspects of labour market deprivation[3]. This analysis reveals that 20% of the economically active population in the 5% most deprived wards were unemployed, compared with an average of only 8% in other areas, and in one ward in Liverpool the unemployment rate was nearly 50%. Deprivation as experienced by children in households with different labour market characteristics reveals wider differences between small geographical areas. As many as 42% of children (defined as 0-16 yr olds)

3 1991 census data on unemployment. Although the 5% most deprived wards defined on the basis of the 1998 Index of Local Deprivation it remains the case that the ward level index is based on the 1991 census.

in the 5% most deprived wards lived in households with no earners, or where only one single parent was working part time, compared with an average of only 16% of children in households located in the remaining areas of England. This is consistent with more general evidence of an increased polarisation between 'work rich' and 'work poor' households (Gregg and Wadsworth, 1996).

Data specifically on social housing estates in England also reveals high concentrations of disadvantage. In wards where social housing made up more than 75% and 50% of the total housing stock, 26% and 19% of economically active people respectively were unemployed compared with a national average of 9% (1991 census, DETR analysis). Moreover, a special analysis of 1995 DfEE data on long term unemployed claimants from 320 large deprived social housing estates revealed that 47.5% of the unemployed had been unemployed for over 12 months compared with a national average of 35.7%[4].

A more general discussion of the implications of these findings for area targeting can be found after the next sub-section on multiple deprivation. However, at this stage it is worth tackling two key questions that are pertinent to the debate about area targeting:

i. Is labour market disadvantage explained by area related factors?
ii. How many unemployed people would area targeted approaches capture?

I. ARE THE PROBLEMS AREA SPECIFIC?

National level factors

One argument against the small area targeting of employment related initiatives is that employment is a reflection of national level macro economic policies and wider structural changes in the economy, and that action to address this needs to be at the national level. Geographical patterns of employment growth and decline have been very uneven and this is a key explanation for geographical differences in labour market disadvantage. Whilst the highest rates of manufacturing employment losses between the mid-1980s and mid-1990s occurred in major cities and urban areas, the largest expansion in private services occurred in the new towns and mixed urban and rural areas (Atkins *et al.*, 1996). The causes of this are complex and have been encouraged by the fact that technological change means it is no longer necessary to locate

4 320 deprived estates were the largest of the 1370 deprived local authority estates identified by a DETR study based on the 1991 Index of Local Conditions (Harvey *et al.*, 1997).

production and services close to customers. Cities have also been disproportionately affected by the overall decline in employment in the public services sector.

Although larger scale structural changes in the economy have had a key impact on labour market experiences in different areas it is, however, important to inject a note of caution about whether this is the sole explanation for geographical differences in unemployment. Although there is a relationship between rates of job growth and levels of unemployment (Turok and Webster, 1998), a recent study across all Local Authority districts in England concluded that there is not a positive relationship between job growth and a fall in *long-term* unemployment. In fact those authorities with high rates of job growth were more likely than other authorities to have experienced a growth in long-term unemployment because the jobs created did not go to the long term unemployed people living in these areas (Campbell *et al*., 1998). Concentrations of unemployment within very small areas are even harder to attribute to overall patterns of job growth and decline since these areas are often adjacent to well off areas and town and city centre employment opportunities. The local level reasons for these patterns are discussed later.

Regional level factors

In a similar vein it has been argued that because regional economies differ, what happens to small areas within a region will be a reflection of the wider regional labour market. As table 2 below confirms, there are significant differences between regional unemployment rates but these differences are narrowing. However, the differences are by no means as wide as the differences between smaller areas within regions discussed above.

This is not, of course, to suggest that regional economic performance does not form part of the explanation and the newly created Regional Development Agencies will have a role in improving the economic performance and attracting inward investment to the regions. However, there are clearly other explanations for the observed patterns within regions that are area related.

Table 2: ILO unemployment rates

	1992	1993	1994	1995	1996
London	12.0	13.2	13.1	11.5	11.3
North East	11.8	12.0	12.5	11.4	10.8
West Midlands	10.7	11.8	10.0	9.0	*9.2*
North West	10.1	10.8	10.3	9.0	8.4
Yorks and Humber	10.1	10.0	9.9	8.7	8.1
East Midlands	8.8	9.1	8.3	7.5	7.4
South West	9.1	9.2	7.5	7.8	6.3
Eastern	7.7	9.2	8.2	7.5	6.2
South East	7.8	8.0	7.1	6.4	6.0
England	9.7	10.3	9.5	8.6	8.1

Source: Regional Trends 1997, ONS. Data relate to spring quarter of each year.

Area level factors

Area related explanations for geographical differences in unemployment include a mixture of supply side and demand side factors as summarised below.

- *The attitudes and behaviour of the private sector*

Locating businesses, including key services, in areas that may be on a downward spiral, where the residents have below average incomes and little spending power, can be highly risky. Furthermore, the lack of key services such as banks, building societies and post offices in deprived areas may have wider repercussions, which may in turn contribute to a downward spiral by making areas less attractive to potential investors. The lack of locally available jobs is likely to be a particular problem for the types of people who live in deprived areas in that they are less likely to be able to obtain work which pays enough to be able to travel long distances to work.

- *Housing policies*

Changes in patterns of tenure with an increasing targeting of social housing on socially and economically deprived people, including lone parents, alongside other developments, has led to increased geographical concentrations of those groups that have fewer work related skills and may face particular barriers to entering the labour

market. Barriers include the availability of affordable childcare and benefit traps associated with low wages in deprived areas.

- *Skills mismatch*

The above analysis suggests that the characteristics of people who end up living in disadvantaged areas means that there is a mismatch between the jobs available and the skills of local people. Rates of educational attainment amongst school leavers in deprived areas are significantly below the national average. Moreover, taken as a whole people living in deprived areas are less well qualified than average (Brennen *et al*., 1998b). Partly as a result of this many of the secure jobs located in inner cities, particularly in London, tend to be occupied by inward commuters (Atkins *et al*., 1996; Kleinman, 1998; Edwards *et al*., 1996).

It is, however, important not to overstate the importance of any skills mismatch and skill is in any case a loose concept. In buoyant labour market conditions there is a high demand not only for high professional type skills but also for relatively low skilled labour intensive services in areas of high unemployment (Meadows et al., 1988). Thus, there are other factors at work beyond a simple skills mis-match, and these are discussed below.

- *Post-code discrimination*

There is some evidence to suggest that employers may discriminate against people living in certain areas or estates because of the image they have of the type of people who live there (Lawless *et al*., 1998). However, we do not know how many people and areas this affects.

- *Peripheral location*

The peripheral location of some estates, combined with a lack of affordable public transport, means that it is difficult for people living in these types of areas to travel to work in relatively low paid, part-time, city centre jobs (Hall, 1997; McGreggor *et al*., 1995).

- *Racial discrimination*

Disadvantaged ethnic groups, particularly people of Bangladeshi, Pakistani and Caribbean origin suffer from distinctive forms of discrimination and are geographically clustered in deprived areas of the country (Atkins *et al*., 1996). The 1994 PSI survey of ethnic minorities found that Caribbean, Pakistani and Bangladeshis living in inner London and inner Metropolitan areas were significantly more likely to

be unemployed than other groups living in these areas even when levels of qualifications were taken into account (Modood *et al*., 1997).

- *Culture*

How far culture is important in explaining different rates of labour market participation between areas is uncertain. There are concerns, in some quarters, that young people growing up in areas where worklessness is the norm may be less inclined to participate in education and training which might increase their employability because they perceive there to be 'no point'. There may also be less stigma associated with worklessness in areas where few people are in work compared with geographical areas where going out to work is the norm. However, there is little concrete evidence on this complex issue.

- *Social networks*

Unemployed people tend to have segregated social networks – unemployed men in particular tend to mix primarily with other unemployed men (Gallie *et al*., 1994). Therefore, people living in areas of high unemployment potentially have less access to the informal networks through which unskilled and semi-skilled work tends to be obtained.

In conclusion, the above analysis suggests that there is a rationale for area-based intervention and that action to address lack of participation in work needs to be located at the local level as well as through national and regional level policies. It is increasingly recognised that cities play a vital role in attracting inward investment and raising competitiveness. It is hoped that the ESRC's current 'cities' programme will increase our understanding of the role of cities and regions in enhancing competitiveness as well as exploring the links between competitiveness and social exclusion.

The second conclusion is that job creation measures on their own do not automatically 'trickle down' to the economically inactive residents of deprived areas (Robson *et al*., 1995; Campbell *et al*., 1998). Area-based action is needed to link local unemployed people with job opportunities (McGregor *et al*., 1995).

The third conclusion is that employment and training related measures on their own are not sufficient given that labour market disadvantage is often associated with a range of factors not necessarily connected with the availability of work or the skills of unemployed people.

II. HOW MANY PEOPLE DO AREA TARGETED PROGRAMMES CAPTURE?

One of the key issues surrounding geographical targeting concerns the fact that many deprived people live outside 'deprived' targeted areas; thus it has been argued that schemes such as the SRB are potentially unfair to disadvantaged people living in more affluent areas. This is particularly the case if targeted funds are perceived to have been top sliced from more generally available programmes. Taking the example used above of the 44 deprived districts listed in the recent SEU report (SEU 1998), and the 65 districts being specially targeted for round 5 of the SRB, we can explore how many people suffering from measurable labour market disadvantage live in these areas. Table 3 shows that over half of all unemployed and young unemployed people in England live in the 65 SRB districts and this is between 50 and 60 percent higher than one would have expected had unemployment been equally distributed throughout the country. Therefore, targeting on these areas would potentially, capture half of the 'problem group'.

Table 3: Percentage of deprived people living in deprived areas

	44 most deprived districts	**65 most deprived districts**
% of all unemployed in England living in these areas	37.6	50.5
% of all long term unemployed males in England	42.5	55.6
% of all youth unemployed in England	37.0	50.0
% of all economically active people in England living in these areas	23.6	33.4

Source: DfEE (1997) via NOMIS.

But this table can also be used to illustrate the potential downside of geographical targeting – nearly half of all unemployed people in England live elsewhere. Moreover, if targeting were more narrowly focused on the 44 SEU districts, only just over one third of all unemployed people would be captured[5]. Thus, the more precisely

5 It is important to note that these are only theoretical examples. The 44 SEU districts are not being specifically targeted under current policies. Similarly,

labour market disadvantage, or other forms of deprivation, are targeted the fewer the number of disadvantaged people across the country will be captured. It is therefore the case that policies that target small tightly defined geographical areas will only cover a fraction of the total unemployed.

2.2 Multiple deprivation

The above analysis has focused on one particular aspect of deprivation, unemployment and labour market disadvantage. However, social exclusion is not defined solely in terms of such exclusion. Labour market disadvantage overlaps with other key aspects of social exclusion and as noted above, may be caused by a range of factors that are beyond the scope of traditional employment and training policies. Most area-targeted programmes are based on the premise that areas are multiply deprived. This section looks at how far different aspects of deprivation co-exist in a geographically concentrated way and explores the implications for area targeting.

Before moving to this, it is relevant to stress that there are different ways of defining and measuring multiple deprivation and social exclusion. There are a number of indices that seek to identify the most deprived areas (Lee *et al*., 1995), though in reality, data at the small area is limited and we are dependent on imperfect measures. For example, benefit receipt of various kinds is often used as a proxy for low income in spite of the fact that not all benefits capture the working poor and all tenure groups.

Turning to the results, there is significant evidence to indicate that various aspects of deprivation are geographically concentrated. Local Authority district level data on unemployment, different types of benefit dependency and low educational attainment relating to the 44 'SEU areas' and the 65 'SRB areas' discussed above illustrates this (table 4). The geographical concentration of some forms of benefit dependency is particularly significant. Housing benefit receipt in the 44 most deprived areas is nearly twice as high as in other areas (ie. England minus 44), as is income support receipt; whereas the rate of council tax benefit receipt, and income support receipt among older people are slightly less skewed towards the most deprived areas (being 69% above the rate in other areas).

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although 80% of SRB funds will be targeted at the 65 districts referred to above, the remaining 20% of funds will be available to address pockets of deprivation in other authorities.

