understanding the functional roles of deprived neighbourhoods

Stephen Hincks explains how recent research in Wales has demonstrated the value of developing a deeper understanding of change in different types of deprived neighbourhoods.

The role of the neighbourhood in underpinning social responsibility and bolstering the well-being of people living in deprived areas is an issue that has long been at the heart of policy initiatives in the UK and elsewhere. In work undertaken as part of the Department for Communities and Local Government’s (DCLG’s) evaluation of the National Strategy for Neighbourhood Renewal, Robson et al. demonstrate that deprived areas differ in the functional roles that they play in the housing market. The study found that some deprived neighbourhoods act as springboards for households in their early years as they start out with cheaper housing and subsequently move up the property ladder; others attract inward moves by more affluent households in a process of gentrification; some act to trap households unable to move out of their property.

What the study poignantly illustrates is that not all deprived neighbourhoods are the same. In fact, different types of deprived neighbourhoods perform very different roles in redistributing population. In many respects this is not a startling observation. The very different nature of ‘places’ is obvious to all.

However, what is interesting is that the variability in the form and function of deprived neighbourhoods is often overlooked in the policy process. A lack of awareness of the variation in the form and function of deprived neighbourhoods was apparent in many of Labour’s early attempts at regeneration, and this broad-brush approach was reflected later in DCLG’s 2009 ‘Regeneration Framework’.

![First-generation Communities First and deprived area typology](image-url)
Neighbourhood type | Description
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Transit | Neighbourhoods in which most in-movers come from less deprived areas and most out-movers go to less deprived areas. Typically, this implies young or newly established households coming from more ‘comfortable’ backgrounds and starting out on the housing ladder. Their early choice of housing and hence location reflects their initially limited resources. For them, living in a deprived neighbourhood may entail only a short period of residence before they move elsewhere to a ‘better’ area.

Escalator | These neighbourhoods have a similar role to Transit areas, but in their case, since most of the in-movers come from areas that are equally or more deprived, the neighbourhood becomes part of a continuous onward-and-upward progression through the housing and labour markets. The moving households may be older than those in the Transit areas since they would not necessarily be at the start of their housing career.

Isolate | Neighbourhoods in which households come from and move to areas that are equally or more deprived. To this degree, they are neighbourhoods that are associated with a degree of entrapment of poor households who are unable to break out of living in deprived areas.

Gentrifier | Neighbourhoods in which there is a degree of social improvement since most in-movers come from less deprived areas.

Table 1
Summary of deprived area typology

With regeneration currently at something of a crossroads and seeking to demonstrate its immediate value – a trend which is part and parcel of the policy cycle – now is perhaps a useful time to take a step back and reflect on deficiencies in the way that regeneration has been operationalised in its recent past, so that lessons might be learnt for when regeneration inevitably returns to vogue. Clearly, it is not possible in this short piece to unpick in any detail all of the deficiencies that have afflicted recent regeneration practice and policy. Rather, this article seeks to demonstrate the value of developing a deeper understanding of change in functionally distinct deprived neighbourhoods, which is one issue among many others that previous regeneration interventions failed to grapple with effectively.

Developing a typology of deprived neighbourhoods

In attempting to develop an understanding of the different roles performed by deprived neighbourhoods, we first need a way of distinguishing between different types of deprived areas. This article draws on work undertaken for the Joseph Rowntree Foundation in which progress in regenerating deprived neighbourhoods in Wales was explored. For this research, a functional typology of first-generation Communities First neighbourhoods was developed which captured the variation in the roles played by different neighbourhoods in Wales. The typology uses the 30% most deprived Lower Super Output Areas (LSOAs) in Wales, defined using the 2005 Welsh Index of Multiple Deprivation (WIMD), and analyses migration between the LSOAs using 2001 Census migration statistics.

