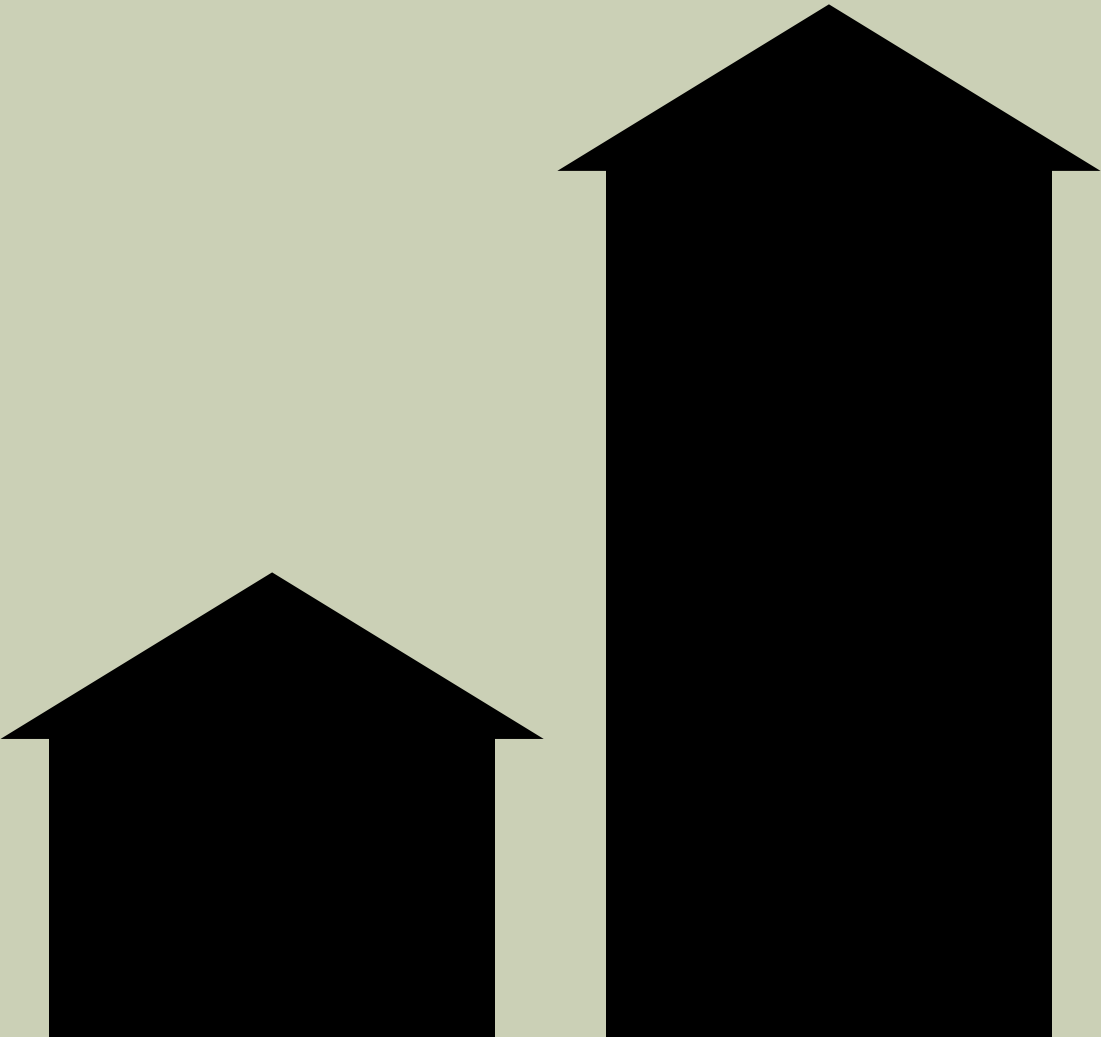


Sustainable
Communities



About the Review

The Manchester Independent Economic Review provides a detailed and rigorous assessment of the current state and future potential of Manchester's economy. It contains a rich seam of evidence to inform the actions of public and private sector decision-makers so that Manchester can achieve long-term sustainable economic growth and boost the performance of the national economy.

Completely independent of local and national government, the Review is led by a panel of five prominent economists and business leaders:

*Sir Tom McKillop:
Chairman, Manchester Independent Economic Review*

*Diane Coyle:
Managing Director, Enlightenment Economics*

*Ed Glaeser:
Professor of Economics, Harvard University*

*Jonathan Kestenbaum:
Chief Executive, NESTA*

*Jim O'Neill:
Chief Economist and Head of Global Economic Research,
Goldman Sachs*

The Review Panel commissioned seven world-class organisations to work on seven strands of analysis which provide a deep and cutting-edge analysis of the economics of the Manchester City Region: the way businesses and people interact in terms of trade and skills, the causes and impact of innovation, how investment comes about and the effect it has, and why, despite all this economic activity and growth, stubborn pockets of deprivation still persist.

An ambitious agenda-setting report pulls together seven strands of analysis, output from the comprehensive economic baseline study, as well as incorporating the extensive intelligence gathered from a year long consultation across the public, private and voluntary sector, which will be the foundation of an ambitious economic strategy so that the world-class research the Review has produced is used to drive Manchester's aspirations forward.

The Review has been funded by the Manchester Innovation Investment Fund, which is supported by both the Northwest Regional Development Agency and the National Endowment for Science Technology and Arts, separately by the Northwest Regional Development Agency, by the Learning and Skills Council and by the North West Improvement Network. The Review is also funded, supported and underwritten by the Association of Greater Manchester Authorities.

FOREWORD

Until the financial crisis started to plunge the economy into recession, the Manchester City Region (MCR) – like the rest of the UK, had experienced the longest period of continuous growth for decades.

This was clearly a welcome context for MCR's improved performance, and the MIER has had a focus on ensuring that growth, productivity and incomes overall can be sustained in the longer-term.

However, we were also concerned about the persistent disparities in performance within the City Region, and motivated by a belief that long-term sustainability will depend on how well the worst off, as well as the better off, are doing.

This belief has been confirmed by other MIER reports, particularly the report on employment and skills, which demonstrated that the productivity of the highly skilled does depend on the productivity of the rest of the population. No economy consists of isolated individuals.

This careful and detailed report on the unevenness of economic development within MCR during the past decade – that is, during the long expansion – confirms the relevance of this concern about long-term sustainability.

It finds that the indicators of deprivation show an improvement in absolute terms across the board, and a catch-up when

considered at the geographical level of districts, but a further falling behind by the most deprived areas, when considered at the smaller geographical level of neighbourhoods.

There are numerous concentrations of considerable deprivation across Greater Manchester, the part of MCR where this is a significant problem. The main concentrations are at the heart of the conurbation, in central and north Manchester and east Salford. Further clusters are found in the old industrial districts of Wigan, Bolton, Rochdale and Ashton, with deprivation largely concentrated in neighbourhoods immediately surrounding the respective town centres.

These areas in particular demonstrate persistently high levels of extreme worklessness, rates commonly in excess of 75% greater than the Greater Manchester average.

Worklessness is a particularly significant marker of deprivation as it signals social isolation and a lack of opportunity, which is often passed down the generations. On the other hand, Trafford, Stockport and Bury have only small numbers of deprived neighbourhoods.

An important contribution of this report, is to explore the characteristics of the most deprived neighbourhoods. It rightly identifies that the movement of people from and to deprived neighbourhoods can reveal that apparently similar neighbourhoods have very different characteristics.

The report identifies four types of neighbourhood that fall within the worst fifth in terms of the index of multiple deprivation:

- isolate areas are neighbourhoods whose households move between areas of similar or greater deprivation. Households in these neighbourhoods, which are characterised by concentrations of social housing, are in effect trapped.
- transit areas are deprived neighbourhoods in which most in-movers come from less deprived areas and most out-movers go to less deprived areas. They are commonly chosen as a starting point on the housing ladder by young and newly-established households from more 'comfortable' backgrounds.
- escalator areas receive in-movers from equally or more deprived areas. The resident population is older than in transit areas and is part of a continuous onwards and upward progression through the housing and labour markets.
- gentrifier areas undergo a degree of social improvement owing to the arrival of people coming from less deprived areas and the departing population going onto similarly or more deprived areas. Sometimes gentrification results in the displacement of poorer households by markedly richer households.

Greater Manchester has a significant number of Isolate neighbourhoods, which has important policy consequences.