Table 4: The 44 and 65 most deprived LA districts compared with the rest of England on key aspects of deprivation

	44 most deprived LAs	Rest of England	65 most deprived LAs	Rest of England	England average
Unemployment (percentage unemployed)*	9.4	4.8	8.9	4.4	5.9
Income support receipt (% of adult population)**	19.7	10.5	18.5	9.8	12.7
Dependent children of IS claimants (% of all children 0-17) **	36.9	19.4	34.7	17.9	23.8
Elderly in receipt of Income support (% of all elderly)**	28.7	17.0	26.9	16.3	19.6
Housing benefit claimants (% adult pop claiming HB)***	16.9	8.6	15.7	7.9	10.5
Council tax benefit claimants (% adult pop claiming CTB)***	18.2	10.8	17.3	10.2	12.6
School leavers with low grade or no GCSEs (% all 16 yr olds) ****	38.6	27.7	37.4	26.7	30.2

Notes: *claimant count 1997 (spring via NOMIS); **DSS 100% scan of IS records August 1996, mid yr population estimates ONS; ***DSS 1996 data from LA returns, **** DfEE 1996/97, ONS mid yr population estimates 1996.

As far as other aspects of deprivation are concerned, health is increasingly recognised to be central to the quality of people's lives and the widening geographical inequalities in health are well-documented (Dorling, 1997; Forrest *et al*,.1993). Mortality ratios, after adjusting for age and sex, are 30% higher in the 44 most deprived districts taken as a whole (SEU, 1998) and these differences still hold when the significant regional variations in ratios are taken into account. The table at annex C shows that all but four of the 44 and six of the 65 most deprived districts

respectively had mortality ratios above or equal to the relevant regional average.

Multiple deprivation in small areas

As with labour market disadvantage, the concentrations of other aspects of disadvantage within smaller geographical areas are even more significant than the differences between districts (SEU, 1998); particular attention has been devoted to exploring deprivation on council estates.

As we have seen above, economic and social disadvantage is closely associated with poor health, including high infant mortality rates (Dorling, 1997, *op. cit*). Table 5 shows that in wards where social housing makes up more than 50% of all housing there were nearly 20,000 more deaths between 1990 and 1992 than one would expect given the age structure of these areas. Put another way, 6.9% of all deaths in England occurred among people living in these wards whereas one would only have expected 5.6% of deaths to occur here.

Table 5: Standard mortality ratios in social housing wards

	Total number of deaths		
% social housing	**Observed**	**Expected**	**SMR**
> 75%	7 378	5 798	127
>50%	108 549	88 820	122
Total England	1 583 585	1585 394	100

Source: OPCS (ONS) 1995 – relates to combined 1990 – 1992 SMRs

Special analysis of 1995 DSS data on income support receipt on the 320 large deprived estates (referred to above), reveals a similar picture. About two fifths of estate residents were in receipt of income support. In a recent survey of seven SRB areas well over a third of households had an income of less than £100 per week and although these patterns are partly explained by the high proportion of households living in social housing, this is not the whole explanation. For each tenure group households living in these seven SRB areas were more likely to have incomes below £100 pw compared with the national picture. The exception is that social housing households living in the seven areas were slightly better off than social housing tenants more generally (Whitehead and Smith, 1998).

Educational under-achievement may serve to perpetuate and reinforce the problems of disadvantaged areas given the link to negative outcomes in later life (Hobcraft, 1998). DETR analysis based on 1994 DfEE data shows that pupils who achieved no GCSE graded results (ie. those at greatest risk of being socially excluded), are highly concentrated in a small number of schools – 20% were concentrated in 203 schools in England, which account for 6% of all maintained secondary schools. It is interesting to note that 58% of these schools were located within 2 miles of one of the 320 large deprived social housing estates mentioned above.

Crime and drugs

Information on the attitudes of residents in deprived areas suggests that they are more concerned about crime than any other single issue (Green *et al*., 1997) and are more fearful of crime than people living in other types of area (Mirrelees-Black *et al*., 1998). The Survey of English Housing shows that it is the aspect of their area which people in deprived areas most want to see improved (table 6). Furthermore, economically and socially deprived areas do suffer higher victimisation rates (Mirrelees-Black *et al*., 1998). The risks of being burgled are over four times as high on 'council estates in the greatest hardship', compared with established rural communities. However, whilst the risk of violence against the person is relatively high on council estates, people living in some relatively well off inner city areas and inner city 'multi ethnic low income' areas run an even greater risk of being attacked.

Problems associated with drugs are mentioned frequently by people living in deprived areas – 23% of residents in seven SRB areas surveyed said that drugs were a serious area-based problem compared with a national average of only 3% (Whitehead and Smith, 1998). Although evidence from the British Crime Survey suggests that geographical differences in drug usage amongst young people are not dramatic, this does not in itself mean that deprived areas do not suffer from a disproportionate amount of drugs related nuisance. There is a limited amount of evidence to suggest that the 'problem end' of drug usage does vary between geographical areas. Research based on opioid users known to agencies in the Wirral found that there was a significant association between where users lived and area deprivation scores (Parker *et al*., 1987). Similarly, a study of the 775 Volatile Substance Abuse deaths between 1986 and 1991 reported that there was a strong correlation with area deprivation (as measured by the Townsend ward level index) (Esmail *et al*., 1997).

Table 6: Aspects of their area which people want to see improved.

	People living in deprived areas: % saying want to see improved	People living in other areas: % saying they want to see improved
Crime / Vandalism	55	36
Opportunities for the young	46	37
Jobs	38	28
Local amenities	32	26
Local Environment	25	15
Amount / quality of housing	25	10
Public transport	15	23
Local shopping	15	13
Local health services	14	10
Schools / Colleges	11	7

Source: 1995 / 96 Survey of English Housing – DETR analysis. Definition of deprived area derived from ACORN classification system.

In conclusion, the above analysis of the geographical concentration of labour market disadvantage, benefit dependency, educational under-achievement, poor health outcomes and levels of crime is persuasive. It is however, important not to imply that all deprived areas will suffer from exactly the same set of problems. This is important because the degree to which there are different problems between areas has implications for the policy response to multiple deprivation. The next sub-section analyses the Index of Local Deprivation (ILD) and other sources in order to throw light on this question, and the section following looks at the overlap between multiply deprived areas and areas of bad housing.

ANALYSIS OF MULTIPLE DEPRIVATION: THE 1998 INDEX OF LOCAL DEPRIVATION

The overwhelming conclusion of independent research is that indices of area deprivation have a number of important advantages over single indicators such as unemployment (Lee *et al.*,1995; Robson *et al.*, 1995; Green *et al.*, 1996). There are a variety of indices available, which have been designed for different purposes, for example, the Breadline Britain index is designed to measure poverty. In spite of the fact that they are based on different indicators there is a degree of consistency between

indices in terms of the local authority district areas identified as the most deprived. However, the overlap is not as great for smaller areas (eg.ward) level (Lee *et. al.*, 1995) as indices at this level tend to be based on fewer indicators which means that changes to one indicator can have a significant effect on which wards are identified as the most deprived.

The DETR 1998 Index of Local Deprivation is used extensively in this paper. This attempts to capture seven different domains of area deprivation: poor health, housing problems, lack of security, dereliction, poor education, low income and unemployment (Robson *et al.*, 1998). It is used primarily to target regeneration resources (e.g. the Single Regeneration Budget) although is increasingly being used for a range of other purposes. Although DETR have recently commissioned a fundamental review of the index, the 1998 ILD is currently judged to be the best available index of multiple deprivation (see annex B).

Further analysis of the 1998 ILD shows that there is considerable overlap between the different dimensions of deprivation at the Local Authority District level. Over half of the 65 SRB 'deprived' authorities have positive index scores (i.e. they have higher than average scores), on 10 or more of the 12 indicators which make up the district level index. Moreover, on all but three indicators, more than half of LA districts which are amongst the 50 most deprived on the main degree level measure, are also amongst the 50 most deprived on the individual indicators (table 7).[6] Five authorities (Liverpool, Newham, Manchester, Sandwell and Knowsley) were amongst the 50 most deprived authorities on as many as 11 out of the 12 indicators.

However, this is not to underplay the differences. For example, labour market disadvantage as measured by unemployment and male long term unemployment is lower in deprived authorities such as Bolton and Oldham than in slightly less deprived Brighton and Hove. And the index scores on early school leaving are higher in places such as Wakefield, Ashfield and Wigan than in many deprived London boroughs, including Lambeth and Brent[7]. Moreover, the housing lacking amenities indicator reveals a different set of 'most deprived' authorities compared with the other indicators, with many rural areas suffering

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6 This analysis is for broad illustrative purposes only. It is recognised that the index is a measure of multiple deprivation and not individual measures of deprivation.

7 The outcome of the forthcoming review of the ILD will hopefully make it easier to undertake this kind of separate analysis of the domains of deprivation.

from more severe problems than some of the very deprived urban authorities such as Manchester.

Table 7: Rankings on different indicators that make up the 1998 ILD

	Number of 50 most deprived authorities on each indicator also amongst 50 most deprived authorities on main index	Examples of authorities in 50 most deprived on particular indicator but not in 50 most deprived on main index	Number of 50 most deprived authorities not amongst 50 most deprived on indicator	Examples of authorities which are amongst 50 most deprived though are not amongst the 50 most deprived on indicator
SMRs (health)	34	Derwentside, Corby, Segdefield, Blyth Valley, Pendle, Bury	16	Brent, Sheffield, Camden, Lincoln
Low / no GCSEs	35	Mansfield, NE Lincolnshire, Fenland, Ashfield, Easington, Wakefield, Bassetlaw, Berwick upon Tweed	15	Camden, Brent, Hammersmith, Hackney, Waltham Forest, Wirral, Lewisham, Rochdale
17 yr olds no longer in full time education	22	Ashfield, Dudley, Wakefield, Tameside, Thurrock,Easington, Wigan	28	Ealing, Brent, Haringey, Camden, Hackney, Hammersmith / Fulham, Lambeth, Islington
Income support	43	Brighton and Hove, Hastings, Sefton, Thanet, Easington, Torbay, Blackpool	7	Rotherham, Lincoln, Oldham, Stockton upon Tees, Barnsley, Bolton, Stoke.
Non IS receipt of CTB	32	Hynburn, Kirklees, Easington, Sedgefield, Tameside, Derwentside, Mansfield, Wear Valley, North Cornwall	18	Walsall, Barking and Dagenham, Lewisham, Waltham Forest, Greenwich, Tower Hamlets, Islington, Stockton on Tees
Children in IS households	41	Mainly authorities which score highly on index pockets measures except Hastings, Easington	9	All just outside top 50 on this Indicator eg. Barnsley

Unemploy-ment	36	Brighton and Hove, NE Lincolnshire, Thanet, Gt Yarmouth, Plymouth, Southend, I of Wight	14	Bolton, Oldham, Blackburn, Salford, Ealing, Rochdale, Barking and Dagenham
LTU	30	Brighton and Hove, Croydon, Soutend, Bromley, Dudley, Lewes, I of Wight, Bexley, Copeland	20	Bolton, Oldham, Barnsley, Hull, Stoke, Halton, Salford, Bradford, Doncaster, Wirral, St Helens
Crime proxy	29	Bury, Trafford, City of London, Tameside, Barnet, Enfield, Redbridge, Merton, Croydon, Harrow	21	Lincoln, Stockton on Tees, Rotherham, Walsall, Redcar and Cleveland, Nottingham
Derelict land	22	Kerrier, Carrick, Bury, Dudley, Havering, Chorley, Penwith	28	Wandsworth, Lewisham, Waltham Forest, Hammersmith, Lambeth, Southwark, Brent
Over-crowded housing	30	Most authorites just outside 50 except some outer London boroughs: Harrow, Barnet, Hillingdon, Merton.	20	Salford, Hartlepool, Newcastle, Stockton on Tees, Wirral, Doncaster, Sheffield
Housing lacking amenities	12	Numerous relatively affluent areas: East and West Lindsey, New Forest. Many rural authorities such as Penwith, Restormel and Kerrier.	38	Many urban deprived authorities: Hull, Bradford, Manchester, Barnsley, appear to have no problems with housing lacking amenities.

Partly as a result of the complexities highlighted above, there is no agreed cut off point which defines whether or not an authority or small area can be said to be suffering from multiple deprivation. A recent report by the designer of the index of local deprivation attempts to do this by classifying authorities on a four-point scale for levels of deprivation (Severe, significant, modest, slight), based on both the main district level index and the three measures that identify whether authorities have pockets of deprivation (Robson, *et al*., 1998, also see annex B). The results show that there are a number of authorities, including cities such as Liverpool, which suffer from severe multiple deprivation. However, it is clear that outside the 100 most deprived

authorities the level of multiple deprivation is lower, notwithstanding the fact that better off authorities may suffer from one or two serious problems and that they may well have small pockets of people suffering from multiple problems.

