



Poverty and social exclusion: Review of neighbourhood environment

Background

The Wales Centre for Public Policy (WCPP) was commissioned by the Welsh Government to conduct a review of international poverty and social exclusion strategies, programmes and interventions. As part of this work, the Centre for Analysis of Social Exclusion (CASE) at the LSE was commissioned to conduct a review of the international evidence on promising policies and programmes designed to reduce poverty and social exclusion across twelve key policy areas. This briefing summarises the findings on neighbourhood environment.

Introduction

Geographical concentration of disadvantage can lead to concentrated exclusion. Place-based policies have an important role to play, affecting a range of quality-of-life dimensions and experiences of economic, social and civic participation.

These types of localised solutions are limited in relation to poverty reduction, suggesting they should not be considered in isolation of complementary national and regional policy around, for instance, housing, employment, education and social security.

To make sure those who are disadvantaged benefit from local regeneration policies, clear equity and social inclusion objectives need to be set, together with adequate forms of evaluation and monitoring – growth and prosperity cannot be expected to organically ‘trickle down’.

Clear objectives in relation to poverty and social exclusion reduction are needed for benefits from neighbourhood environment interventions to reach the most disadvantaged.

Evidence of policy effectiveness

Place-based regeneration strategies attempt to improve employment and educational opportunities and a range of quality-of-life dimensions for local people. This can include a wide range of activities and strategies, from economic and human development strategies, business assistance, social service provision and workforce development, to physical neighbourhood renewal.

Some are small-scale neighbourhood projects and some are larger multi-sectoral interventions involving many neighbourhoods and local areas. Programmes vary widely in terms of duration, funding levels, sources and governance structures.

The review distinguishes between top-down approaches (from the policy makers to the residents and the community) and bottom-up approaches (from the residents and the community to the policy makers).

A top-down approach involves some level of centralised planning and implementation, often with direct involvement of governments or public institutions. A bottom-up approach sees greater

involvement of third sector and local community actors with a higher degree of decentralised planning and implementation.

In practice, purely top-down or bottom-up approaches are rare, but this distinction is useful to identify specific outcomes and challenges.

Top-down, place-based approaches

Top-down place-based initiatives largely focus on improving employment and welfare outcomes in deprived areas. Examples include enterprise zones, university-led regeneration, and initiatives resulting from discretionary grants.

Overall, the evidence reviewed provides a mixed picture in relation to different outcomes:

- **Poverty:** Less than a third of examined studies reported outcomes related to poverty, with largely non-significant effects.
- **Housing outcomes** (e.g. property values, vacancy rates, homeownership rates, rental rates and prices): The literature consistently finds increases in property values (which is problematic in relation to poverty and social exclusion) but mixed or non-significant results in relation to other outcomes.
- **Employment outcomes:** Most studies report no significant effect on employment trends or job creation in target areas.
- **Income and earnings:** Study results are mixed but largely show interventions to be ineffective at increasing incomes.
- **Other outcomes:** There is evidence of increases in the percentage of long-term residents who remained in target areas, but also of increases in higher educated, higher income and white residents and decreases of ethnic minority residents.

Many studies on enterprise zones highlight displacement effects and evidence from enterprise zones and structural funds shows that benefits often accrue to those who are better-off, higher-skilled or better educated. Enterprise zone programmes target deprived urban and rural areas and neighbourhoods with

interventions such as tax subsidies, public investments, or special rules and regulations to attract businesses or increase incentives to hire local workers, with the aim of supporting social and economic regeneration.

These findings are associated with processes of gentrification which exacerbate social exclusion and are widely reported in connection to urban renewal policies, often undermining benefits.

At the same time, there is evidence of positive effects of place-based interventions on other social exclusion outcomes e.g. improved access to services (in terms of availability, awareness, engagement), and crime and harm reduction.

A number of factors impact the effectiveness of top-down interventions. These include spillover effects, where positive effects (e.g. in terms of employment, job creation) in targeted locations come at the expense of other locations and policies affecting different industries and employment sectors differently.

In addition, higher levels of mobility and more elastic local labour supply (e.g. neighbourhoods within well-connected urban areas) are more likely to see higher rates of job creation and the establishment of new businesses. However, this does not often lead to increases in earnings and comes at the expense of displacement of existing firms and workers. By comparison, more isolated areas may not see similar levels of job creation but also see less displacement effects and lower increases in earnings.

There are a number of challenges associated with the evaluation of place-based programmes e.g. deprived neighbourhoods being targeted by different initiatives, making estimating the net impact of individual programmes difficult.

Community-led approaches can mitigate the risks of gentrification by placing local community needs and experiences at the centre of development.