The study also explores which factors are the most important for bringing about change in deprived neighbourhoods. They are:

- education and skills – particularly at Levels 3 and above – have a strong positive association with both improvement and the prevention of decline in areas. There is also a suggestion that the 'worse' the area, the more it needs to achieve above-average levels in order to improve (i.e. achieve a positive transition). By contrast Level 1 and 2 skills are much less significant;
- housing tenure type – areas with high social housing concentrations are much less likely to improve and more likely to decline. However, tenure type is both a cause and a consequence of area change;
- accessibility of local lower level skilled jobs – which can play a significant role in encouraging improvement or limiting decline;
- GVA growth performance in the surrounding areas – this has positive effects, both in promoting the chances of improvement and in limiting the probability of decline;
- neighbourhood level policy interventions – the availability of Neighbourhood Renewal Fund (NRF) does appear to have increased the probability of deprived areas improving. It also seems to have had even more significant effects in limiting decline (as does New Deal for Communities designation);

- performance in other domains – the model highlights high mortality levels and, to a lesser degree, rates of violent crime as being negatively associated with area performance. As with housing, the direction of causality of these relationships is complex;
- ethnicity – the model suggests that, where particular ethnic groups are highly concentrated, area performance is enhanced. We should be cautious in interpreting this result, but it may reflect higher levels of social capital than in other environments where there may be a tendency for any minority groups to be isolated and marginalised.

The report identifies the neighbourhoods that are at risk of entrapment or decline, especially as the economy weakens. They are largely situated in, or south of, the urban core, for instance: Miles Platting in central Manchester, Woodhouse Park, Peel Hall and Benchill in Wythenshawe, and finally Stepping Hill in Stockport.

In one sense it is no surprise to learn that certain neighbourhoods are characterised by multiple related indicators of deprivation. What we learn from this report is threefold.

First, a sobering conclusion. Even during a long economic expansion, certain neighbourhoods have been unable to improve the economic opportunities for their residents, relative to the rest of MCR.

Secondly, it is possible to categorise the City Region’s deprived neighbourhoods in order to prioritise those on which policy interventions should be focussed. These are the ‘Isolate’ neighbourhoods identified from the detailed empirical work, and they are listed in the report.

Finally, there is some evidence about how to ensure the most effective policies, although it is extremely difficult to untangle the causality between the different characteristics listed above. This is all the harder as the data available concern geographical areas, whereas we are concerned about the individuals living in them.

There is of course some correlation between neighbourhoods and the people most in need of policy interventions, but the evidence available from the few individual-level studies is that the overlap is very imperfect.

This leads us to place the greatest emphasis on interventions which target individuals as closely as possible, and following that, the smallest geographical areas. Thus interventions at the neighbourhood level are most important. They include:

- above all, improving the capabilities and aspirations of residents of stubbornly deprived neighbourhoods through education, skills, advice and guidance;
- greater responsiveness of the housing stock to demand;
- finally, there may be benefits in improvements to services and facilities and the physical environment.

There is also a need for better integration between policies at different spatial levels, particularly with reference to measures designed to reduce worklessness.

Effective local measures designed to improve employment outcomes and lower worklessness in deprived neighbourhoods will also help build a more appropriately skilled workforce, and enhanced competitiveness for businesses in the region as a whole. This is entirely consistent with the findings of the employment and skills report.

Alongside this, planning and policy management need to be more responsive to market signals of demand and better co-ordinated between the key agencies and players, including local communities.

At present there is too much uncoordinated overlap between initiatives, often addressing policies to a different spatial level. The overview report for the MIER also identifies evidence of serious mismatches between housing demand and supply, due to over-rigid planning, which does not respond to people’s actual demands.

A range of interventions customised to specific neighbourhoods will be required, addressing their particular circumstances. Even those falling into the same category will have specific needs for which local knowledge is required.

Finally, and crucially, a long-term policy commitment is required, with the evidence suggesting that even the 10-year time horizon of the New Deal for Communities is insufficient.

It might seem disheartening, as the economy heads into a severe recession, to discover that some neighbourhoods in MCR have remained trapped in deprivation during the good times.

However, we should use the results of this report to focus policies more effectively in future, and especially policies to address high rates of worklessness.

Work connects people to the wider city region and improves their economic opportunities; and as we have learned from the MIER research, productive opportunities for all residents enhance the productivity of all those in work and thereby contribute to the long-term potential of the region.

EDUCATION

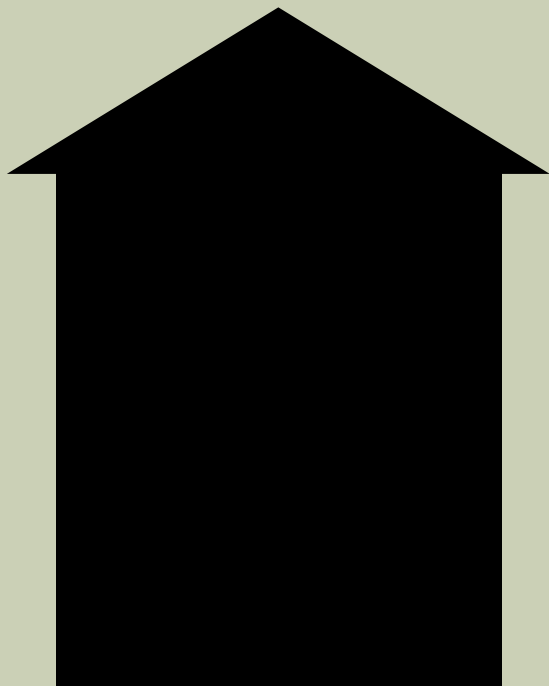
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EXECUTIVE SUMMARY



MCR's strong recent economic performance has had uneven geographical consequences over the past 10 years. Despite substantial expenditure on area-based policy interventions, the region has been characterised by increasing divergence in socio-economic conditions between areas.

The objectives of this research have been to identify:

- the extent to which levels of area deprivation vary in Greater Manchester and how the degree of spatial polarisation might have changed over time;
- the key drivers of area deprivation and the underlying processes at work;
- relevant policy interventions and their impact; and
- lessons for future policy.

The research has involved a number of elements including a literature review; the assembly and analysis of relevant data; use of an econometric model to identify factors that contribute to spatial polarisation; application of a neighbourhood typology to assess the different forms that deprivation can take in different areas; a review of the evidence on the previous impacts of area-based policy; and discussions with key partners.

Spatial polarisation in Greater Manchester

The Index of Multiple Deprivation (IMD) 2007 highlights the extent to which deprivation within the City Region is concentrated in the former Greater Manchester county area. The latter has therefore been used as the geographical focus for the research.

The main concentrations of area disadvantage are at the heart of the conurbation, in central and north Manchester and east Salford. Further clusters are found in the old industrial districts of Wigan, Bolton, Rochdale and Ashton, with deprivation largely concentrated in neighbourhoods immediately surrounding the respective town centres. Trafford, Stockport and Bury have relatively small numbers of deprived neighbourhoods.

There has been a long term trend towards greater polarisation within the Greater Manchester area. While most wards experienced an absolute improvement in conditions in the period 1971 to 2001, there was a tendency for the most deprived areas to improve the least. In other words, the 'gap' between the poorest areas and the rest widened.

More detailed analysis at Lower Super Output Area (LSOA) level shows that this trend continued in the early years of this decade, despite the context of strong sub-regional economic performance. While there was, for example, a convergence of worklessness rates between the Greater Manchester local authority districts, there was a divergence at LSOA – and by implication 'neighbourhood' level.

Improvements in overall worklessness rates have not therefore been driven by changes in the most deprived areas. There has been a tendency for these areas to be left behind. This is particularly evident in those areas with the strongest economic performance, for example Manchester.

While the numbers of LSOAs in Greater Manchester with worklessness rates more than twice the Greater Manchester rate has increased, there has been a limited amount of 'churn' in their composition. Although there is a core area of persistent worklessness to the north and east of Manchester city centre, many of the improving areas are concentrated in Manchester district.

The deteriorating areas however show a more dispersed geography – affecting Bolton, Salford and Oldham in particular. This could imply that at least part of the improvement in the relative position of some areas (including those secured through policy interventions) is at the expense of other areas.

The general trend towards increased neighbourhood divergence in worklessness (with an increasing proportion of the workless population concentrated in deprived neighbourhoods) is reflected across most other indicators. While the gap in educational attainment has remained broadly constant, it has widened in terms of health and crime.

The only indicator showing convergence between the most deprived areas and the rest has been house prices, predominantly due to the 'spillover' effects of wider housing market trends and with decidedly ambiguous consequences, for example decreasing affordability.