Rural areas are an example of this type of area. Nevertheless, it has long been acknowledged that a proportion of the population of rural areas live in poverty (Chapman *et al*., 1998) caused by insecure seasonal employment and a high cost of living. These people tend, on the whole, to be geographically scattered and lack of easy access to the key services of public transport, shops, banks and medical facilities makes their problems worse. Attempts are being made through the Rural Development Commission to develop indicators of deprivation which are more sensitive to rural problems (Dunn *et al*., 1998). However, for the purposes of the rest of this discussion, it is assumed that rural areas are different, and that geographical targeting is less appropriate.

Small area multiple deprivation

The overlapping nature of problems is more difficult to analyse at the very small area level because of the lack of up-to date data covering the country as a whole. The poverty profiles produced by local authorities and others that have access to good local data are therefore very useful (eg. Thomas *et al*., 1998). It is estimated that one hundred and twenty local authorities across England produce poverty profiles of one sort or another (Harvey, 1998) though many LAs still do not produce this kind of work. Recent survey evidence from seven deprived areas (the SRB survey), can also be used to paint a vivid pen picture of what these areas are like, but also illustrates the variations in the scale of different problems between types of 'deprived' area (Brennen *et al*.,1998b). Moreover, it is also important to note that people within deprived areas will, to some extent, suffer different problems and have different needs.

INTERFACE BETWEEN AREAS OF MULTIPLE DEPRIVATION AND AREAS OF POOR HOUSING

As noted above the 'housing lacking amenities indicator' on the ILD which is acknowledged to have severe limitations[8], reveals a different pattern of deprivation with many very deprived authorities appearing to be less disadvantaged than more affluent authorities. Moreover,

8 Indicator is based on a tiny number of cases. The only reason for its continued inclusion in the index is the severe shortage of small area data on housing condition.

analysis of 1991 census data on another common indicator – households with no central heating[9] – shows a lack of fit between the two lists; only 14 of the 50 most deprived authorities are amongst the 50 most deprived on this indicator. This therefore raises some interesting questions and data constraints notwithstanding, this section attempts to look at the overlap between multiple deprivation and physical housing conditions.

The main source of information on physical housing conditions is the English House Conditions Survey carried out every 5 years (DETR, 1988a). As with almost all surveys the sample is not large enough to produce results for individual small areas. Nevertheless, analysis of the extent to which poor housing, as measured by the 1996 EHCS, is concentrated in the 44 most deprived LA districts, as defined by the 1998 ILD, reveals that poor housing is, indeed, disproportionately concentrated in multiply deprived districts. The key points for these districts are:

- 9.5% of the population live in dwellings assessed to be unfit for human habitation compared with 6.4% of the population in England as a whole.
- One third of all people housed in unfit properties are living in these 44 districts.
- Taking a wider definition of poor housing which encompasses dwellings which are unfit, or in substantial disrepair, or requiring essential modernisation, 18% of people in the 44 most deprived LAs live in such housing compared to a national average of 13%.
- The fit between the 5% most multiply deprived wards (1998 ILD) and areas of poor housing is slightly closer:
- 11% of people in these 5% most deprived wards live in dwellings assessed to be unfit for human habitation compared with 6.4% of the population in England as a whole.
- 16% of all people housed in unfit properties are living in the 5% of wards (which house 9.7% of England's population).
- 21% of people in the 5% most deprived wards live in poor housing compared to a national average of 13%.
- These wards account for 15% of all people living in poor housing.

It is therefore clear that although multiply deprived areas suffer disproportionately from poor housing, the overlap between the two is far from perfect. Tenure differences in rates of unfitness and poor

9 Derived from table 7 (Forrest *et al.*, 1993). It is recognised that one key limitation of this indicator is the relatively mild weather in the South means that central heating may be less of a necessity compared with Northern areas.

housing are an important part of the explanation. A disproportionate number of dwellings in the private rented sector are unfit or classified as 'poor housing' compared with LA, owner occupied and RSL housing. These pockets of poor private sector housing may, therefore, be spread across a wider range of authorities than is the case with severe concentrations of multiple deprivation, which are more likely to be, though by no means exclusively, located in social housing areas.

In conclusion, the degree to which it is appropriate to target physical-housing improvements on the most socially and economically deprived areas will depend on the aims of policy. There may still be a rationale for focusing particular attention on socially and economically deprived areas that *also* have bad housing. This is because the process of physical housing improvement can, potentially, have positive spins offs (McGregor *et al.*, 1995). It may, if handled correctly, create local housing related job opportunities and increase community participation and optimism; outcomes that may be particularly beneficial in deprived areas. Housing improvements and diversification also has a potentially important role in encouraging the populations of deprived areas to remain in these areas even if they are able to move away.

How far is multiple deprivation concentrated in social housing areas

As noted above the high levels of multiple deprivation on social housing estates is relatively well documented and these high levels are partly explained by housing policies which have progressively targeted social housing on socially and economically disadvantaged groups (Hills, 1995). But it is important to explore how far concentrated deprivation is only associated with social housing tenure since this will have clear implications for area targeting.

Table 8 below explores this by comparing unemployment in social housing areas (wards where social housing accounts for >75% and >50% of the housing) with the most deprived areas (the 5% most deprived EDs and the 10% most deprived wards according to the 1991 index of local conditions). The results show that the level of unemployment in those London EDs which are ranked amongst the 5% most deprived in England is broadly comparable with unemployment in areas of concentrated social housing in London. However, in other regions, such as the North East, the relationship is less clear cut; unemployment is significantly higher in the 5% most deprived EDs than in areas with more than 50% social housing. Moreover, unemployment in the 5% most deprived EDs is even higher than in wards with more 75% social

housing despite the fact that only a tiny proportion of the total population live in areas with very high (>75%) concentrations of social housing.

Table 8: Unemployment in 5% most deprived enumeration districts, 10% most deprived wards and social housing areas

	% unemploy-ment in 5% most deprived EDs	% unemploy-ment in 10% most deprived wards	% unemploy-ment in wards with >75% social housing	% unemploy-ment in wards with >50% social housing	% unemploy-ment across region
Merseyside	37	26	42	32	16
North East	35	22	32	20	12
London	22	16	24	20	12
Yorks and Humber	31	19	25	19	10
West Midlands	30	18	*	19	10
North West	30	20	28	20	9
East Midlands	31	19	24	18	8
South West	24	15	*	15	8
Eastern	25	15	*	11	7
South East	21	13	18	13	7
England	25	17	26	19	9
% of economically active in England living in areas	4.1	16.6	0.3	6.6	-

Source: 1991 census. 5% most deprived EDs and 10% most deprived wards defined on the basis of the 1998 ILD. * = no wards with >75% social housing.

A particular issue outside London concerns deprived ethnic minority groups which are far less likely to live in social housing than deprived white households (Lee and Murie, 1997). These groups are disproportionately found in run-down owner occupied and private rented inner city areas, often living in poor conditions; for example, 43% and 33% of Bangladeshi and Pakistani households respectively live in overcrowded housing compared with only 2% of white households (Modood *et al*., 1997).

Furthermore, even in London where there does seem to be a good fit between social housing and deprivation, it is not appropriate to target solely on the basis of tenure. The proportion of the population which lives in social housing areas is so high that additional factors need to be taken into account, as illustrated by the case of Tower Hamlets, where well over two thirds of households are living in social housing (Lee *et al.*, 1997).

Table 9: Percentage of population with long term limiting illness in 5% most deprived EDs, 10% most deprived wards and social housing areas

	% of population with LTLI in 5% most deprived EDs	% of population with LTLI in 10% most deprived wards	% population with LTLI in wards with >75% social housing	% of population with LTLI in wards with >50% social housing	% of population with long term limiting illness in region
North East	18	18	18	19	15
Yorks and Humber	16	16	17	18	13
North West	17	17	18	18	13
Merseyside	19	17	20	18	15
West Midlands	14	14	*	15	12
East Midlands	14	14	16	15	12
Eastern	13	13	*	13	10
South West	14	14	*	14	11
South East	14	13	18	13	10
London	13	12	15	14	11
England	14	14	16	16	12
%of England population that live in these areas	4.6	17.5	0.4	7.5	-

Source: 1991 census. * = no wards with >75% social housing

The fit between social housing tenure and the most deprived EDs was less than precise on all of the other census based deprivation indicators analysed except for the health indicator. Table 9 shows that the proportion of the population with a long term limiting illness was

higher in social housing areas than in the 5% most deprived EDs in most regions. This is therefore, a further indication that area-targeting decisions need, as far as possible, to be sensitive to the circumstances of individual areas.

CHANGE OVER TIME: IS THERE A POLARISATION BETWEEN AREAS?

The fact that different aspects of social and economic deprivation tend to co-exist in a geographically concentrated way is arguably in itself a good reason for area-based programmes, if only because they will capture a larger proportion of deprived people than if resources were evenly spread. However, the argument for area targeting would arguably be strengthened further if the gap between deprived and other areas were found to be widening over time. Analysis of this is hampered by the severe limitations with small area data, problems include: different agencies operate with different boundaries, many ward boundaries change over time, and fully reliable population denominators for very small areas are only available every 10 years.

Despite the difficulties, it is nevertheless fairly clear that the bulk of most deprived areas of nearly 20 years ago are still amongst the most deprived areas in the country (Robson *et al*., 1995; Robson *et al*., 1998). This is in spite of the fact that most of these areas received various targeted interventions over the years, although it is important to stress that this does not mean that targeted policies have not been successful because areas might have been more deprived without this kind of intervention/s.

Recent work to recreate a 1991 index using some, but unfortunately not all, of the same indicators and methodology as in the 1998 ILD shows that of the 50 most deprived authorities on the 1998 index, all but four had also been amongst the 50 most deprived in 1991. The major cities in the North: Manchester, Sheffield, and Newcastle remained in broadly similar rank positions, whilst some of the most deprived London boroughs: Tower Hamlets, Greenwich and Southwark became relatively worse and Brent became significantly worse, jumping from 59th in 1991 to 20th in 1996. Deprived authorities that improved between 1991 and 1996 tended to be northern towns and smaller cities eg. Oldham went from 11th in 1991 to 33rd in 1996. Outside the most deprived authorities, certain types of area became relatively more deprived between 1991 and 1996; in particular geographically peripheral areas such as East Kent (Dover 195th to 103rd , Thanet 76th to 64th), and West Cumbria (Barrow in Furness 73rd to 55^{th,} Allderdale 135th to 102nd). Similarly, many areas of outer London deteriorated.

Significantly, this work concluded that there had been a polarisation in deprivation index scores between deprived and other local authority districts between 1991 and 1996 (Robson *et al*., 1998). Furthermore, other evidence suggests that, in common with a rise in inequality across society in general (Hills, 1998), the gap between geographical areas, large and small, has been widening. The growth in health inequalities between areas is particularly well documented (Dorling *et al*., 1997). A number of LAs and other bodies have also produced evidence of increasing inequality between areas within their boundaries; this includes a polarisation in educational attainment rates (SEU 1998). And, local area studies within Oldham and Oxford, culled from data on benefit receipt, concluded that there had been an increased polarisation between poor and better off neighbourhoods (Noble *et al*., 1994).

It is, however, important to mention that economic and labour market indicators are affected by the economic cycle and this complicates the analysis of polarisation. Even though the gap between unemployment rates in different types of area has been widening in recent years this could reverse during an economic downturn if people in relatively affluent areas and positions are thrown out of work for relatively short durations. The key point as far as area targeting is concerned is that even at the peak of the economic cycle there are still geographical areas with very high levels of unemployment.

Table 10: Perceptions of how area will change over the next two years

	Get better %	Get worse %	Stay same %
Affluent suburbs and rural areas	7	22	71
Affluent urban areas	14	26	59
Mature home owning areas	9	25	66
New home owning areas	10	26	64
Council estates and low income areas	16	34	51
England	10	26	63

Source: Derived from 1995/96 Survey of English Housing.

The polarisation thesis is, to some extent, also borne out by attitudinal evidence. The survey of English Housing suggests that people living on ‘council estates’ and in ‘low income areas’ were less

likely than those living in other types of area to think that their area would 'stay the same' over the next two years. People living in these areas were slightly more likely to say that the area would improve. However, and perhaps more significantly, over a third of people in these areas thought that the area would get worse; a significantly higher proportion than for any other type of area (table 10).