Based on the nature of the migration flows into, out of, and between different areas, the LSOAs are categorised as one of four functional neighbourhood types: ‘Escalator’, ‘Gentrifier’, ‘Isolate’, and ‘Transit’ areas (see Table 1). The methodology used to construct the typology was adapted from an approach developed for England, and is documented more fully elsewhere. The spatial distribution of the different types of Communities First neighbourhoods in each functional category is captured in Fig. 1.

‘Now is perhaps a useful time to take a step back and reflect on deficiencies in the way that regeneration has been operationalised in its recent past, so that lessons might be learnt for when regeneration inevitably returns to vogue’
Exploring the dynamics of change in different functional neighbourhoods

Using this functional typology, it is possible to explore the nature of change that has taken place in different types of Communities First neighbourhoods. Here, a set of key indicators are used to capture change in the different types of neighbourhoods between 2001 and 2008:

- **A** – the percentage change in the working-age population claiming Jobseekers Allowance (JSA);
- **B** – the percentage change in the working-age population who are economically inactive;
- **C** – the percentage change in the unemployment rate of the working-age population;
- **D** – the change in population level; and
- **E** – the mean change in house prices.

Indicators A, B and C are measures of social distress and are useful for understanding the dynamics of the labour market and specifically non-participation in the labour force. Indicator D provides a measure of the level population within particular neighbourhoods at different points in time. Finally, indicator E provides a useful measure of the relative health of the housing market and reflects the condition of the built environment and neighbourhood attractiveness, among other factors.\(^7\)

In order to examine the degree of change that has taken place within different types of Communities First neighbourhoods, an index of the indicators of change was constructed for the first-generation Communities First areas. The averages of the five indicators for 2001 and 2008 for each type of neighbourhood were calculated. The area types were then ranked according to how the areas performed on each of the change indicators. The rankings for each area type were then summed to create a cumulative rank score based on the performance of the different neighbourhood types in relation to the change indicators. The rank of 1 was given to the neighbourhood type that scored most positively on the mean value and the rank of 5 to the neighbourhood type that scored least positively.

Using these rank scores, the neighbourhood types for the first-generation Communities First areas were ranked separately for 2001 and 2008. The difference in the ranks of each of the change indicators between 2001 and 2008 for each type of area was then calculated. This provides a simple but useful technique for determining the change in rank for the different area types over time, and provides an insight into the comparative change experienced by different types of neighbourhoods (see Table 2).

**Gentrifier and Transit areas**

Of the four neighbourhood types, Gentrifier areas were the only neighbourhoods to show any improvement in the overall rank index between 2001 and 2008. In terms of rank score, Gentrifier and Transit areas significantly outperformed both Escalator and Isolate areas in both years. Gentrifier areas are distributed across Cardiff, Swansea, Neath Port Talbot, Bridgend, Blaenau Gwent, and Caerphilly. Transit areas are distributed across Wales, including parts of Anglesey, Flintshire, and Conwy, as well as in the Valleys. Both of these neighbourhood types tend to have comparatively lower levels of economic inactivity, unemployment, and populations claiming JSA, and their mean populations tend to be comparatively high.

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

Gentrifier areas play an important role in the housing market as households invest and re-invest to progress up the housing ladder. On the surface, the analysis of house prices suggests that comparative improvements in the condition of neighbourhoods have not created significant affordability problems in Gentrifier areas. While this is certainly the case in terms of the wider housing market, the issue requires a more careful reading as Gentrifier areas are particularly vulnerable to interventionist behaviour in the housing market through the promotion of particular types of housing and tenures. Gentrifier areas tend to be popular with higher-qualified and higher-income earners looking to progress their housing career, and this can limit opportunities for local residents to enter the housing market.