However deprived areas vary and their residential composition often changes over time. The flows of people from, and to, deprived neighbourhoods can reveal the different functional roles played by areas that according to standard indicators, appear to be similarly deprived. Four types of area have been identified:

- **Isolate areas**
Neighbourhoods in which the destinations and origins of household movements are similarly, or more, deprived areas. The inability of households to move to relatively less deprived areas has led to isolate areas being associated with the entrapment of poorer households. Such areas are often characterised by concentrations of social housing.
- **Transit areas**
Neighbourhoods in which most in-movers come from less deprived areas and most out-movers go to less deprived areas. Economic advantages (e.g. housing costs) ensure that transit areas are commonly chosen as a starting point on the housing ladder by young and newly-established households from more 'comfortable' backgrounds.
- **Escalator areas**
Receive in-movers from equally or more deprived areas whereas out-movers go to less deprived areas. Such neighbourhoods form part of a continuous upward progression through the housing and labour markets.
- **Gentrifier areas**
Where the arriving population comes from less deprived areas and the departing population goes to similarly, or more, deprived areas. This can involve the displacement of poorer households by more affluent households.

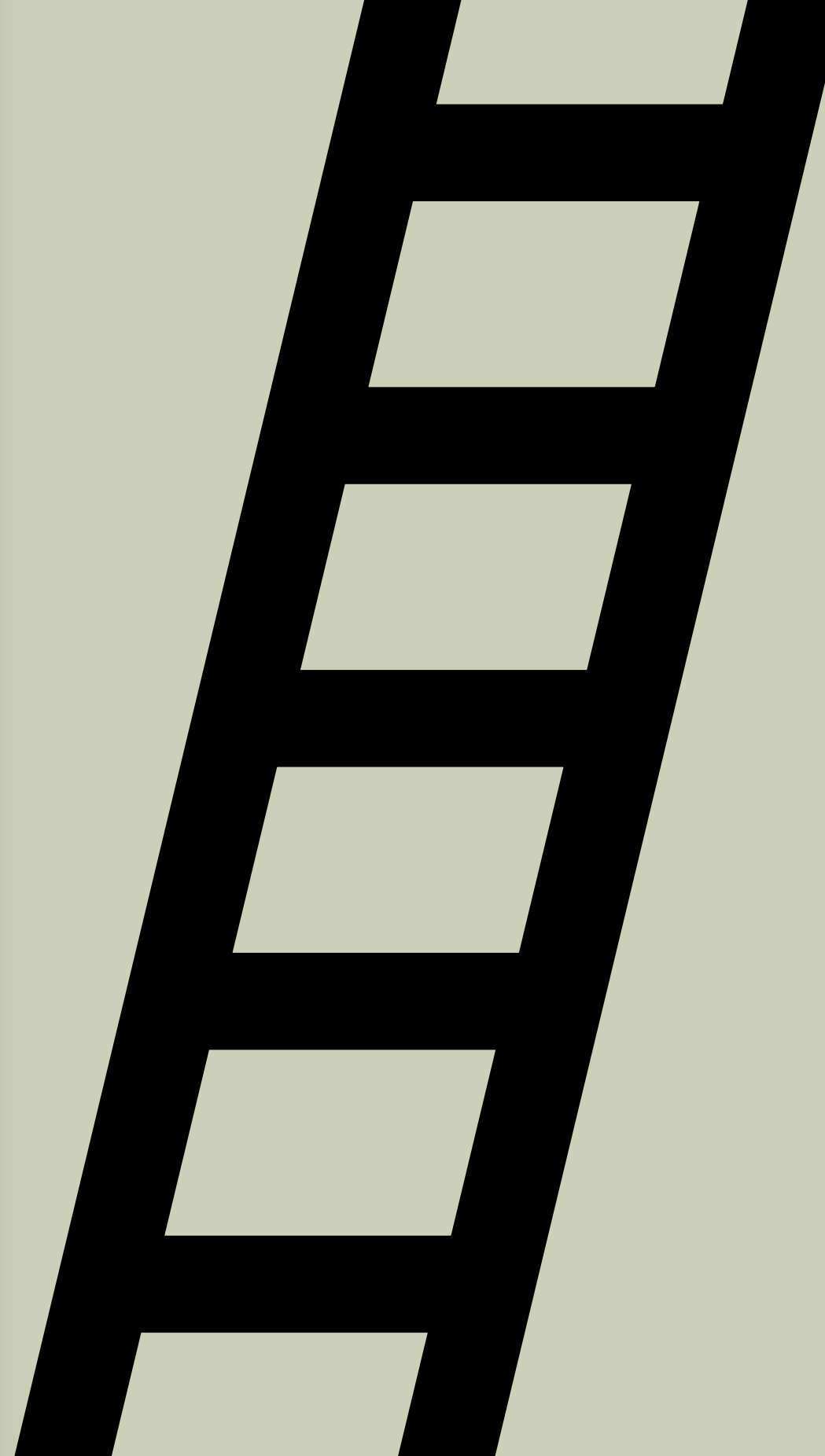
This functional typology can also assist the interpretation of changes in deprivation indicators and it holds significant implications for policy.

The latter three types of deprived neighbourhood can be seen to play 'normal' roles in the housing market, whereas the 'isolate' category is principally comprised of households who are 'left behind' and could therefore be argued to be the greatest priority for comprehensive area-based interventions.

Greater Manchester has a significant number of isolate neighbourhoods which are concentrated in Manchester – in the north and east of the city and in the local-authority estate of Wythenshawe in the south – and in the cores of the industrial districts. Stockport and Trafford have no isolate areas.

Escalator areas tend to be in areas adjacent to isolates, reflecting the fact that they are generally relatively poor areas, but ones from which households move on to better areas. Gentrifier areas pick out the central parts of Salford and Manchester, the redeveloped area of Hulme and parts of Chorlton.

These patterns are consistent with the differences in the composition of the populations of the four types: at one extreme, isolates have significantly more households in social housing, lower levels of residential churn and higher proportions of manual occupations; at the other, gentrifiers and transits have fewer households in social tenure, more non-manual occupations and higher proportions of students.



Key drivers affecting area deprivation

A range of internal and external factors have been identified that interact to influence neighbourhood change processes and the relative performance of deprived areas (i.e. the extent to which they are likely to converge or diverge with other non-deprived areas). The research has highlighted the following to be of particular significance:

- **skills** – particularly at Levels 3 and above, have a strong positive association with both improvement and the prevention of decline in areas. There is also a suggestion that the 'worse' the area, the more it needs to achieve above-average skills levels in order to improve. By contrast Level 1 and 2 skills are much less significant;
- **educational performance** – is acting as a driver of area polarisation, children from deprived areas disproportionately attend poorer-performing schools and tend to perform worse than if they had attended better-performing schools;
- **housing areas** – with high social housing concentrations are much less likely to improve and more likely to decline. Several processes (e.g. decreasing affordability, reduced social housing stock) have combined to restrict choice and opportunities to move for people from deprived backgrounds. This can result in deteriorating conditions within the most disadvantaged areas, as a result of their increased residualisation and the homogeneity of their resident population. In addition increased population churn in certain areas (associated with increased private renting) can impact on levels of community cohesion as a result of a more transient population and changing demographics (e.g. young people as opposed to families);

- **economic performance of the surrounding area** – has positive effects both in promoting the chances of improvement and in limiting the probability of decline. A related finding concerns accessibility to local lower level skilled jobs which can play a significant role in encouraging improvement, particularly in the most severely deprived areas, or in limiting decline;
- **area demographics** – deprived areas with high levels of residential churn are more likely to deteriorate, although there is no discernible relationship between churn and improvement. Areas with high levels of churn may therefore be de-stabilised, whereas low churn in already deprived areas could imply that households are trapped in areas in which they would prefer not to live (i.e. 'isolate' areas). The 'status' of these latter areas is therefore likely to remain unchanged. The de-stabilisation of high churn areas may involve a loss of social capital. This links with another key finding – namely, that where particular ethnic groups are highly concentrated, area performance is enhanced, compared with areas where such groups are more marginalised; and
- **other change processes within areas** which can establish a self-reinforcing momentum of improvement or decline. The modelling highlights, for example, high mortality levels and rates of violent crime as being negatively associated with area performance in terms of worklessness. As with housing, the direction of causality of these relationships is complex.

Policy interventions

The research also reviewed the range of policy interventions that have sought to address the issue of increasing area deprivation. Some £1.3 billion was spent in the period 1992 to 2008 on such area-based interventions (ABIs). The major recent source of such funding has been the Neighbourhood Renewal Fund (NRF) which has been available in varying amounts to all the Greater Manchester districts, with the exception of Trafford, Stockport and Bury.

The econometric modelling found that the availability of NRF increased the probability of deprived areas improving and had even more significant effects in limiting decline. An implication is that, while the types of localised interventions typically supported have played an important role in ameliorating conditions for the most deprived areas, they are often insufficient by themselves to turn such areas around, at least in the short- to medium-term.