2.3 Does multiple deprivation compound the problem of deprived areas

The argument for geographical targeting would be further strengthened if it were demonstrated that the concentration of a large number of deprived people together in one area, combined with a poor physical environment and poor services, makes the scale of the disadvantage worse that it would otherwise have been. Unfortunately, the evidence on this issue is somewhat inconclusive.

One theory is that where there are many deprived people living close together there is a cultural effect that serves to reinforce social exclusion and this occurs, in part, because people in these areas are not exposed to the values of 'mainstream society'. It has been argued that living in this type of area creates a sense of hopelessness, which may discourage young people from continuing with their education, thereby reducing their chances of obtaining employment. In turn it is said that this may encourage anti-social behaviour and crime. A variant of this argument is that disadvantaged people living in the same disadvantaged neighbourhoods learn or adapt to the behaviour of their neighbours (Ormerod, 1997).

These culture-related arguments are particularly associated with commentaries on America's poor neighbourhoods. However, it is important to inject a note of caution before applying the theory to Britain. Analysis of the British Social Attitudes Surveys suggests that the so called 'underclass', defined here as heads of household who have been on income support for several years, do not hold different values and goals compared with the rest of the population (Heath, 1992). Moreover, the unemployed, living in six areas surveyed as part of the ESRC Social Change and Economic Life Initiative (SCELI) regarded holding a job as equally or more important than the employed population, and were more likely to hold 'collectivist' rather than 'individualist' sets of values (Gallie *at al*., 1994). The link between attitudes and values and actual behaviour is not fully understood and it may be that people behave differently in certain situations which contradicts any underlying values they may hold. Nevertheless, we have

already noted that lack of access to work related social networks, amongst other factors, may be more of a barrier to gaining work in areas of high unemployment than variations in attitudes or culture.

Similarly, the explanation for differences in educational support by parents towards children does not necessarily mean that people hold a different set of values that are transmitted to the next generation. A recent study for example, found that parents of children living in seven deprived SRB areas were less likely to help with their children's homework than the national average. However, this may have more to do with the educational abilities of the adult population of these deprived areas given that the same survey revealed that 94% of relevant adults agreed with the statement 'parents should get involved in their children's education' (Whitehead and Smith, 1998; Brennan *et al*., 1998).

A further, and possibly stronger, explanation for any 'area effect' is that a concentration of difficulties reduces opportunities and standards of service through a number of processes.

A study of the health of people living in two contrasting areas of Glasgow supports the hypothesis that area does have an impact over and above the social class and demographic characteristics of residents (McIntyre *et al*., 1993). The authors conclude that better health outcomes in the more affluent of the two areas were explained by the following area related factors: more availability of healthy foodstuffs, better sporting and recreational facilities, better public transport, more extensive primary health care services as well as a less threatening local environment. More recent work based on the ONS longitudinal study also suggests that area may have an effect on health outcomes once the personal characteristics of people living in different types of area are held constant (Ecob *et al*., 1998; Wiggins *et al*., 1998). However, this research is necessarily limited to available census variables and far more work is needed before it can be demonstrated beyond reasonable doubt there is definitely an area effect.

Another theory about the area effect is that there is discrimination against people living in certain areas or estates. As noted in the section on labour market disadvantage above, discrimination by employers against residents living in certain postcodes could serve to intensify any 'area effect'. Redlining of certain areas by mortgage lenders and insurance companies could have a similar effect, although we have no robust evidence on the extent of such practices.

Low demand for housing is also a factor that could contribute to self-reinforcing decline in those areas where low demand is a problem. In these types of area it is households with the least choice which are

pushed into unpopular housing and this may serve to make these areas even less attractive (SEU, 1998).

More generally, the loss of key stabilising groups of the population through selective migration, particularly skilled adults in work aged 30-45, from inner city areas may be a factor in perpetuating area decline (Atkins *et al*., 1996). Comparing conurbation cores with their outer areas reveals that between 1971 and 1981 many major cities lost around 20% of their populations from the inner core but this slowed considerably to around 5-10% between 1981 and 1991. In the early 1990s some urban cores have experienced a increase in population but this is partly explained by an increase in 16-29 year olds living in these areas and by relatively high birth rates (Atkins *et al*., 1996).

In conclusion, there may be an area effect but there is currently insufficient evidence to fully support the arguments outlined above. It is hoped that on-going work within CASE into 12 deprived areas will throw more light on these issues (Glennerster *et al*., 1999).

2.4 The interface with main programmes

As noted in the introduction to this section an objective of most area programmes is to influence the way in which main programmes operate. One of the key aspects of the debate about area-based programmes is therefore how they interact with and impact on mainstream programmes.

Mainstream programmes in themselves are, of course, complex and subject to a range of influences. There are key differences between programmes in the extent to which they are already 'bent' towards deprived areas. A recent study found that services such as means tested social security benefits were heavily skewed towards deprived wards, whereas health, secondary education, some transport services and most local environmental services had a fairly flat expenditure distribution between different types of area (Bramley *et al*., 1998). However, this study was not designed to address the difficult question of whether the levels of expenditure in deprived areas are adequate given the geographical concentrations of deprivation, nor whether the current balance between different types of expenditure is the most appropriate.

Critics of area programmes have sometimes portrayed them as a mopping up exercise to address the worst consequences of the failings of national level policies, which it is argued, serve to increase inequality and poverty. It has been argued that Education Action Zones, for example, cannot expect to solve the deep seated educational attainment problems which they are hoping to address without doing something

about overall levels of inequality across society (Plewis, 1998). Because by no means all deprived people live in deprived areas, area programmes are sometimes criticised for distracting attention away from more fundamental questions about whether main programmes are sufficiently geared to serving the needs of deprived individuals and families regardless of where they live. In developing the case against education action zones, for example, it has been argued that interventions targeted directly on disadvantaged pupils (eg. reading recovery schemes), are more likely to work than area targeted programmes (Plewis, 1998 *op cit*).

An alternative argument however, is that national main programme policies are a misnomer as they do not necessarily work to the same rules in different geographical areas. It is increasingly recognised that policies are delivered through local mechanisms and are affected by local area related factors. For example, to return to the case of the reading recovery case mentioned above, it is arguable that some kind of area-based approach would be needed to develop the infrastructure and skills necessary to deliver reading recovery programmes on the ground. This strand of argument is, in many respects, more compatible with geographical targeting on local areas because it is recognised that diversity in policy delivery already exists.

Do area programmes have positive spin offs?

Another, strand of argument is that area targeted programmes can have positive spin offs and that the lessons learnt from area programmes will filter through to the way in which main programmes operate, and more generally, encourage cross-sectoral working. Indeed, some of the area-based programmes listed in annex A are 'pilots', the implication being that these may be 'rolled out' to a wider number of areas.

However, evidence to date on the extent to which lessons from existing area-based regeneration programmes have affected main programmes is mixed. One of the key features of many area-targeted programmes is greater horizontal integration between different policy areas through partnership working. And there is some evidence that programmes such as City Challenge and SRB facilitated greater cross Departmental working in mainstream programme delivery more generally within the local targeted areas (Russell *et al.*, 1996; Brennen *et al.*, 1998a). An increasing number of local authorities have also introduced strategies to address disadvantage which have attempted to refocus main programmes within their control, towards disadvantaged groups and areas. Interestingly, a recent study on the interface between

regeneration and anti - poverty programmes suggests that the SRB and City Challenge had a 'catalytic' effect in encouraging this more strategic approach within some local authorities (Alcock *et al*., 1998).

There are, however, still many barriers to influencing the way in which main programmes impact on social and economic disadvantage, including the lack of horizontal integration between Government Departments at the national level (Russell *et al*., 1996). The integration between policy areas is one of the key objectives of the programme of work being implemented by the Government's Social Exclusion Unit. Moreover, the Local Government Association (LGA) have launched the 'New Commitment to Regeneration' programme in order to attempt to bring about greater synergy between targeted regeneration programmes and main programmes within a more strategic framework at the local level (see annex A).

International experience also illustrates the difficulties in trying to influence main programmes through area-based type approaches. The French *Contrat de Ville* policy, for example, was introduced in the late 1980s and attempted to bring together national, regional and local level public sector players into contractual arrangements with the aim of adapting mainstream policies so that they addressed social exclusion more effectively. In reality the policy worked less well than had been hoped for. The length of time taken to agree contracts was a problem, partly because of resistance from politically influential local mayors and difficulties in achieving inter-communal co-operation. Central Government Departments continued to operate in a vertical way and tended to resist giving up control over budgets, despite the existence of a central Government Ministry for social exclusion (the *Delegation Interministerielle a la Ville*). Moreover, as in the UK, influencing the way in which main programmes operated was found to be highly dependent upon the skills of local and regional level officials. But in reality there were not enough skilled people to deliver in all areas and this was particularly the case in round two of *Contrat de Ville* under which 214 separate contracts were approved (Smith *et. al*., 1996).

In conclusion, area programmes have potential advantages *vis à vis* main programmes which may not have been fully exploited to date. However, the balance of the argument partly depends on what proportion of public expenditure goes into funding area-targeted interventions. This is currently very small – for example, at well under one percent of total spending on social security benefits and less than a quarter of one percent of total public expenditure. This is arguably a small price to pay given the preventative nature of many area

programmes, though the debate about whether area programmes distract attention away from national programmes would be brought more sharply into focus if resources spent on area targeted programmes were to increase significantly.

2.5 Impact: Are the benefits displaced

Another key dimension in the debate about area targeting is how far geographically targeted regeneration programmes have an impact on the problems they aim to address. It is acknowledged that until recently regeneration programmes placed too much emphasis on physical regeneration of buildings and job creation programmes which incorrectly assumed that the benefits would automatically 'trickle down' to deprived people (Robson *et al*., 1994). Evaluation evidence has concluded that more recent comprehensive programmes such as City Challenge and the SRB have been successful, to some degree, in bringing 'additional' benefits in what are acknowledged to be difficult circumstances (Brennen *et al*., 1998a; Russell *et al*., 1996). In some respects success has been associated with a concentration of effort and resources aimed at achieving a measurable impact. However, long term assessment of these programmes, including their sustainability over time, is not yet available.

It is not the intention of this paper to dwell on past programmes given that current programmes are attempting to address the shortcomings revealed by evaluation evidence (SEU, 1998). However, one issue that it is important to mention is whether the potential benefits of area programmes are achieved by simply displacing the problems to other geographical areas. This is a tricky issue. In one sense displacement is acceptable if what is achieved is a more even spread of problems (ie. even if it does nothing to reduce the national level 'problem'). A more even spread would potentially reduce the risk of problems building up in a concentrated way and areas might, in theory, be prevented from going into a downward spiral.

However, area targeted programmes might be judged to be a waste of resources if they cause surrounding areas, which are also deprived, to deteriorate. One way in which this might happen is if they cause resources to be directed away from equally needy areas or if they displace 'problems' to other deprived areas. Thus, regeneration activity which attempts to achieve a more socially mixed community through changing housing tenure (ie. reducing numbers living in council housing), may result in low income and 'problem' families being pushed out to adjacent neighbourhoods to form new problem clusters. A

variation of this type of argument is that area-based programmes which improve the life prospects of residents may lead to them moving out and being replaced by an even more socially and economically deprived population.

Measuring the overall extent to which displacement between deprived areas occurs is extremely difficult; all evaluation evidence on this point, national and international, has been subject to methodological limitations with an overall emphasis on measuring displacement of economic activity rather than wider aspects of displacement. The task is made even more difficult with programmes such as the SRB where geographical boundaries can be quite flexible over time. In the absence of strict random trials with good comparable data, one common approach is to ask key players in an area whether they perceive surrounding areas to have been damaged by regeneration activity and area targeted programmes. Evidence to date has tended to suggest that surrounding areas have not been damaged (Russell et al., 1996) though it needs to be recognised that 'key' players may not be the most objective of people to ask.

It is arguable that displacement will be reduced if area-based approaches form part of a wider strategic approach – possibly across entire city or wider areas. Appropriate sequencing of area-based interventions could also serve to reduce the problems associated with people leaving deprived areas as soon as they are able to, for example, by improving the housing and environment of areas before one improves the life prospects and resources of residents (McGreggor *et al.*, 1995).

It is hoped that this issue of displacement will be easier to confront and measure in the future as somewhat better data should allow the profiles of different areas to be tracked over time. However, exploring the issue of whether it is the same people who stay within a regenerated area is more difficult because of a lack of longitudinal data relating to small areas.

Section 3: Area-based programmes to tackle deprivation – targeting options

The purpose of this section is to draw out the implications of the above discussion in order to address two key questions:

- When is area targeting appropriate?