Bottom-up, community-led approaches

Participatory engagement of local stakeholders and community-led development can ameliorate challenges in achieving equity and inclusion.

A number of factors make assessing the impact of bottom-up, community-led approaches on poverty and social exclusion complicated. These include a lack of evaluation planning and measurement of programme outcomes, and the varied number of interventions often subsumed under a single programme, often coupled with an array of outcome measures.

This sits within a broader, intrinsic difficulty of assessing community development work which is that emphasis on standard quantitative assessments of outcomes can be detrimental to the delivery of community development work, with a potentially negative impact on the sustainability of community projects.

Estimating 'social value' also seems particularly important for these projects, which requires the inclusion of both subjective outcomes emerging from the experiences of community residents and objective outcomes.

Participatory policies and processes are important for renewal planning that promotes inclusion and prevents displacement and gentrification. As poor and disadvantaged citizens are more likely to experience barriers to participation, effective engagement strategies need to take community composition and dynamics into consideration. Simply 'opening up' deliberative spaces can lead to an over-representation of powerful actors.

Approaches involving multi-lateral partnerships across civil society can be time consuming and generate frustration and dissatisfaction with their length and complexity, or with their failure to meet often unrealistic expectations regarding delivery. They can, however, generate a greater sense of community, with more social contact and community activity. Community-led projects can foster a sense of empowerment, which can be considered a goal in itself.

Challenges to this type of approach include funding levels and capacity, in terms of the supply of skilled practitioners, a lack of adequate governance structures, and challenges of clashing priorities and coordination. In these contexts, 'benevolent entrepreneurs', who are strongly place-attached and keen to invest locally, may have an important role to play.

Interest in increasing the concentration of diverse activities in 'mixed' and 'activity-based' environments to contribute to town centre revitalisation sits at the intersection of top-down and bottom-up approaches. Community engagement in decision-making within these projects is essential, because they ultimately depend on residents' responses to the local environment to fulfil their goals.

International evidence of the effectiveness of these approaches in relation to poverty and social exclusion is scarce, largely relying on case studies with no clear impact assessment. Because of the range of goals of these kinds of initiatives, and the priority often afforded to boosting local economy growth, it is all the more important from the perspective of benefitting disadvantaged residents that evaluations consider distributional outcomes and estimates of the initiatives' social value, including for those who are most vulnerable and excluded.

Overall, this evidence speaks of the complexity of using local place-based initiatives to reduce poverty and social exclusion, suggesting that while these can play a complementary mitigating role, the extent to which benefits effectively reach disadvantaged individuals and households cannot be taken for granted. However, inclusive community-led programmes can mitigate the risks of gentrification by placing local community needs and experiences at the centre of development. Evidence also shows that the very process of engagement bears on a range of dimensions of social exclusion such as social and civic participation and widening access to services.

There is also evidence that standard approaches to regional development have exacerbated the concentration of exclusion and

decline experienced by some areas. Neighbourhood-level interventions thus need to be understood as embedded in wider regional dynamics which affect the local economy beyond specific interventions, and which bear on the effectiveness of local programmes.

Promising actions

The review concludes with promising actions to consider in the Welsh context as emerging from the analysis of the international literature:

1. **Clear objectives in relation to poverty and social exclusion reduction are needed** for benefits from neighbourhood environment interventions (resulting from job creation, local economy boosts, improved community participation and physical environments) to reach the most disadvantaged.
 - These objectives should avoid regeneration efforts further exacerbating social exclusion, displacement of the most disadvantaged citizens and households and gentrification.

- ‘Activity-based’ approaches attempting to regenerate town centres by creating mixed environments are promising but currently not robustly evaluated.
- **Evaluation** should be planned alongside interventions, which should include realistic timeframes (e.g. distinguishing between short- and long-term outcomes) and focus not solely on processes and outputs, but on **assessing distributional outcomes and effects on poverty, and estimating ‘social value’**.

2. **Community-led approaches** can mitigate the risks of gentrification by placing local community needs and experiences at the centre of development, **provided they succeed at generating effective, inclusive engagement**.

- Proactive engagement of the most disadvantaged in the community and a focus on understanding and tackling engagement barriers are needed to achieve real inclusion.

Find out more

For the full report see Bucelli, I., and McKnight, A. (2022). *Poverty and social exclusion: review of international evidence on neighbourhood environment*. Cardiff: WCPP.

About the Wales Centre for Public Policy

Here at the Centre, we collaborate with leading policy experts to provide ministers, the civil service and Welsh public services with high quality evidence and independent advice that helps them to improve policy decisions and outcomes.

Funded by the Economic and Social Research Council and Welsh Government, the Centre is

based at Cardiff University and a member of the UK's What Works Network.

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