Overall, while previous evaluations of ABIs in Greater Manchester are generally favourable, hard evidence on impact is limited and it is therefore difficult to draw robust conclusions concerning the extent to which interventions have succeeded in ameliorating wider trends towards increased polarisation.

Where significant change appears to be taking place (for example, Hulme and to a degree East Manchester) there has been a long history of different types of intervention including substantial area re-modelling which has resulted in significant population turnover. In these instances, it is unclear to what extent displacement has occurred and whether this has resulted in 'dispersal' or a replication (or reinforcement) of spatial concentrations of deprivation elsewhere.

Lessons for future policy

There is a clear need for continuing efforts to address area deprivation in Greater Manchester. The ultimate focus is on individual outcomes (e.g. in terms of improving life chances and quality of life) and better integrating residents of deprived areas into the wider sub-regional market. However area-based interventions are needed to address the multi-faceted nature of deprivation and as a means of achieving administrative efficiencies in the delivery of individual support. Measures must however be tailored to specific neighbourhood characteristics, and critically, reflect areas' roles within the local and wider urban contexts – there is no 'one size fits all' solution.

Actions need to be coordinated within a framework of activity pursued at different spatial levels. The types of intervention could include:

Sub-regional actions, for example:

- support for improved business performance;
- attraction of new investment; and
- housing market measures.

Neighbourhood actions, for example:

- improvements to the physical environment;
- diversification of the housing stock;
- improvements to services and facilities;
- improving the capabilities and aspirations of people, for example education, skills, advice and guidance, community empowerment.

The need for better integration between actions at different spatial levels is particularly apparent with reference to measures designed to reduce worklessness – a key driver of area deprivation. Such integration can lead to better outcomes at all levels.

Neighbourhood-level approaches need to reflect the functional role of areas. The main priority for comprehensive interventions should be the 'isolate' areas, in particular areas with high levels of social housing. These areas are effectively isolated from the market and, in the absence of measures to re-integrate them, will continue to suffer from increasing levels of deprivation.

However, across all types of area there may be a residual population who are in effect trapped. In addition, the population movements involved can be de-stabilising particularly in the transit and escalator areas, and where there is high churn.

There are also implications for wider public policy. These include in particular:

Education

Disparities in educational performance reflect and reinforce the geography of social segregation. Narrowing the gap in educational performance needs to be a key priority if current levels of spatial polarisation in Greater Manchester are to be reduced. Policies which impact upon the performance of schools serving the most deprived areas and admissions policies generally, will both have a critical role to play.

Housing

Housing market trends have combined to maintain, and in some cases reinforce, tendencies towards greater spatial polarisation with certain areas becoming increasingly remote from 'mainstream' housing markets, and others becoming increasingly transient and lacking in stable communities. Measures designed to diversify tenures, particularly in isolate areas, need to be a key priority.

Extensive clearance and re-building of poor quality neighbourhoods in the inner-core, presents an opportunity for the development of quality mixed tenure and value housing which attracts and sustains mixed communities. This has clear implications for the provision of new social housing and management of the existing stock.

Skills and jobs

Evidence suggests that both high level skills in the resident population and access to lower order jobs are key factors in areas improving. Diversification of tenures and general improvement of areas will help attract a more highly skilled resident population, a process which is already apparent in certain 'gentrifier' areas, for example those close to the conurbation core.

Away from the conurbation centre however, the parallel issue of accessibility to jobs becomes more important.

This raises significant issues for future planning and economic development policy, in terms of the attraction of new job-generating uses to locations accessible to the most deprived areas, and for transportation policy, in terms of facilitating access.

In conclusion, a number of key principles need to underpin future approaches to turning around the fortunes of the most deprived areas. These include:

- coordinated action at different spatial levels – and in particular better linkages between localised initiatives and wider economic development policy, including regional policy;
- long-term commitment – with evidence suggesting that even the 10-year time horizon of NDC is insufficient;
- dedicated finance that is deployed, at least in part, in a way that maximises the impact of mainstream resources;
- customised range of interventions addressing different aspects of deprivation and specific to the circumstances of individual areas; and
- structures for planning, management and/or coordination of area renewal interventions which engage with all key players – including mainstream agencies (to marshal other resources and ensure effective and relevant mainstream services) and local communities (to ensure the appropriateness of actions and to maximise local benefits).

1.0 INTRODUCTION

Economic growth in MCR has had uneven geographical consequences.

1.1 Background

While many parts of the City Region have prospered, longstanding socio-economic and environmental difficulties continue to be evident, with significant areas deriving limited (or even no) benefit from the wider upswing in the City Region's economic fortunes. This is despite substantial expenditure on area-based policy interventions designed to address spatial disadvantage.

The buoyancy of the financial, producer and business services sectors, retailing and other consumption services has been highly concentrated in the city centre, while the multiplier benefits stemming from employment in these activities have accrued principally to suburban residential areas in the wider City Region, most notably in its southern peripheries.

This is reflected in a housing market characterised by marked disparity, and by a parallel socio-economic geography of pronounced inequality. There is a substantial body of evidence that such inequalities are incompatible with policy objectives concerned with achieving 'sustainable communities'.

The objectives of this report are to:

- describe the extent to which levels of area deprivation vary in Greater Manchester and how this might have changed over time;
- discuss the key drivers of the trends identified in the spatial patterns of deprivation and the underlying processes at work;
- identify how area deprivation has been addressed and the extent to which the relevant policy interventions have been successful; and
- identify the lessons for future policy.

1.2 Defining terms

In preparing this report we have sought to assess the extent to which levels of deprivation in areas in Greater Manchester diverge from the norm, by more than an acceptable amount; what has been done about it; and what could be done about it in the future.

This task has obviously begged a number of questions of definition, including the following:

'Deprivation'

Deprivation is concerned not merely with material welfare, but also with the ability to participate in social life. It is also a relative concept where standards are defined in relation to particular norms or expectations. Townsend (1993) presented a definition of individual deprivation as follows:

"People are relatively deprived if they cannot obtain, at all or sufficiently, the conditions of life – that is, the diets, amenities, standards and services – which allow them to play the roles, participate in the relationships and follow the customary behaviour which is expected of them by virtue of their membership of society. If they lack or are denied resources to obtain access to these conditions of life and so fulfil membership of society, they may be said to be in poverty." (Townsend, 1993: p.36).

Deprivation is usually measured, therefore, according to a composite of factors often relating to the economic, health, education, safety, housing, environmental, and social capital aspects of life for residents of particular areas. These measures embrace both individual (e.g. socio-economic status) and area (e.g. environmental conditions) characteristics.

For practical reasons, concerning data availability at an appropriate spatial scale and over a reasonable time series, and because evidence suggests that it is a good surrogate for other deprivation indicators, we are using worklessness as the main indicator for analysis in this report.

'Areas'

Measurement of deprivation – and in particular the extent of variation from a 'norm' i.e. spatial polarisation – is obviously highly sensitive to the spatial level at which it is measured.

Policy aims regarding area disadvantage have tended to be expressed in terms of 'neighbourhoods' – for example the National Strategy for Neighbourhood Renewal and its aspiration that "within 10 to 20 years no-one should be disadvantaged by where they live".

In our analysis we have used, as far as possible, Lower Super Output Areas (LSOAs) as the core unit of measurement. Of the spatial units for which data is available, it is felt that LSOAs approximate most closely to the reality of 'neighbourhoods'.

'The norm'

The norm against which relative deprivation (and therefore 'polarisation') is measured, can be taken at a variety of spatial levels, for example national, regional or local.

As the purpose of this study is focussed on polarisation within Greater Manchester (GM), we have used measures that relate at different levels to the City Region. For the descriptive analysis, which assesses the extent to which area conditions have converged or diverged, we have used the GM average as the norm.

For the subsequent modelling analysis – partly to ensure statistical robustness – we have used respective local authority district averages.

'An acceptable amount'

Area conditions will always vary – and evidence shows that many of the 'worst' and 'best' areas maintain their relative positions over long periods of time.

A key question concerns the stage at which differences between areas become a matter for policy concern, i.e. when does divergence start to matter?

There is no simple answer and it will, at least in part, be influenced by an ethical or political viewpoint. There is some evidence that extremes of social and economic conditions can impact upon wider economic performance – through, for example, inefficient use of resources and the creation of social or environmental conditions that serve to discourage investment and economic activity.

There is, however, no clear evidence as to the stage at which such impacts occur. Indeed, this is likely to vary according to a host of factors including, for example, locality and the persistence of the relative disadvantage.

While we have not attempted to define an 'acceptable' figure within this report, we have used a number of thresholds (e.g. worklessness at more than 75% and 100% above the average) to provide a measure of whether areas are converging or diverging.