- What factors should influence decisions about which areas to target?

The intention is to discern general messages, not a blueprint that is relevant to all circumstances and all policies. Moreover, the illustrative material draws heavily on the regeneration policies for which DETR are responsible rather than the targeted zones policies recently introduced by a number of Government Departments. The discussion is also necessarily based on the premise that resources for area programmes are limited to existing levels of expenditure. It is beyond the scope of this paper to touch on issues of adequacy in the light of the scale of problems.

3.1 When is area targeting appropriate?

Area targeting is only really appropriate when deprivation and disadvantage can be addressed, in part, within the boundaries of a target area. It is acknowledged that problems will not be totally resolved at this level and that some issues can only be addressed at the national level or indeed, the international level. In spite of the caveats, the overall conclusion is that area targeted programmes can be more than justified in areas with geographical concentrations of deprivation.

The nature and pattern of area-based interventions will, of course, depend on the context and the nature of the 'problems,' and this will impact on which areas are targeted. How far it is appropriate to target multiply deprived areas rather than areas suffering from a specified problem such as unemployment, will depend on several factors. It was noted earlier that labour market disadvantage is linked to a range of other aspects of deprivation and it will normally be appropriate to target multiply deprived areas where the aim of policy is to bring together different agencies to tackle problems in a holistic way. For example, the Sure Start programme which aims to address the needs of deprived children in deprived areas needs to be targeted according to levels of multiple deprivation. It is also appropriate to target more 'single' issue policies such as Education Action Zones at multiply deprived areas, given the close association between such indicators as poverty, deprivation, educational attainment and poor health.

It is, however, important not to assume that because an area suffers from multiple deprivation this is a good enough reason why a whole range of single-issue policies should automatically be targeted there. Care needs to be taken with policies aimed at addressing physical housing problems, given that poor private sector housing is not always in the most deprived areas. On the other hand, poorly managed estates

and neighbourhoods with wider environmental problems are more likely to be found in multiply deprived areas. It is acknowledged that all this will pose challenges for policy makers trying to decide where to target multiple objective small area policies, an issue, which we return to below.

Whether policies look 'inward' or 'outward' will also have implications for which areas are targeted and for the size of target areas. The type of approach which is confined to doing something within the estate or small area can be labelled 'inward looking' (Hall, 1997), and includes activities such as improving services and housing. But the main criticism of such inward approaches is that activities located in small deprived areas may be unsustainable once special funds or area targeted interventions are withdrawn, especially if appropriate forward strategies for mainstream services to take over functions are not put in place. Displacement of problems to other areas may also be particularly associated with this type of approach. Some, but by no means all, inward looking type approaches can also been labelled as 'sticking plaster' solutions – that is, short term solutions which patch up the manifestations of problems rather than addressing the underlying causes. An example of such an approach would be housing improvement schemes in isolation from other policy responses in areas of high vandalism.

A more 'outward looking' approach, involves linking deprived areas to wider opportunities provided in the context of the city, making strategic linkages between different initiatives for jobs and services, adapting whichever strategic connection seems the most appropriate. The emphasis of such approaches is more likely to be on tackling underlying causes and may imply targeting contiguous areas or even entire cities. But, there are drawbacks with this. There is a danger that the most needy areas will not be sufficiently targeted. The benefits of preventative approaches are only likely to be felt in the medium to long term whereas 'sticking plaster' approaches may generate short-term visible benefits. A further limitation is that the level of effective community involvement or empowerment tends to be lower in this type of arrangement compared with more 'inward looking' and estate based programmes (Hall, 1997; Brennen, *et al*., 1998).

The above discussion only begins to touch on the complex range of considerations and in reality, most area-based schemes and programmes will contain both inward and outward elements and sticking plaster and preventative action in differing degrees and combinations; one does not necessarily preclude the other. The key point for the purposes of this

discussion is that the nature of programmes will have implications for the size of target areas and the criteria used in selecting areas.

3.2 Decisions on which areas to target

There are a number of practical considerations surrounding the selection of target areas, and this section focuses on how statistical data can contribute to this? This discussion needs of course to recognise that regeneration and other area-based policies operate at different spatial levels.

LARGE AREA TARGETING

Many of the area-based policies listed in annex A cover quite large areas. For example, Health Action zones cover entire health authority areas, and thus usually embrace several local authority districts. Similarly, some SRB schemes are 'thematic' and aim to tackle particular problems across a fairly large area or conurbation.

In some respects decisions about which areas to target should be easier than reaching decisions about small target areas, because many large authorities such as health authorities and education authorities have access to good data on, for example, health and educational outcomes in their areas. However, compiling data on multiple deprivation to compare different 'large' areas is not as simple as it might seem. There are often subtle variations in the way in which data is compiled in different parts of the country and this makes it difficult to put together national databases on, for example, crime. A further problem is that the geographical boundaries within which various authorities and agencies operate are not coterminous. For example, one individual police authority area might overlap with several different local authorities, social services departments, TECs, educational authorities etc, and this will inhibit the extent to which it is possible to explore the overlap between the different dimensions of deprivation.

Despite these caveats, it is still the case that there are more data available than was hitherto the case. This includes the various indices of deprivation that are available for local authority district areas. Moreover, post-coding of information collected by larger bodies would overcome the problems of lack of co-terminus boundaries since post-coded information can be aggregated up to almost any spatial level.

TARGETING SMALL MULTIPLY DEPRIVED AREAS

Although large area targeting has a role, it is potentially very expensive and may raise expectations that all local people are going to receive

something ‘extra’. Many policies, including the bulk of SRB schemes and the New Deal for Communities therefore tend, overall, to target relatively small areas of towns and cities in an attempt to concentrate resources on the most needy areas. However, this level of targeting is potentially more difficult to implement because of the problems of pinpointing relatively small areas for special action.

The rest of this section is devoted to discussing how to target small areas (eg. individual wards, EDs or estates) that suffer from multiple deprivation.

A number of broad options for arriving at decisions about which small areas to target can be identified. All have advantages and disadvantages and are discussed below:

Options

A. Central or regional bodies decide which small areas to target.
B. Relatively large areas – local authority districts, for example, are identified nationally or at regional level and it is left up to local bodies in these areas to decide which small areas within their boundaries to target.
C. Selection is made on the basis of competition between areas, and, as part of this process, areas are required to make the case as to why their problems are sufficient to justify area targeted intervention, or put another way, why existing resources and policies are not sufficient.
D. A hybrid between B and C whereby competition is confined to the most deprived areas.

A: Small areas decided centrally

One way of approaching the issue would be for national or regional level policy makers to ‘select’ a given number of deprived areas for special attention. For example, this could be achieved by taking the 5% or 10% most deprived wards or enumeration districts on the index of local deprivation, or similar index. The Social Justice Commission hinted at such an approach when it proposed 250 community development trusts in ‘the most disadvantaged areas of the UK’; an area being defined as around 10,000 people or 5,000 households (Commission on Social Justice, 1994).

However, there are a number of problems with adopting this kind of centralised approach, which can be summarised as follows:

- *Data limitations – lack of consistent small area data*

The amount of small area data that is available on a nationally consistent basis has, until recently, been very limited and this makes it difficult to pin-point the most deprived areas using a consistent yardstick. The ward and ED level indicators in the 1998 ILD, for example, continue to be based on the 1991 population census because of the lack of alternative sources and also the problems associated with calculating population denominators for small areas. Although an increasing amount of small area data will come on stream over the next year, including data on income support and other benefit receipt, it is nevertheless the case that many local authorities and other bodies will have better data and intelligence for their own area.

- *Difficulties in defining area boundaries*

Over and above data problems, there are significant difficulties in deciding what are the natural boundaries of an area, neighbourhood or estate. The dangers of central Government trying to draw boundaries are well illustrated by the problems encountered in implementing the 1996 *Pact de Relance* policy in France (which is similar in some respects to the British Enterprise Zones policy) (Smith *et al*., 1996). Appropriate policy boundaries and statistical boundaries are not necessarily one and the same thing and local level players should be in a far better position to define boundaries and target appropriate areas.

- *Danger of inward looking unsustainable policies not linked up to wider strategies*

The danger of local policies pulling in opposite directions is a key reason why centralised direction is not appropriate. Evidence suggests that regeneration policies are most effective when they are closely integrated with the wider fabric and range of policies that affect local areas, including anti-poverty strategies and local economic development activity. (Alcock *et al*., 1998). Moreover, genuine partnership working will be difficult to achieve where outsiders define the target area. A further example of where things might go wrong with a centralised approach is that from a distance, areas that look suitable for social and economic initiatives might be the same areas that are judged by local players to be in need of demolition.

B: Target larger areas

An alternative approach is to target resources on larger areas such as local authority districts, TEC areas, health authority areas etc., and leave

it to these bodies to decide where area-based programmes should be targeted. The potential advantages of this are that local level players will often be better able to define appropriate areas and boundaries and it is potentially easier to achieve linkages with main programmes and wider strategies through a 'bottom up' approach. An additional consideration is that there is more nationally consistent data available to decide which larger areas to target.

How far this approach is appropriate depends crucially on the spatial distribution of deprivation and whether very deprived small areas are located within an identifiable number of larger areas - for example, Local Authority districts. For the purposes of testing out this proposition, our definition of a deprived small area is taken to be the 5% most deprived wards in England as measured by the 1998 ILD. The 5% most deprived wards are made up of 431 wards in which 4.5 million people (9.7% of the population of England) live[10].

Overall, this analysis does suggest that the most deprived wards identified by the 1998 ILD are located in the most deprived districts: 85% of the 5% most deprived wards are in the 44 most deprived districts and as many as 94% of these wards are in the 65 most deprived districts.

Table 11 below shows that almost half of the 5% most deprived wards in England are in London. The whole of Hackney is made up of deprived wards and 93% of the population of Tower Hamlets are living in deprived wards. Outside London, large cities account for a high proportion of the most deprived wards, with Birmingham, Liverpool, Leeds, Sheffield, Manchester, Bradford, Hull and Nottingham exhibiting the highest number. In Liverpool, for example, 62% of the population live in these very deprived wards whilst Birmingham has the highest absolute number of people living in these wards (just over 400,000). Smaller cities and large towns such as Coventry, Wolverhampton, Leicester, Blackburn, Sunderland have between 5 and 7 wards each which are among the 5% most deprived and between 20% and 30% of their populations live in these wards. Many smaller Northern towns, particularly those in metropolitan areas, have at least a couple of very deprived wards with places such as Bolton, Oldham, Rochdale, Doncaster, Preston, Blackpool, and Hartlepool all having between two and four which account for between 10% and 20% of their population.

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10 The reason why 9.7% of people live in the 5% most deprived wards is that wards in deprived areas – particularly in the large metropolitan cities – tend to be larger than average. A further part of the explanation is the chi squared method used in the 1998 ILD biases the results towards large areas.

Table 11: Distribution of the 5% most deprived wards in England by region*

Region	Number of 5% most deprived wards in region	% breakdown of 5% most deprived wards between regions	Total population in 5% most deprived wards	% regional population in 5% most deprived wards
London	195	45	1,758,176	26.3
North West	52	12.1	498,196	9.4
West Midlands	39	9.1	706,542	13.7
Yorks and Humber	39	9.1	597,813	12.4
Merseyside	36	8.4	405,757	28.9
North East	26	6.0	205 094	8.1
East Midlands	19	4.4	179,592	4.5
South East	13	3	121,763	1.6
Eastern	6	1.4	43,766	0.9
South West	6	1.4	63,411	1.4
England	431	100	4,580,110	9.7

Note: * Because of the differences between Merseyside and the North West these are analysed separately despite the fact that the Government office for the North West has merged with Government Office – Merseyside.
Source: 1998 Index of Local Deprivation.

The small minority (15%) of the most deprived wards which are not in the 44 most deprived LA areas tend to be in the following types of local authority areas:

- Some of the major towns and cities in the South of England each contain a few very deprived wards: Portsmouth, Brighton and Hove, Southampton and Plymouth have either two or three covering between 10% and 15% of their respective populations (these authorities are all amongst the 65 most deprived authorities – see annex B).
- There are 25 local authorities, which contain one very deprived ward. These vary in their general characteristics and geographical location, tend to be outside the 65 most deprived districts and include towns as diverse as Luton, Bournemouth, Croydon, Norwich, Oxford, Lancaster, Tameside, Reading, Solihull.