**Escalator and Isolate areas**

In contrast to Gentrifier and Transit areas, Escalator and Isolate areas – which are concentrated in Neath Port Talbot, the Rhonda Valley, Merthyr Tydfil, Caerphilly, and Blaenau Gwent – tend to have a higher mean percentage of working-age population that is inactive, unemployed, and claiming JSA. However, these two area types also experienced the highest reductions in the mean percentage of inactive working-age population between 2001 and 2008. This is likely to reflect the fact that economic inactivity was approximately 4% higher in Escalator and Isolate areas in 2001 than in Gentrifier and Transit areas, meaning that there was greater scope for reduction in these areas. It also reflects the fact that in good economic times the poorest neighbourhoods can benefit from positive externalities – but these...
areas are often the first to be adversely affected during economically difficult times.

In addition, Escalator and Isolate areas experienced the most significant reductions in mean population and the lowest increases in house prices between 2001 and 2008. This is perhaps not unexpected. Isolate areas are often less connected into wider opportunities in both the housing market and the labour market, meaning that lower-income households in particular can become trapped there. The rank score of Isolate areas also increased, suggesting that their overall position has worsened in comparison with the other deprived neighbourhood types.

Escalator areas perform a similar role to Transit areas. These neighbourhoods provide a means of progress for households moving from more or equally deprived neighbourhoods to more desirable neighbourhoods, as they provide affordable housing. Consequently, Escalator areas can become trapped in functioning only as a continuous conveyor belt, through which households that progress move out of the area. This can limit sustained private investment in Escalator neighbourhoods, unlike Gentrifier and Transit areas.

**Understanding change in different types of deprived neighbourhoods**

Overall, the analysis demonstrates that first-generation Communities First Gentrifier and Transit neighbourhoods have made significant gains relative to Isolate and Escalator neighbourhoods, and that the gap between the Gentrifier-Transit and Isolate-Escalator neighbourhood ‘groups’ has widened between 2001 and 2008. The analysis shows that residential mobility is a key driver of change as individuals and households move into and out of neighbourhoods and consequently change the socio-economic profile of areas. It also demonstrates the danger of treating all deprived neighbourhoods as the same, and in doing so smoothing away the inherent variations that make different deprived neighbourhoods distinct from one another.

**Conclusion**

The comparative analysis of the trajectories taken by different types of first-generation Communities First neighbourhoods revealed that Gentrifier areas were the only deprived neighbourhood type to make any improvement in their overall ranking between

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**Table 2**

<table>
<thead>
<tr>
<th>Year and Area</th>
<th>Rank score</th>
<th>Rank index</th>
<th>Mean working-age population claiming JSA %</th>
<th>Mean economically-inactive working-age population %</th>
<th>Mean unemployment rate of working-age population %</th>
<th>Mean total population</th>
<th>Mean house price £</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 Gentrifier</td>
<td>10</td>
<td>2</td>
<td>12.0</td>
<td>26.1</td>
<td>6.4</td>
<td>1,559</td>
<td>53,335</td>
</tr>
<tr>
<td>Transit</td>
<td>9</td>
<td>1</td>
<td>13.4</td>
<td>25.2</td>
<td>5.8</td>
<td>1,529</td>
<td>76,742</td>
</tr>
<tr>
<td>Escalator</td>
<td>15</td>
<td>3</td>
<td>12.0</td>
<td>29.8</td>
<td>6.7</td>
<td>1,511</td>
<td>53,637</td>
</tr>
<tr>
<td>Isolate</td>
<td>16</td>
<td>4</td>
<td>11.0</td>
<td>29.2</td>
<td>6.9</td>
<td>1,475</td>
<td>47,402</td>
</tr>
</tbody>
</table>