Ultimately, area deprivation is a cause for concern, because it undermines the life chances of individuals and, due to the linkages between different aspects of deprivation (e.g. worklessness, housing, education, crime, health), it can lead to self-reinforcing processes which, without successful intervention, will perpetuate and deepen levels of disadvantage in both absolute and relative terms.

1.3 Existing evidence

Prior to commencing this study, a comprehensive literature review was undertaken that examined the role of areas, the existence of neighbourhood effects and the effects of migration on neighbourhood change. This review provided a contextual backdrop against which the descriptive analyses have been undertaken. It is summarised in Appendix 1.

The persistence of large disparities between the most disadvantaged neighbourhoods and other areas has prompted governments to intervene to reduce disparities. The centrality of neighbourhood within UK government policy is in part, manifested through the growth of area-based policy initiatives that aim to tackle inequalities at an area level, in the belief that some of these inequalities may be self-reinforcing (McCulloch, (2001)).

The government's neighbourhood renewal objectives – as set out in the National Strategy for Neighbourhood Renewal (NSNR) – are ultimately people-based (i.e. no-one being disadvantaged as a consequence of where they live). However, it is primarily assessed on its area-based objectives (i.e. narrowing the gap between disadvantaged areas and the rest). Therefore both 'place' and 'people' impacts need to be considered.

There has been a longstanding debate about whether place matters – whether neighbourhood conditions have an additional independent impact on people's life chances. The notion that the concentration of poverty exerts additional individual disadvantage, worsening the life prospects of deprived people, is often referred to as the neighbourhood (or area) effect thesis.

There are numerous mechanisms through which neighbourhoods can have an adverse impact on individuals. These can relate to the physical or institutional characteristics of the area. It could be through the quality of local resources and services ('institutional' model) or physical isolation and barriers to opportunities, or, more importantly, to the interaction with other people living in the area.

1. INTRODUCTION

Examples of the latter are¹: the ‘epidemic’ model in which people’s behaviour is influenced by the behaviour and values of those around them and spread through peer influence; the ‘expectations’ model whereby perceptions of attaining success are formed through personal experience or the experience of others living in the same area; and the ‘collective socialisation’ model, in which adults living in the area act as role models, influencing children and subsequent generations.

The evidence from the literature, as discussed in Appendix 1, is decidedly mixed – not least because of the methodological difficulties inherent in isolating the relative importance of area as a factor in determining an individual’s circumstances. Overall however, there is a measure of agreement that:

“the neighbourhood environment makes a non-trivial, independent difference for a variety of outcomes although the size of the impact varies according to the outcome investigated, the age of the person being affected and how neighbourhood is measured”
(Friedrichs et al, 2003).

The population dynamics of areas are also important. The flow of households from and to different neighbourhoods can differ in terms of the social composition of the mobile households. Where there are significant differences between in-movers and out-movers, the change may give a false impression of the fortunes of individuals living in areas at the outset.

Flows from and to different neighbourhoods can also differ in terms of the sheer volume of residential churn and this may have significant implications.

Areas with high levels of churn may be de-stabilised; areas with low levels of churn may reflect the fact that households are trapped where they would prefer not to live. High churn in deprived areas can exacerbate the spiral of decline by threatening existing social networks, putting pressure on local services and creating additional problems such as high crime.

¹ A summary of neighbourhood effects models can be found in Buck (2001) and Lupton (2003).

1.4
Structure

The remainder of this report is set out in the following sections:

Section Two:	Our Approach
Section Three:	The extent of area deprivation in Greater Manchester
Section Four:	Key drivers affecting area deprivation
Section Five:	Lessons for future policy
Appendices and full colour maps	Available, along with this report, to download at: www.manchester-review.org.uk

2.0
OUR APPROACH

This section describes the methodological approach and data sources involved in the statistical analyses.

- 2.1**
Introduction

Our approach to the assignment has involved a number of elements:

 - i A review of relevant literature concerning neighbourhood disadvantage;
 - ii Assembly and analysis of available data to inform a descriptive analysis of the extent of spatial polarisation in the Greater Manchester area;
 - iii Use of an econometric model to identify factors that contribute to spatial polarisation (including those that are both “internal” and “external” to the areas involved);
 - iv Application of a neighbourhood typology to assess the different forms that deprivation can take in different areas;
 - v A review of available evidence on the previous impacts of area-based policy; and
 - vi Consideration of the options for future policy.

2.2
Information sources

One of the initial aims of the report is to establish the extent to which spatial disparities across Greater Manchester have changed over time. Inevitably this analysis has been constrained by data availability at a sufficient level of geographic disaggregation and over a sufficient time series.

The main ‘building block’ for the analysis has been Lower Level Super Output Areas (LSOAs), which have an average resident population of 1,500. The data sources used to inform these ‘descriptive analyses’ are shown in Table 2.1.

The above data sets have provided the basis for the report’s analysis of conditions in areas and the extent to which conditions have changed over time. The analysis of change examines both absolute and relative change. The latter uses the Greater Manchester average as the benchmark and enables analysis of the extent to which levels of spatial polarisation have decreased or increased.

Table 2.1: Data Sources

Indicator	Time Series	Source
Index of Multiple Deprivation	2004, 2007	CLG 1
Worklessness rate	1999 – 2006	SDRC 2
Health – Standard Illness Ratio	2001 – 2005	SDRC
Education – Key Stage 4 average points score	2002/03 – 2005/06	SDRC
Crime – violent crime rank	2000/01 – 2004/05	SDRC
House prices – average for all dwellings	1999 – 2007	SDRC
Claimant count	1992 – 2008	DWP 3

1. Communities and Local Government
2. Social Disadvantage Research Centre, University of Oxford
3. Department of Work and Pensions

2.3
Econometric modelling

A ‘transition’ model has been developed to help identify and isolate the relative importance of a range of different factors that might be associated with, and therefore potentially impact on ‘area transition’, i.e. improvement or decline of an area relative to that of other areas over a period. A full description of the modelling is included in Appendix 2.

We have used local area (Lower Level Super Output Area – LSOA) worklessness data across all city regions as the focus for the modelling. As in much of the earlier descriptive analysis, worklessness is therefore being used as a surrogate or proxy indicator for the level of deprivation and thereby ‘polarisation’.

The model identifies the likelihood of an LSOA’s position – in terms of worklessness – improving or worsening relative to the average for its respective local authority district (i.e. achieving transition) between 2001 and 2006. It also looks at the relative importance of a range of social, economic and policy factors to the likelihood of change.

The reasons for selecting the ratio with the local authority average lie in the view that ‘polarisation’ is, in part, a relative concept and is thereby better viewed in a ‘local’ context. The model could however also be run for ‘transitions’ defined according to a variety of other geographies, for examples, the GM average.

For the base year (2001), LSOAs are ranked according to their differential with host LAD values and grouped into twenty bandings, each of which corresponds to 5 percentile points on the overall distribution.

The thresholds of each band, in terms of their ratios to the LAD value as at 2001, are then also applied to the 2006 workless figures. This enables analysis of the extent to which LSOAs remain in their original banding or move to higher/lower (relative) bandings, between 2001 and 2006. In other words whether their ‘gap’ with the local average has widened or narrowed.

A range of datasets has been assembled and incorporated into the model as independent variables, in an attempt to explain the process of transition. In effect, the modelling seeks to examine the extent to which the likelihood of transition across bandings can be related to variation in these datasets.

It should be noted however that analysis of the range of possible factors identified in Table 2.1 is inevitably constrained by the availability of reliable and relevant indicators, for both an appropriate geographical level and time period.

The datasets used are summarised in Table 2.2 and include both internal (LSOA) characteristics and external (wider area) characteristics. In addition the model allows for the possibility of a specific Manchester City Region ‘area effect’ above and beyond the controls listed.

Table 2.2 : Variables included in the transition model

INTERNAL FACTORS	
Average length of residence	Less than 1 year, 1 to 3 years, 4 to 10 years, 11+ years.
Ethnic groupings	White, Black Caribbean, Black African, Indian, Pakistani, Bangladeshi, Chinese, Other ethnicity.
Skills	< Level 1 skills, Level 1 and 2 skills, Level 3 and 4 skills.
Housing tenure	Rented: public sector, Rented: private sector, owner occupied.
‘Other domain’ performance	Low / medium / high mortality rate, theft, house prices and Key Stage 2 (KS2).
IMD ranking	Bottom 10% positioned LSOA, bottom 10% / 20% positioned LSOA.
Policy areas (NDC, NRF)	New Deal for Communities (NDC) targeted LSOAs, Neighbourhood Renewal Fund (NRF) targeted LSOAs, non-targeted LSOAs, non-NDC/ NRF areas.
EXTERNAL FACTORS	
Regional controls	English Regions: Northeast, Northwest, Yorkshire & Humber, East Midlands, West Midlands, East, London, Southeast, Southwest.
Area ‘type’ controls (LAD)	London Conurbations, London Dormitories, Conurbation Core, Conurbation Industrial, Non-London Dormitories, Large Free Standing Cities, Large Free Standing Towns, Industrial and Mining, Seaside, Rural.
GVA performance	Low GVA growth areas, medium GVA growth areas, high GVA growth areas.
Accessibility	Proportion of low skill (Levels 1 and 2) jobs within a defined distance
Local Authority District / England	LSOAs in local authorities districts (LADs) with higher worklessness rates than England average.