The above analysis therefore suggests that identifying a defined number of Local Authority districts such as the 44 or 65 most deprived as a basis

for further sub district level targeting is legitimate because the vast majority of deprived wards will be captured (ie. 85% and 94% respectively). Nevertheless, it also important to recognise that this approach will miss some of the relatively affluent authorities with only one very deprived ward. This is despite the fact that the lists of 44 and 65 were drawn up on the basis of all four ILD measures – including the three measures designed to identify whether authorities have severe pockets of deprivation. Overall, 84 LA areas would need to be targeted in order to capture all LAs with at least one ward amongst the 5% most deprived wards in England. In order to capture all of the 10% most deprived wards in England it would be necessary to target 157 local authority districts. There is, however, a rationale for not including these types of authority. They are less likely to experience any additional effects from having to address the problems of a large number of deprived people and areas and this should, arguably, make it easier to deal with any pockets of problems from within existing mainstream provision.

Perhaps the key issue in implementing this option is deciding where to draw the line between eligible and non-eligible authorities. Areas do not fall neatly into 'deprived' and 'non deprived' and there are a whole range of ways of arriving at a list (see annex B).

Targeting small areas within Local Authority districts

We have established that there is a rationale for targeting on the most deprived LAs, given that most small areas will be captured and it is feasible to devise a list of eligible areas. The next questions to consider are the factors which will affect local authorities and others' ability to identify and target small areas.

The spatial distribution of deprivation within local authority areas is a key issue. Initial work by the area team at CASE illustrates the different spatial patterns. Of the 284 poverty wards identified, 184 wards were in 51 clumps (i.e. poverty wards which are adjacent to each other) – the largest clump being in Liverpool – whilst 100 were single wards (Glennerster *et al*., 1999).

Similarly, analysis of the 1991 Index of Local Conditions led to the development of seven different categories of spatial patterns (Robson *et al*., 1995) ranging from authorities with 'scattered distributions', e.g. Oxford, 'small scattered clusters', e.g. Rochdale, through to places with 'strong clusters and numerous clusters', as in Liverpool, through to several contiguous inner London authorities which were described as exhibiting 'one strong cross authority cluster'. Professor Robson went on

to argue that area targeting is more compatible with some spatial patterns than with others. Similarly, on the basis of the analysis of the 1998 ILD above, it can be concluded that area targeting will be easier to operationalise where there is a clear and identifiable deprived area or small cluster of areas within a town or city. Area targeting will pose more problems where there are a number of very small and scattered clusters across a city. Moreover, it is acknowledged that authorities with a large number of very severe clusters such as some of the London boroughs and Liverpool are likely to have more difficulties in deciding between target areas, particularly if they have to chose a small number, or even just one area.

There are a number of ways of dealing with this last point, although it is acknowledged that none of them will completely solve the dilemma. Local poverty profiles are potentially helpful in picking up the nuances associated with individual areas, and should thus aid the decision making process as to which areas are appropriate for particular types of action. A further way of deciding between areas is to take account of the level of resources that different areas have already received under area targeted programmes and give priority to areas that have not received previous attention (Brennen *et al*., 1998). However, this may not be appropriate in all cases, since as noted above, previous programmes tended overall to place too much emphasis on physical regeneration. Further action may now be needed to address social and economic issues in some of these previously targeted areas.

'Political issues'

Assuming that it is in theory possible for local players to identify target areas, there are still be a number of hurdles to overcome. Geographical targeting is sometimes impeded because local authorities, and other bodies, are reluctant to highlight concentrations of deprivation because of the risk of stigmatising local people. Furthermore, there are sometimes additional tensions between social policy makers in their attempts to tackle poverty and social exclusion and local economic development officers who fear that highlighting poverty will be at odds with attempts to encourage investment (Alcock *et al*., 1998). The geographical basis of local authority politics may also act as a barrier to targeting needy areas. Local councillors who represent moderately deprived wards are, understandably, often reluctant to allow other, more deprived wards to gain more resources and attention. Moreover, geographical targeting can cause resentment amongst people in non-targeted areas, for example, if targeted areas include high concentrations

of ethnic minority groups this can lead to arguments about positive action (Alcock *et al*., 1998).

Overcoming these tensions and difficulties is not easy. A degree of distance from local authority politics has to be established when local partnerships between different local agencies are responsible for key decisions. However, this can sometimes create even greater problems in deciding on target areas if the different partners do not agree. For instance, community groups often want to target the most deprived areas whereas the private sector may favour targeting areas with 'potential'.

Poverty profiling and mapping can be useful in helping to reach targeting decisions since in addition to nationally available data, local authorities have access to local data and the results of ad hoc exercises – for example, the Liverpool quality of life survey (Alcock and Craig 1998). The 'traditional' way of mapping deprivation in each ward (or whatever spatial basis is being used) is to average the level of deprivation across the whole ward. However, this can give the false impression that levels of deprivation across a ward are constant and therefore serve to camouflage differences. Leicester City Council has developed a more sophisticated set of maps based on post- coded data. Actual concentrations of different types of deprivation are mapped precisely as with a contour map, and ward boundaries are overlaid (Thomas *et al*., 1998). It is argued that this makes it easier to resolve conflicts between areas about which area should be targeted since the actual location and severity of deprivation is made far clearer. This kind of mapping should become easier in the future as more data is postcoded and Geographical Information Systems (GIS) continue to improve.

C: Open Competition

The third option would be to allow all areas to bid for area targeted initiatives drawing upon their own evidence to justify why they need extra action. However, many commentators have argued strongly that competition between areas for regeneration funding and area-based intervention is inappropriate and 'distasteful'. A recent report based on eight case studies concluded that:

> 'in reviewing its regeneration strategy, DETR should take cognisance of the strongly held view of those working in regeneration and anti-poverty, that resources should be

allocated overwhelmingly according to need and not by competition' (Alcock *et al*., 1998).

One of the downsides of competition is that it raises expectations and can be extremely de-motivating if bids fail, particularly if they fail more than once. Moreover, the nature of competition can be potentially unfair if some organisations and areas become expert in bidding at the expense of other, less experienced bidders, for instance, community groups and small organisations. Competition has sometimes been likened to a 'beauty parade' where bidders submit glossy brochures produced by consultants and where the criteria to be applied in assessing bids are not entirely transparent, particularly where the process is perceived to be driven from the centre. Bidding can also be disproportionately time consuming, particularly for small partnerships or where an organisation is bidding for funds from several different pots of money. It has also been argued that competition encourages a short-term approach, particularly where bidding timetables are short and that this may distract attention away from developing more long-term strategic approaches to addressing social and economic deprivation.

Nevertheless, evaluation evidence suggests that there are positive aspects to competition which need to be balanced against the potential disadvantages discussed above. It is important to recognise that competition was introduced because policies, such as the 'Urban Programme' where needy areas were automatically given extra resources, were perceived not to be adding value. Competition can make a difference by galvanising different partners into involvement and collaboration (Russell *et al*., 1996) and focus minds on the need for innovation, clear objectives and a sense of purpose (Brennen *et al*., 1998). Even areas which have lost bids sometimes perceive the process of competition itself to have been beneficial in initiating partnership formation, as evidenced by the fact that many unsuccessful SRB challenge fund partnerships go on to win SRB challenge funds in subsequent rounds (Brennen *et al*., 1998). Evidence also suggests that competition for SRB funds has not, in practice, proved to be significantly at odds with targeting funds on the most deprived areas. Over the first three rounds of the SRB challenge fund all areas of England were eligible to bid. Despite this, the 20 most deprived local authority districts (as measured by the 1991 Index of Local Conditions) received an average SRB spend per capita of £174.9; the relevant figures for the 56 and 99 most deprived Local Authorities were £138 and £122.5 respectively. This compares with an average of only £21.3 in the remaining 267 less

deprived districts (Brennen *et al.*, 1998). However, it is important to note that this will not automatically be the case and depends on how competition is managed. For instance, the link between social and economic deprivation and funding is likely to be far less clear-cut with some other competitive funding regimes such as national lottery grants.

The above analysis therefore suggests that the arguments about whether to allocate funding on the basis of competition depend as much on how competitions are actually managed, as on the issue of competition per se. The key good practice messages that can be gleaned from regeneration research on this point are:

- The rules under which competition is held need to be transparent – bidders need to know what is expected of them and who will be making decisions. 'Hidden agendas' on the part of bodies responsible for judging should be avoided.
- There needs to be effective dialogue between whoever is running a competition and bidders, before bids are submitted.
- Two-stage bidding where bidders are advised on the merits and drawbacks of an outline bid is desirable before fully worked up bids are prepared.
- The timetable for bidding needs to allow sufficient time to form effective partnerships, which are in turn then more likely to put together well thought out bids.
- Effective and constructive feedback to unsuccessful bidders about the reasons for failure, and how the bid might be improved in the future.
- Where capacity to put together a viable plan of action is the problem (this may be particularly the case with community groups) bidders should be given small scale seed-corn funding, where appropriate, to help them bid more effectively in the future.
- Where a bid has failed badly and where there seems to be little reasonable prospect of success in the future, feedback should be frank, and to the point.
- Better co-ordination of regeneration and other area-based programmes is desirable – including some standardisation of bidding timetables which takes account of the need to obtain 'matched funding' under many programmes.

The overall conclusion of this analysis is therefore that competition does have advantages. If managed properly it can act as a kind of 'quality threshold' rather than a full-blooded competition in the normal sense of the word. In reality, it would be difficult to allocate funding solely on the basis of need, notwithstanding the difficulties in drawing a

line between eligible and non eligible authorities, without any reference to an areas' ability to deliver an area-based programme.

D: Mixture between pre-determined targeting and competition

Some degree of competition is a feature of all of the area-based initiatives listed in annex A – including the 22 Local Government Association (LGA) pathfinder areas. However, many of these policies limit the extent to which different types of areas can compete – for example, by inviting bids from a pre specified list of areas. The primary advantage of this is that it reduces time spent in abortive bidding and is a way of ensuring that policies are targeted on the most deprived areas. However, one of the key issues in implementing this option is in deciding where to draw the line between eligible and non-eligible areas, as discussed above under option B and in annex B.

A slightly alternative approach is to hold two or more competitions under different rules. For example, the approach that has been adopted for round 5 of the SRB is to make it explicit that about 80% of resources will be targeted at the list of 65 areas (discussed above), but that 'other' authorities can bid for smaller scale funds i.e. from the remaining 20% of funds. The potential advantages of this, compared with full competition, are that it ensures that the bulk of area targeted programmes are located in the most deprived LA areas but does not rule out other areas which may have pockets of deprivation. At the same time it is made explicit that areas outside the 65 are only bidding for relatively small scale funding which means that these areas can make informed decisions about whether it is worth committing resources to bidding. Moreover, this is arguably of potential help in managing the expectations of local communities about what it is realistic to expect. However, the potential downsides of this are that area targeted programmes may end up being more dispersed across the country than if all schemes were targeted on the most deprived areas. It is also a more complicated programme to administer.

In conclusion, the above analysis has demonstrated that area targeting is highly desirable. However, reaching decisions about which areas to target poses a number of challenges. All of the options discussed have drawbacks as well as advantages and it has not been possible to come up with a blue print. The approach used will need to vary between different policies depending on the objectives of policies and the resources available for area targeted intervention.

Section 4: Concluding comments

The overall conclusion of this paper is that there is a clear rationale for area targeted interventions. The key reason for this is that some areas suffer disproportionately high levels of economic and social deprivation; including very high levels of worklessness, poverty, poor health, high crime and fear of crime and need special attention. Although some issues can only be addressed through national level mainstream policies it is the case that some problems occur because of local area related factors and it is therefore appropriate to address them at the local level. The case for area targeting is further strengthened by the evidence, limited though it is, that there is an increasing polarisation in rates of economic and social deprivation between different geographical areas.

The analysis also demonstrates that patterns of deprivation and disadvantage are not straightforward and vary from area to area. There is no clear dividing line that somehow separates 'deprived areas' that need targeted interventions, from other areas. In many districts deprivation is concentrated in small 'pockets' - for example, in inner city cores and on social housing estates, whereas in other places it may be spread more evenly. Moreover, different areas suffer from different combinations of economic and social problems and have different population profiles. Interventions also need, as far as possible, to be sensitive to often subtle differences between areas. Although different options for reaching decisions about which areas to target are discussed in section 3 above, it is concluded that there is no blueprint. Furthermore, targeting decisions need to reflect what the aims of policy are.