2008

<table>
<thead>
<tr>
<th>Year and Area</th>
<th>Rank score</th>
<th>Rank index</th>
<th>Mean working-age population claiming JSA %</th>
<th>Mean economically-inactive working-age population %</th>
<th>Mean unemployment rate of working-age population %</th>
<th>Mean total population</th>
<th>Mean house price £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gentrifier</td>
<td>8</td>
<td>1</td>
<td>12.3</td>
<td>22.5</td>
<td>6.7</td>
<td>1,541</td>
<td>104,022</td>
</tr>
<tr>
<td>Transit</td>
<td>9</td>
<td>2</td>
<td>14.3</td>
<td>21.9</td>
<td>7.0</td>
<td>1,559</td>
<td>131,390</td>
</tr>
<tr>
<td>Escalator</td>
<td>15</td>
<td>3</td>
<td>13.8</td>
<td>24.4</td>
<td>7.3</td>
<td>1,485</td>
<td>101,212</td>
</tr>
<tr>
<td>Isolate</td>
<td>18</td>
<td>4</td>
<td>13.3</td>
<td>24.4</td>
<td>7.4</td>
<td>1,433</td>
<td>92,666</td>
</tr>
</tbody>
</table>

Change 2001-2008

<table>
<thead>
<tr>
<th>Year and Area</th>
<th>Rank score</th>
<th>Rank index</th>
<th>Mean working-age population claiming JSA %</th>
<th>Mean economically-inactive working-age population %</th>
<th>Mean unemployment rate of working-age population %</th>
<th>Mean total population</th>
<th>Mean house price £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gentrifier</td>
<td>-2</td>
<td>+1</td>
<td>+0.3</td>
<td>-3.6</td>
<td>+0.3</td>
<td>-18</td>
<td>+50,687</td>
</tr>
<tr>
<td>Transit</td>
<td>-</td>
<td>-1</td>
<td>+0.9</td>
<td>-3.3</td>
<td>+1.2</td>
<td>+30</td>
<td>+54,648</td>
</tr>
<tr>
<td>Escalator</td>
<td>-</td>
<td>-</td>
<td>+1.8</td>
<td>-5.4</td>
<td>+0.6</td>
<td>-26</td>
<td>+47,575</td>
</tr>
<tr>
<td>Isolate</td>
<td>+2</td>
<td>-</td>
<td>+2.3</td>
<td>-4.8</td>
<td>+0.5</td>
<td>-42</td>
<td>+45,264</td>
</tr>
</tbody>
</table>

Sources: Office for National Statistics neighbourhood statistics; and Welsh Assembly Government

The change in rank relates to the positional change from 2001 to 2008. In this case, a decrease in rank score (-) reflects a positive change in the performance of the neighbourhood type.
2001 and 2008. This is because Gentrifier areas on average performed well in relation to the economic and house price indicators. Gentrifier and Transit areas significantly outperformed both Escalator and Isolate areas in both years, with Isolate and Escalator areas declining or stagnating in comparison.

The perception that being part of a large area of deprivation reduces the likelihood of private investment in improving housing and in developing the social capital and labour market opportunities which can help to increase employment would seem to have been borne out in relation to Isolate and Escalator areas. However, the analysis has shown that this is not necessarily the case for all deprived neighbourhoods, and in fact Gentrifier and Transit areas have proven to be relatively dynamic neighbourhoods.

Overall, the analysis here is useful in illustrating the value of adopting a more nuanced approach to policy-targeting that is sensitive to the varying effects of neighbourhood functionality. We might be in the midst of a lean period for regeneration, and the immediate value of regeneration might be difficult to demonstrate in the current political and economic climate. Nevertheless, grappling with such complex issues needs to continue to happen during this ‘downtime’, because inevitably the policy cycle will rotate once again, regeneration and urban policy will again enjoy a renewed vigour, and, when it does, the regeneration profession needs to be in a position to exploit any opportunities that arise.

‘Grappling with such complex issues needs to continue to happen during this ‘downtime’ because inevitably the policy cycle will rotate once again, regeneration and urban policy will again enjoy a renewed vigour, and, when it does, the regeneration profession needs to be in a position to exploit any opportunities that arise’

Notes


5 Details of Communities First, the Welsh Assembly Government’s programme to improve the living conditions and prospects for people in the most disadvantaged communities across Wales, can be found at http://wales.gov.uk/topics/housingandcommunity/regeneration/communitiesfirst/?lang=en