Source: Pion Economics and AMION Consulting, 2008

2.4 Neighbourhood typology

The indicators used for the analysis of area change are all based on snapshots of conditions affecting individual residents of areas at any one time. However the residential composition of areas changes over time. Therefore, while different areas may appear to be similarly deprived, the degree to which this is an issue for policy (and the types of intervention required) will be influenced by their population dynamics.

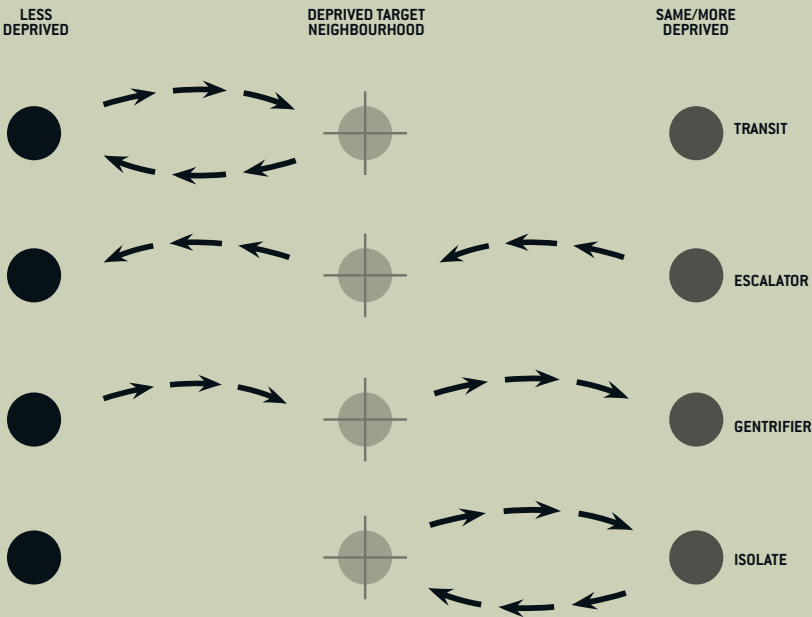
The flows of people from and to deprived neighbourhoods can reveal the different functional roles played by neighbourhoods that, in compositional terms, appear to be similarly deprived.

Since the 2001 census provides information on the Lower Super Output Areas (LSOA) where people lived in 2001 and 2000, it is possible to track moves into and out of these small areas, each of which contains about 1,500 people, over the course of that year.

Using this 2001 census data for LSOAs that fall within the worst 20% on the Index of Multiple Deprivation, four different roles for areas, transit, escalator, gentrifier and isolate – can be identified. These are shown diagrammatically in Figure 2.1.

- **isolate** areas represent neighbourhoods in which households come from and move to areas that are equally or more deprived. Hence they can be seen as neighbourhoods that are associated with a degree of entrapment of poor households who are unable to break out of living in deprived areas. Isolates have a disproportionate percentage of neighbourhoods with high social tenure.
- **transit** areas are deprived 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 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 as their careers progress.
- **escalator** areas play a not dissimilar role, 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 for the Transit areas, since they would not necessarily be at the start of their housing ‘career’.
- **gentrifier** areas are ones in which there is a degree of social improvement since most in-movers come from less deprived areas and most out-movers go to similarly or more deprived areas. This could be seen as a form of gentrification. However it may or may not entail the kind of conscious process of markedly richer households displacing markedly poorer households, as envisaged by much of the literature that discusses gentrification (see Lees, 2000). Hence, there may be a case to use the term ‘improver’ rather than ‘gentrifier’.

Figure 2.1: A typology of deprived neighbourhoods



Source: CUPS Typology analysis.

3.0 THE EXTENT OF AREA DEPRIVATION IN GREATER MANCHESTER

This section reviews the extent of area polarisation within Greater Manchester and considers how it has changed over time. Has polarisation decreased or increased? It also outlines the location and nature of areas of particular disadvantage.

3.1 Introduction

Change is studied both for longer and shorter time periods, using the most appropriate available indicators of deprivation. It looks in particular at the experience of neighbourhoods, which are defined either in terms of their level of deprivation, or the functional role they play.

3.2 Area deprivation in Greater Manchester – an overview

An overall picture of area deprivation is provided by the Index of Multiple Deprivation (IMD) 2007, which draws on seven broad socio-economic measures to determine a headline deprivation score for small area geographies in England.

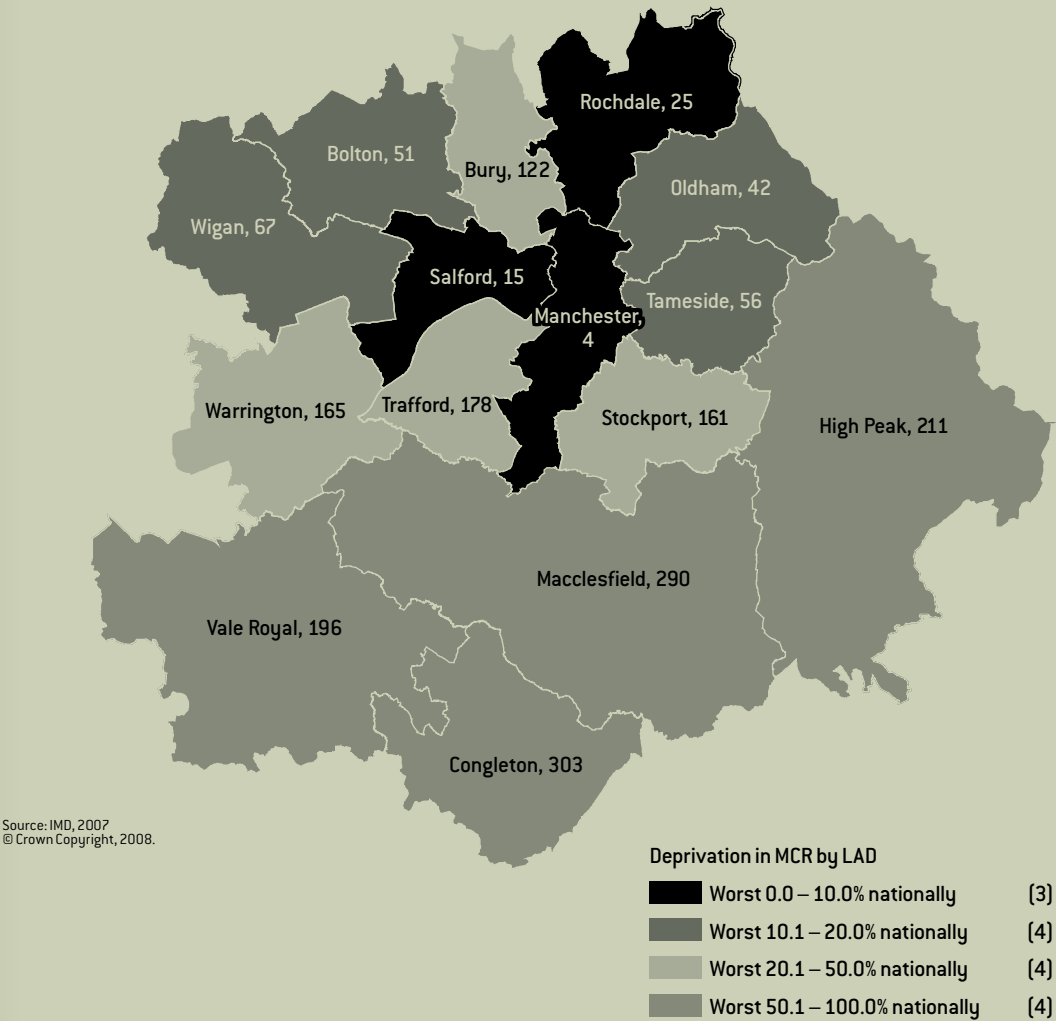
Figure 3.1 shows the distribution of IMD scores at a local authority (LAD) level across MCR. Manchester is the fourth most deprived LAD in the country, while both Salford and Rochdale are also in the worst 10%.