Despite this positive overall conclusion it is important to remember that area targeted programmes are not a panacea and cannot hope to solve everything. This is not least because most deprived people do not live in the most deprived areas. Moreover, even in these areas, expenditure on area targeted interventions is minute compared with public expenditure as a whole. Mainstream policies and programmes across all areas of the country need to be sensitive to addressing the needs of economically and socially deprived people. Indeed, a role for area targeted programmes in the future might be to facilitate the development of innovative and different policy and process approaches which could ultimately be incorporated into mainstream programme design and delivery across the whole country.

Implications for research

On the basis of this analysis there are at least four key overarching issues that require further research and improvements in data.

SMALL AREA DATA

There is a shortage of good small area data on key aspects of economic and social deprivation. This impedes the analysis of where deprivation is located, how different dimensions of deprivation interact at the local level and whether there is a polarisation between areas. Although many local level bodies have developed their own systems and have good data on deprivation within their area, this is of limited use to national level policy makers and analysts since it is not available on a consistent basis across the whole country.

There are a number of improvements in the pipeline including:

- DETR have commissioned the University of Oxford to undertake a fundamental review of the Index of Local Deprivation, paying particular attention to updating the sub district level indicators. The new index is likely to be based mainly on indicators that are available at the ward level.
- The Social Exclusion Unit have established a 'Policy Action Team' (number 18) to explore ways of overcoming the barriers to obtaining good quality small area information.

EFFECTIVENESS OF AREA-BASED INTERVENTIONS: DISPLACEMENT

Although progress has been made in recent years, further improvements are needed in the methodologies and indicators used to measure the effectiveness of area programmes, including how far they achieve long term sustainable improvements in the well being of people living in targeted areas. This is of course closely linked to the need for better data on economic and social deprivation within small areas. One particularly important issue is that better ways need to be found of measuring whether intervening in one geographical area causes the surrounding areas to deteriorate.

LINKS BETWEEN AREA-BASED INITIATIVES AND WITH MAIN PROGRAMMES

It is clear from the analysis – particularly in annex A – that a number of areas contain a range of different area targeted initiatives. But we do not know whether this has a beneficial or detrimental consequence for developing effective approaches to social exclusion within these areas. In particular, what are the implications for being able to effectively influence the way in which main programmes in these areas operate? These issues

are being addressed in the 'six areas study' which is currently being mounted by DETR, but there is clearly also a need for further research in other areas.

THE AREA EFFECT

Finally, there is a need for research to explore whether there is an additional effect arising because of the geographical concentration of deprivation in some areas. Current research within CASE is examining the ways in which the characteristics and dynamics of poor areas may effect the lives of those living within these areas. The questions of the scale and workings of such effects need to be addressed in research more generally.

ANNEX A: Location of selected area-based initiatives

The table below sets out the distribution of the area-based initiatives between local authority districts ranked according to the 1998 Index of Local Deprivation (degree level measure). The 90 most deprived districts are listed plus other districts which have two or more of these area-based initiatives within their boundaries.

As the notes make clear this analysis is necessarily less than precise and this does not represent a definitive list. It is based entirely on the authors own interpretation and responsibility rests with the author. The location of area-based initiatives is in reality difficult to plot because the boundaries under which different initiatives operate vary considerably. Moreover, many of these initiatives are still in the early phases of development and there is a time lag in providing central Government and regional offices with information and the location of initiatives may change as initiatives develop.

Notes:

i. Health Action Zones – phase 1 – normally cover more than one local authority district area. Where there is >1 LAD in a HAZ this is indicated by ✔*. This analysis is necessarily less than precise because the administrative boundaries of health authorities are not co-terminus with LA boundaries.
ii. The bulk of employment zones do not come into operation until April 2000.
iii. Excludes some whole county schemes.
iv. NDC pathfinders progressing at different speeds.
v. Only authorities which received more than £10 million rounds 1 – 4 covered in table.
vi. Surestart trailblaser areas invited to submit proposals.
vii. Table excludes authorities covered by whole county schemes eg. Devon, N Yorkshire, Oxfordshire.

Rank 1998 ILD	Authority	Health AZs[i]	Employment zones[ii]	Education AZs	New start[iii]	LGA NCR Path finders	NDC Path finders[iv]	SRB[v]	Surestart trailblazers[vi]	Better Govt for older people[vii]
1	Liverpool		✔*		✔*	✔	✔	✔	✔	
2	Newham	✔*	✔	✔	✔*	✔	✔	✔	✔	
3	Manchester	✔*			✔*		✔	✔	✔	
4	Hackney	✔*			✔*		✔	✔	✔	✔
5	Birmingham		✔	✔			✔	✔	✔	
6	Tower Hamlets	✔*	✔		✔*		✔	✔	✔	
7	Sandwell	✔			✔	✔	✔	✔	✔	
8	Southwark	✔*	✔	✔	✔*		✔	✔	✔	
9	Knowsley							✔	✔	
10	Islington	✔*						✔		
11	Greenwich	✔*			✔*			✔	✔	
12	Lambeth	✔*		✔	✔*			✔	✔	✔
13	Haringey		✔			✔		✔	✔	
14	Lewisham	✔*			✔*	✔		✔		
15	Barking and Dagenham	✔*						✔		
16	Nottingham		✔	✔	✔	✔	✔	✔	✔	✔
17	Camden	✔*						✔	✔	
18	Hammersmith and Fulham				✔*			✔		✔
19	Newcastle upon Tyne	✔*		✔	✔		✔	✔	✔	✔
20	Brent		✔			✔		✔	✔	
21	Sunderland	✔*			✔			✔	✔	
22	Waltham Forest							✔	✔	

23	Salford	✔*		✔*	✔*	✔		✔	✔	
24	Middlesborough		✔*	✔	✔*	✔	✔	✔	✔	✔
25	Sheffield			✔	✔*			✔	✔	✔
26	Hull			✔	✔		✔	✔	✔	
27	Wolverhampton				✔*			✔	✔	✔
28	Bradford	✔			✔		✔	✔	✔	
29	Rochdale							✔		
30	Wandsworth				✔*			✔		
31	Walsall				✔*			✔		
32	Leicester			✔	✔		✔	✔	✔	
33	Oldham							✔	✔	
34	Halton							✔	✔	
35	Gateshead							✔		
36	Ealing				✔*			✔		
37	Hartlepool				✔*			✔		✔
38	South Tyneside	✔*		✔				✔		
39	Doncaster	✔*	✔		✔*			✔	✔	
40	Coventry				✔	✔		✔		✔
41	Blackburn with Darwen			✔	✔*			✔	✔	
42	Barnsley	✔*		✔*	✔*	✔		✔		
43	Redcar and Cleveland		✔*		✔*			✔	✔	
44	Wirral							✔		
45	St Helens				✔*			✔	✔	
46	Lincoln									
47	Bolton							✔		✔
48	Stoke on Trent				✔*			✔	✔	

49	Stockton on Tees				✔*			✔		
50	Rotherham	✔*			✔*			✔	✔	
51	Blackpool				✔*			✔	✔	
52	Easington				✔*					
53	Tameside							✔		
54	Sefton		✔*					✔		
55	Barrow in Furness	✔*			✔*				✔	
56	Leeds				✔			✔	✔	
57	City of Westminster				✔*					
58	Wansbeck				✔*					
59	Hounslow				✔*			✔		
60	Brighton and Hove		✔	✔	✔*		✔	✔	✔	
61	Wear Valley									
62	North Tyneside	✔*				✔		✔	✔	
63	Kensington and Chelsea				✔*					✔
64	Thanet							✔	✔	
65	Burnley				✔*			✔		
66	Norwich				✔*		✔	✔	✔	
67	Mansfield								✔	
68	Preston				✔*					
69	Bristol						✔	✔	✔	
70	Enfield							✔	✔	
71	Derby							✔	✔	
72	Luton	✔*				✔			✔	
73	NE Lincolnshire			✔	✔			✔	✔	
74	Wakefield				✔			✔		

75	Portsmouth				✔*					
76	Hynburn									
77	Penwith				✔*				✔	
78	Southampton				✔*	✔		✔	✔	
79	Derwentside									
80	Kirklees				✔*	✔		✔	✔	
81	Hastings				✔*			✔	✔	
82	Gt Yarmouth								✔	
83	Plymouth	✔*	✔	✔		✔		✔	✔	✔
84	Harlow									
85	Wigan			✔				✔		
86	Bolsover							✔		
87	Kerrier				✔*					
88	Croydon			✔	✔*	✔		✔		
89	Ipswich									
90	Redbridge									
96	Calderdale				✔*			✔		
97	Torbay	✔*			✔*					
99	Pendle					✔*		✔		
102	Alderdale	✔*				✔				
106	Copeland	✔*				✔*			✔	
110	Dudley				✔*			✔		

Key features of area-based initiatives listed above

Initiative	Health Action Zones
Lead Department	Dept of Health
Aim	HAZs are partnerships between the NHS, LAs, community / voluntary groups and businesss to develop and implement a health strategy to achieve improvements in public health and in outcomes of quality of treatment and care. HAZs have three strategic objectives: ♦ identify and address public health needs of local area; ♦ increase efficiency, effectiveness and responsiveness of services; ♦ develop partnerships for improving health and services, adding value through creating synergy between the work of different agencies.
	Education Action zones
Lead Department	DfEE
Aim	Through partnerships with businesses and others EAZs aim to use new skills, experience and funding. Innovations include: 24 hour classrooms, super teachers, new curriculum.
	Employment zones
Lead Department	DfEE
Aim	To help long term unemployed in areas of concentrated or multiple deprivation to improve their employability with a view to obtaining sustained employment or self employment. Personal advisor assigned to clients throughout their time in zone; Personal action plan to trigger access to different provision. Some additional flexibility with other programmes.
	New Start
Lead Department	DfEE
Aim	To fund local partnerships projects to draw together existing initiatives and developing new approaches to tackling disaffection. Pilot partnerships of TECs, LEAs, Las, social services, youth services, careers, FE colleges, youth service agencies, voluntary sector. The overall focus is on re-engaging 14–17 year olds who have dropped out of education or are at risk of doing so.

	Surestart
Lead Dept	Surestart unit based in DfEE
Aim	To work with parents and children to promote the physical, intellectual and social development of pre-school children to ensure they are ready to thrive when they get to school.
	LGA new commitment to regeneration pathfinders
Lead Department	Led by Local Government Association. DETR is lead Whitehall Department
Aim	The LGA new commitment is based on the preparation of comprehensive regeneration strategies at the local authority level, enhancing local accountability and transparency. The strategies will be underpinned by a series of agreements between partners committing each of them to delivering elements of the strategy. LGA NCR is potentially a means of marshalling the totality of public expenditure in an area in support of regeneration strategies. Proposals for the longer term include bringing about structural change in the way in which public money is allocated and managed.
	Single Regeneration Budget
Lead Department	DETR
Aim	To provide support to local initiatives in order to facilitate regeneration. Acts as a catalyst to complement and attract other resources to improve the quality of life within areas. Partnership working between local authorities, TECs, community and voluntary groups, businesses and other agencies is a key element of SRB. The revamped SRB round 5 places greater emphasis on targeting areas of need and on community capacity building. Over 500 SRB schemes have been approved over rounds 1 – 4 since 1994. Many authorities have several different schemes within their area. Only LA districts which have received more than £10 million to date are included in the table.
	New Deal for communities
Lead Department	DETR
Aim	Will tackle multiple deprivation in the most deprived areas. In particular it aims to improve job prospects , bring in investment to areas (physical and people based) and improve neighbourhood management and delivery of local services.

	Better Government for older people
Lead Dept	Cabinet Office
Aim	To improve public services for older people by better meeting their needs, listening to their views and encouraging and recognising their contribution. The Better Government for older people pilots aim to provide older people with: ♦ clearer and more accessible information on their rights, ♦ more say in the type of services which they get, ♦ simpler access to services, ♦ improved linkages with different agencies, ♦ better opportunities to contribute to the local community.

Annex B: The 1998 Index of Local Deprivation and defining deprived areas using the 1998 ILD; the 44 and 65 most deprived local authority districts

The Department of the Environment, Transport and the Regions 1998 Index of Local Deprivation (ILD) updates the 1991 Index of Local Conditions (ILC) to include 1996 data, wherever possible, and to take account of the recent local authority boundary changes. The index is produced at three spatial levels: the Local Authority district, ward and enumeration district (ED).

At the district level there are 12 indicators of deprivation derived from various sources of information as follows:

Indicator	**Source**	**Year**
Total unemployment	NOMIS	April 1997
Male Long term unemployment: male unemployment	NOMIS	April 1997
Income support recipients	DSS	1996
Non income support recipients receiving council tax benefit	DSS	1996
Dependent children of IS recipients	DSS	1996
Standardised mortality ratios	ONS	1996
Low educational attainment - % 15 yrs olds no GCSEs or passes at D-G only	DfEE	1996
Low educational participation -% 17 yr olds no longer in full time education	Census	1991
Derelict land	DETR	1993
Home insurance weightings	Norwich Union	1997
	Royal &Sun All.	
	United insurance	
Households lacking basic amenities plus all households in non-permanent accommodation	Census	1991
Overcrowded households (>1 per room)	Census	1991

The 6 and 5 indicators which make up the ward and ED level indexes respectively are all from the 1991 census and are the same as in the 1991 Index of Local Conditions. The only changes from the 1991 ILC

are that the children in unsuitable accommodation indicator has been dropped and zero scoring applied to bring it into line with the district level approach. The ED level indicators are:

- households with no car;
- unemployment
- overcrowded housing;
- housing lacking amenities;
- children in low earning households.

In addition, low educational participation is added at the ward level. For further details of methodology see 1998 Index of Local Deprivation – summary of results. DETR 1998.

How deprivation is distributed depends on the scale at which it is analysed. Deprivation may be spread evenly across a large local authority area or concentrated in small pockets. In order to reflect these complex patterns the index uses 4 different measures, the last 3 of which are commonly referred to as the 'pockets' measures:

- The *degree* – this is the degree of deprivation across the whole LA district. It is based on all 12 district level indicators and is the most up to date measure.
- The *ward intensity* – the severity of deprivation in the worst three wards. This is a measure of how bad the worst areas are.
- *Ward – extent* – the proportion of the LAs population living in wards, which are amongst the worst 10% in England. It is a measure of how many people within each LA live in very deprived wards.
- *ED- extent* – the proportion of the ED s in the LA which fall within the 7% most deprived ED s in the country. Its uses are similar to the ward extent measure.

All LA districts in the country are ranked on each of the four measures.

Many of the most deprived LAs – including most of the big cities have very high ranks on all four measures (table B1). However, there are exceptions such as Leeds. Leeds is only the 56th most deprived authority on the district level degree score and 40th and 49th on the ward-extent and ED-extent scores respectively (this is partly explained by the wide boundaries of Leeds which include some semi-rural affluent areas). However, it is the 7th most deprived authority on the ward intensity score indicating that its most deprived wards suffer from very severe problems. This case illustrates why it is important to take account of the pockets measures as well as the overall degree measure.

Table B1: List of 44 and 65

Authority	Degree rank	ED extent	Ward extent	Ward intensity
Liverpool	1	6	11	2
Newham	2	3	2	10
Manchester	3	8	8	4
Hackney	4	1	1	8
Birmingham	5	11	15	1
Tower Hamlets	6	2	4	5
Sandwell	7	40	19	29
Southwark	8	4	6	14
Knowsley	9	5	10	15
Islington	10	10	3	22
Greenwich	11	26	16	45
Lambeth	12	7	5	9
Haringey	13	9	7	12
Lewisham	14	20	17	19
Barking and Dagenham	15	89	22	65
Nottingham	16	19	29	21
Camden	17	23	9	32
Hammersmith and Fulham	18	16	14	17
Newcastle upon Tyne	19	18	32	34
Brent	20	14	21	16
Sunderland	21	34	34	44
Waltham Forest	22	25	12	13
Salford	23	43	44	30
Middlesborough	24	12	18	37
Sheffield	25	32	36	6
Hull	26	22	24	11
Wolverhampton	27	28	31	26
Bradford	28	13	27	3
Rochdale	29	30	33	43
Wandsworth	30	57	35	48
Walsall	31	55	23	39
Leicester	32	35	20	18

Oldham	33	31	37	25
Hartlepool	37	15	25	47
Doncaster	39	41	30	40
Coventry	40	27	38	27
Blackburn with Darwen	41	17	43	36
Bolton	47	37	47	24
Blackpool	51	36	59	23
Leeds	56	49	40	7
City of Westminster	57	21	13	20
Kensington and Chelsea	63	24	28	28
Burnley	65	29	74	61
Preston	68	33	26	33
Authorities amongst the 65 but not the 44				
Halton	34	46	72	94
Gateshead	35	51	46	54
Ealing	36	66	48	52
South Tyneside	38	50	50	76
Wirral	44	52	60	38
Stockton on Tees	49	38	52	50
Brighton and Hove	60	59	39	41
Derby	71	39	51	35
Plymouth	83	56	66	31
Barnsley	42	70	56	73
Redcar and Cleveland	43	44	81	49
St Helens	45	54	62	68
Lincoln	46	48	76	105
Stoke on Trent	48	81	55	60
Rotherham	50	67	71	58
Sefton	54	47	42	64
Bristol	69	73	53	42
Luton	72	45	54	66
Portsmouth	75	53	41	51
Southampton	78	55	45	46
Kirklees	80	62	49	59

Defining the 44 and 65 'most deprived' areas.

The 1998 ILD has, amongst other things, been used to define the 44 deprived districts referred to in the SEU report 'Bringing Britain together' and in drawing up the list of 65 authorities at which about 80% of Single Regeneration Budget funds under round 5 will be directed.

These lists were arrived at as follows:

- *The 44 deprived districts:* derived by taking those authorities which are ranked amongst the 30 most deprived authorities on any of the 4 ILD measures.
- *The 65 deprived 'SRB' districts:* devised by taking all authorities, which are amongst the 50 most deprived, on any of the 4 ILD measures.

As is evident from the above lists the vast majority of 'deprived authorities' on both of these lists are cities or major urban areas. Table B2 below gives the regional breakdown of the two lists of deprived authorities. Given the concentration of high-ranking authorities in London it is important to note that the greater the number of authorities on any list of 'deprived authorities' the greater will be the regional spread.

Table B2: Distribution of 44 and 65 most deprived authorities between Government Offices for the regions

	Number of 44 most deprived authorities in region	% of regions population in 44 authorities	Number of 65 most deprived authorities in region	% of regions population in 65 authorities
East Midlands	2	14%	4	21.6%
Eastern	0	0%	1	3.4%
North West	9	34.2%	10	36.4%
Merseyside	2	43.8%	5	100%
North East	4	31.4%	8	57.3%
South West	0	0%	2	13.5%
South East	0	0%	3	8.3%
West Midlands	5	40.0%	6	45.0%
Yorks and Humber	5	45.7%	8	62.3%
London	17	50.0%	18	54.2%
England	44	24.1%	65	33.9%

Note: *NW and Merseyside analysed separately.

Alternative ways of deriving a list of 'deprived areas'

The above examples are of course, only two possibilities. Alternative methods are discussed below.

GIVE MORE WEIGHT TO DISTRICT LEVEL SCORES

A slightly different approach would be to give more weight to the district or degree level scores on the grounds that these are more up to date than the 3 'pockets' measures. For example, a variant of the 44 would be to take the 30 most deprived authorities on any of the three pockets measures (ward-intensity, ward-extent and ED-extent) plus the 40 most deprived authorities on the district level ILD. This would yield a list of 48 authorities.

REGIONAL QUOTAS

Another variant of this would be to introduce a regional quota in order to achieve a spread across all regional office areas. This may be important if a programme is a 'pilot' and it is desirable to test it out in all regions. This approach was used in selecting the 17 NDC pathfinder areas.

NUMBER OF DEPRIVED INDICATORS

Another possibility would be to organise local authorities into groups according to how many of the indicators each authority scores above the national average on the district level index. For example, taking authorities with deprivation above the national average on 8 or more indicators would yield a list of 76 deprived authorities. However, the main drawback of this is that it fails to take account of relatively less deprived authorities with significant pockets of deprivation.

NATURAL BREAKS

In theory, another approach would be to use 'natural breaks' in the index scores on the grounds that this is preferable to an arbitrary (eg. worst 50) approach. On the 1991 Index of Local Conditions, for example, there was a significant break (chi squared 15.42 to 13.52) between the authorities ranked 56th and 57th on the main district level measure (Leeds and Burnley). Unfortunately there are few natural breaks in the 1998 ILD scores and this therefore rules out the possibility of using the 'natural breaks' method, at least until a new index is available.

TRENDS OVER TIME

Another option would be to take account of whether an area is getting better or worse and place more emphasis on those areas where deprivation appears to be becoming more severe over time. Some commentators argue that attention needs to be focused on areas that may be becoming more and more polarised from the average. However, another and somewhat different argument for taking account of trends would be to identify areas that are on the slide before their problems become intractable. It has been argued that this is more appropriate than the 'worst first' approach where resources are targeted at the most deprived areas at any one point in time. There is of course a genuine dilemma here about whether the very worst areas should be allowed to fester whilst efforts are pumped into areas which, despite being in decline, are not in the worst situation.

For practical purposes the question of how far it is appropriate to take account of trends will depend on the actual extent to which areas improve or decline, and whether it is possible to accurately measure trends across small areas. In reality there are severe difficulties in measuring trends, as has been noted in the discussion of polarisation in section 2. At this stage it is appropriate to conclude that currently available data is not robust enough to build trends into the targeting equation. Although there are improvements in the pipeline it is realistically going to be some years before we have good trend data on a sufficient number of indicators.

Clearly, there will be a range of other possibilities. In particular, it may be appropriate to target single zone type policies on the basis of individual indicators such as low educational attainment.

Review of the ILD

DETR have recently commissioned a fundamental review of the ILD and this is being undertaken by a team at Oxford University. A key purpose of the review is to attempt to update the sub district level index. The review will also be covering the criticisms and points raised in relation to the current index, including the use of the chi squared methodology which, it has been argued, biases the results in favour of large authorities. The indicators that make up the index will also be thoroughly reviewed with a view to incorporating the most appropriate and best currently available data. The issue of whether some indicators should be given more weight than others will be considered. Consideration will also be given to producing separate indexes for

different domains of deprivation eg. labour market disadvantage, low income etc.

However, this is not to imply that the current 1998 Index of Local Deprivation is not robust. It is currently the most up to date index that is available and covers a wide range of domains of deprivation taking account of deprivation at different spatial levels. For these reasons the 1998 ILD is used extensively in this paper.

ANNEX C: Standard mortality ratios in 65 most deprived local authority districts

LA district	SMR (England average – 98)
Liverpool	121
Manchester	124
Knowsley	127
Salford	113
Rochdale	114
Oldham	109
Blackburn with Darwen	111
Bolton	107
Blackpool	111
Burnley	112
Preston	116
Halton	115
Wirral	103
St Helens	99
Stoke on Trent	111
Sefton	111
NW and Mersey average	**107**
Sheffield	101
Hull	106
Bradford	105
Doncaster	106
Leeds	96
Barnsley	113
Rotherham	106
Kirklees	102
Yorks and Humber average	**101**
Birmingham	106
Sandwell	113
Wolverhampton	106
Walsall	109

Coventry	107
West Midlands average	**103**
Nottingham	103
Leicester	103
Derby	100
Lincoln	98
East Midlands average	**98**
Newham	116
Hackney	108
Tower Hamlets	117
Southwark	106
Islington	108
Greenwich	103
Lambeth	110
Haringey	108
Lewisham	110
Barking and Dagenham	108
Camden	102
Hammersmith and Fulham	106
Brent	99
Waltham Forest	101
Wandsworth	104
City of Westminster	90
Kensington and Chelsea	89
Ealing	98
London average	**98**
Brighton and Hove	92
Portsmouth	101
Southampton	100
South East average	**92**
Newcastle upon Tyne	109
Sunderland	113
Middlesborough	115
Hartlepool	111
Gateshead	115
South Tyneside	107

Stockton on Tees	110
Redcar and Cleveland	112
North East average	**110**
Luton	101
Eastern region average	**93**
Plymouth	101
Bristol	96
South West average	**90**

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Glossary of abbreviations

DfEE	Department for Education and Employment
ED	Enumeration District
ESRC	Economic and Social Research Council
GIS	Geographical Information System
ILC	1991 Index of Local Conditions
ILD	1998 Index of Local Deprivation
LGA	Local Government Association
LTU	Long Term Unemployment
LFS	Labour Force Survey
NDC	New Deal for Communities
ONS	Office for National Statistics
SEU	Social Exclusion Unit
SCELI	Social Change and Economic Life Initiative
SRB	Single Regeneration Budget
TEC	Training and Enterprise council.