All the Greater Manchester LADs (plus Warrington) are in the worst 50% as measured by the IMD. The rest of the City Region comprises relatively prosperous local authority areas. Consequently the analysis of polarisation in the remainder of this paper focuses on the former Greater Manchester county area.

A more detailed distribution of deprivation can be shown using IMD scores for Lower Super Output Areas (LSOA) across Greater Manchester. LSOAs are small geographies comprising on average, 1,500 residents. There are some 1,646 LSOAs in Greater Manchester. Of these, no fewer than 374 LSOAs fall in the worst 10% nationally.

As Figure 3.2 shows, the most significant concentration of intense deprivation occurs in the heart of the conurbation, in central and north Manchester and east Salford. Further clusters are found in the old industrial districts of the conurbation – Wigan, Bolton, Rochdale, Oldham and Ashton – with deprivation largely concentrated in neighbourhoods immediately surrounding the respective town centres. Trafford, Stockport and Bury have only small numbers of deprived LSOAs.

Figure 3.1: Deprivation in MCR Index of Multiple Deprivation Local Authority National Ranking, 2007



While the IMD provides a means of identifying the spatial pattern of deprivation, it does not provide data capable of comparison over time, since both the variables used and the methodology for combining them into an aggregate score have changed with the sequence of IMD calculations.

To look at changes over time, we have therefore used two alternatives dictated by the availability of relevant data. First, Townsend's indicator of deprivation which can be used for long-term change; and second a single indicator based either on unemployment rates, for medium-term change, or worklessness for recent change. In addition we analyse the relationship over recent years between the worklessness analysis and other deprivation indicators.

3.3 Long-term change: Townsend deprivation

For long-term changes, the Townsend deprivation index is especially valuable since, even though it is a very simple measure based on only four indicators², the same measure has been used consistently for successive census dates between 1971 and 2001. The higher the value of the index, the greater the level of deprivation.

Using wards for the four census dates between 1971 and 2001, the deprivation scores for all wards in England show a continuous improvement during the 30-year period. The average score for all English wards moves from 4.56 in 1971 to 3.71 in 1981, 1.74 in 1991 and -0.05 in 2001.

As Figure 3.3 shows, the overall distribution of scores is similar for 1971 and 2001, but the curve moves down, reflecting the improvement in each of the indicators that comprise the index. However there is also an indication that there are (relatively) more deprived wards, as reflected in the length and steepness of the right-end of the curve. This suggests that there has been an overall increase in polarisation across England.

Applying the Townsend Index³ to Greater Manchester wards (Figure 3.4) suggests that there has been a similar increase in polarisation over the 30-year period. Measuring change as the percentage difference between the 1971 and 2001 deprivation scores, so that a negative percentage indicates improvement, the scatter of dots shows that the wards that were most deprived in 1971 (those points to the right of the X-axis) have generally shown least relative improvement (i.e. falling in the upper part of the Y-axis).

Conversely, the least deprived 1971 wards (i.e. those to the left of the graph) have tended to improve more (i.e. the lowest section of the graph). Hence, even though in absolute terms there was general improvement, as measured by Townsend, there has been a relative increase in disparity over time.

² Its indicators are the percentages of unemployed people, overcrowded households, households with a car and households not owning their house.

³ Townsend Index – Norman P (2006) The micro geography of UK demographic change 1991-2001.

ESRC: Understanding Population Trends & Processes, <http://www.uptap.net/project01.html>

3.4 Medium-term change: unemployment

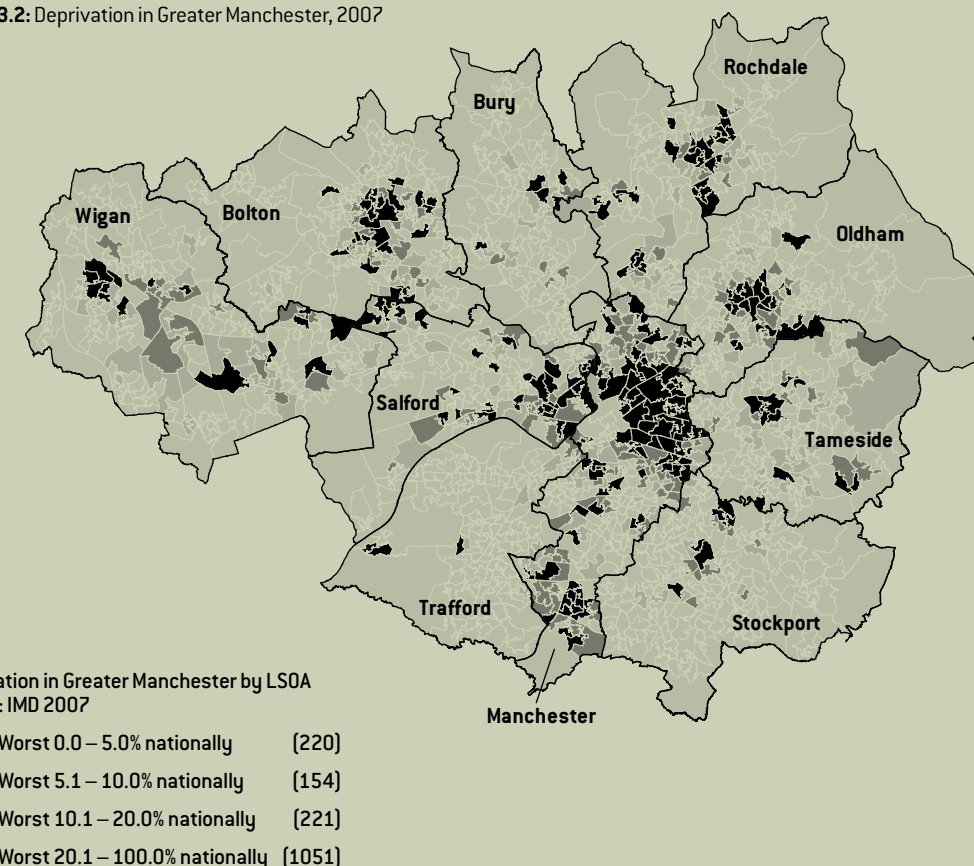
Since worklessness data are not available on a consistent basis over a longer time period, we can use unemployment rates over the 16-year period 1982 to 2008 to look at medium-term change in polarisation.

As Figure 3.5 shows, across Greater Manchester the proportion of the resident working-age population claiming unemployment benefits (currently defined as Job Seekers' Allowance – JSA) declined rapidly between 1993 and 1998. A more gradual reduction followed, replaced by a slight rise in most recent years.

On average, unemployment rates across Greater Manchester have fallen by some 68% since 1992, just less than the England average (71%). While the decline partly reflects changes in JSA regulations, the comparison does highlight changes in relative performance across different areas.

Despite still having the highest rates in 2008, at 0.8% above the Greater Manchester average, Manchester has made the greatest progress over the sixteen years, reducing its proportion of JSA claimants by 74%.

Figure 3.2: Deprivation in Greater Manchester, 2007



Source: Index of Multiple Deprivation, 2007
© Crown Copyright.

Figure 3.3: Townsend deprivation index, English Wards 1971 to 2001

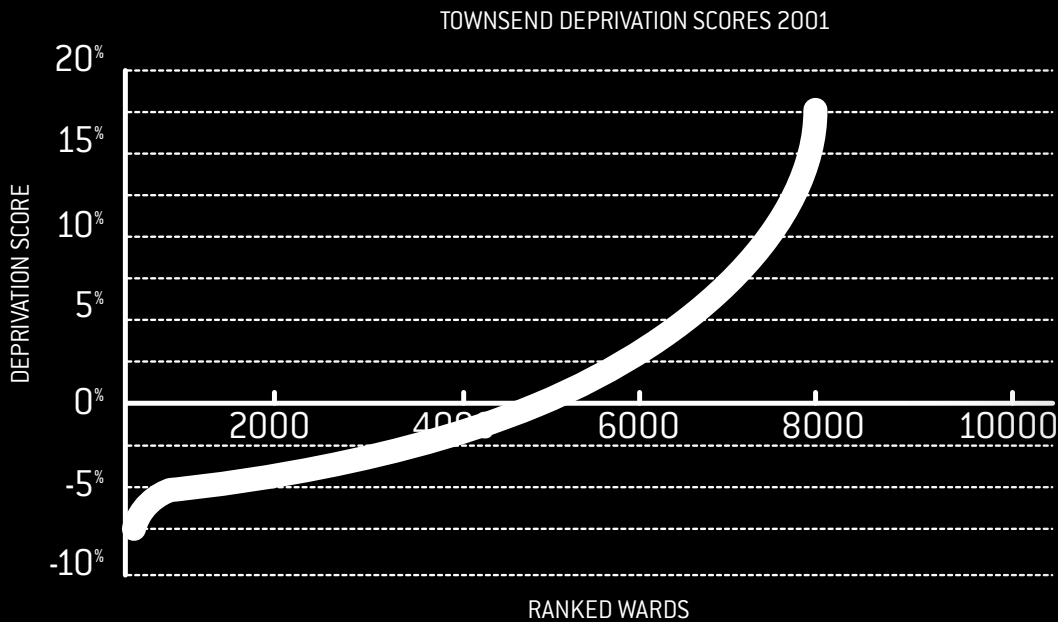
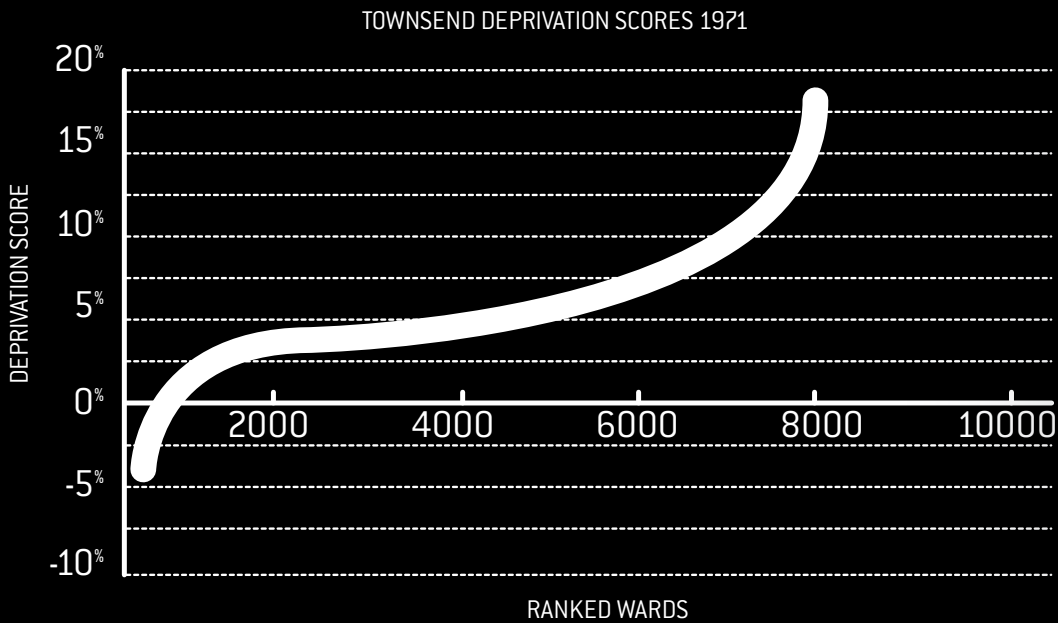
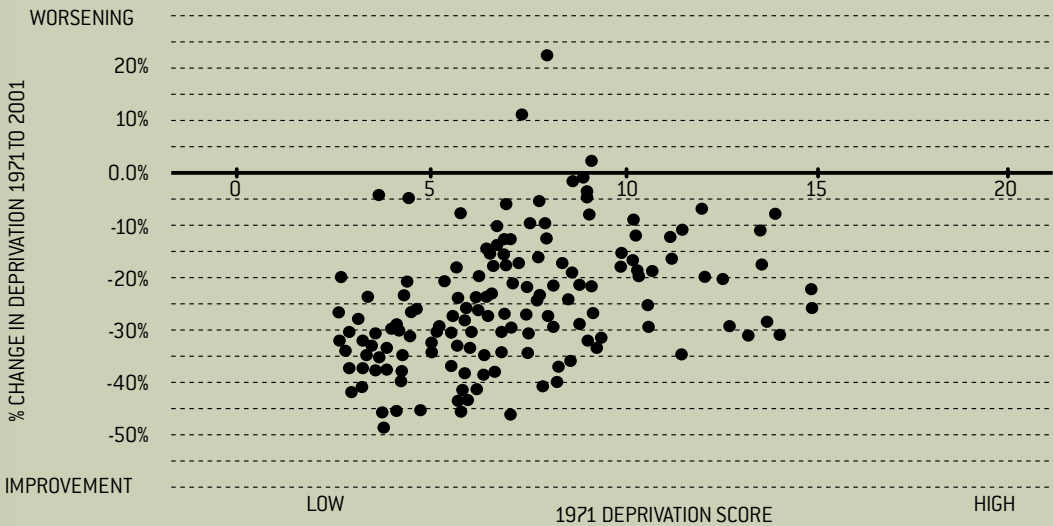
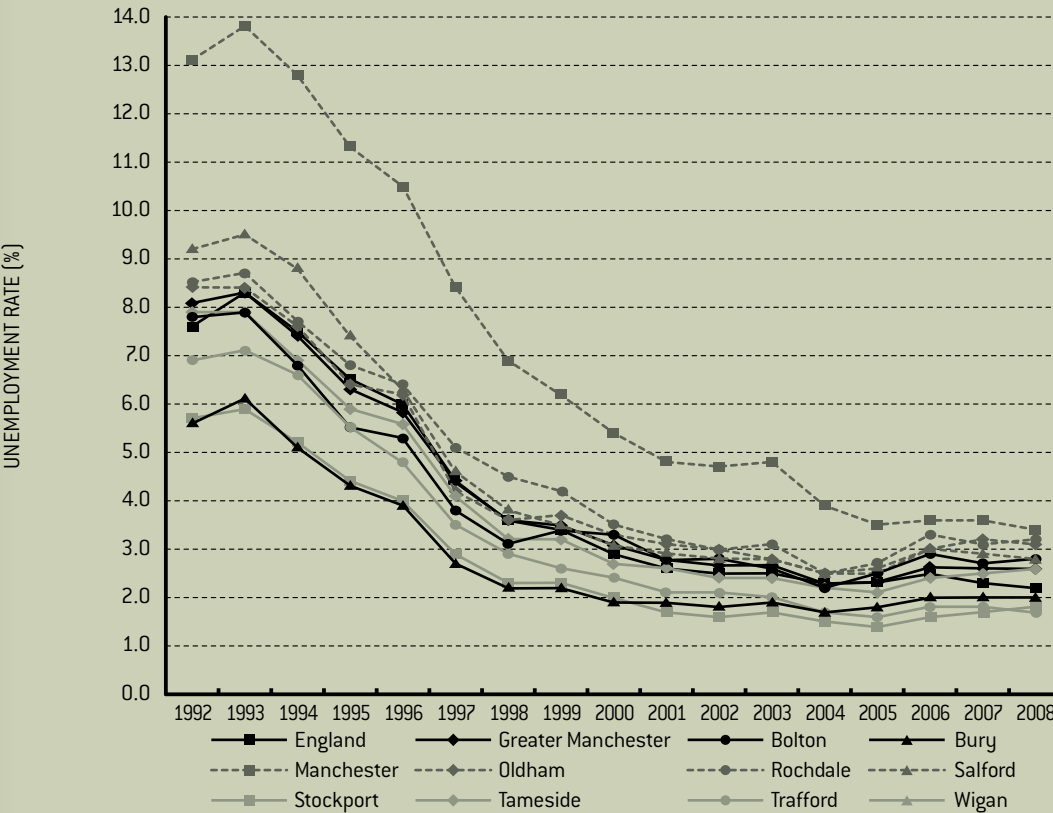


Figure 3.4: Townsend Index Scores, Greater Manchester Wards 1971 to 2001



Source: Calculations using Townsend index

Figure 3.5: Unemployment in Greater Manchester districts, 1992 to 2008



Source: Claimant Count Unemployed, NOMIS, 2008

PEOPLE | WORK

W	O
R	K
<hr/>	
W	O
R	K

WORK | CITY

3.5
Recent change: worklessness

For recent change, the most sensitive indicator is worklessness, since it takes account both of those of working age in receipt of JSA and those with a work-limiting illness benefit (Incapacity Benefit or Severe Disablement Allowance).⁴ Moreover, the Working Neighbourhoods Fund, which was introduced in April 2008⁵, has placed a renewed focus on tackling worklessness in deprived areas. For most analyses in this report we therefore use worklessness data as a surrogate indicator for deprivation and polarisation.

As Figure 3.6 shows there is a close correspondence between the spatial distribution of worklessness and the pattern of deprivation as reflected in Figure 3.2. This is also reflected in the distribution of other indicators of deprivation as shown in Appendix 3, which includes maps showing the incidence of income support claimants, health, house prices, educational performance and violent crime.

In 2006, the overall Greater Manchester worklessness rate was 15.2%, but rates varied considerably at LSOA level – from below 1% to 67% (in parts of Rochdale) of the working age population. Only one third of Greater Manchester LSOAs had worklessness rates that were equal to, or less than the national average (9.4%).

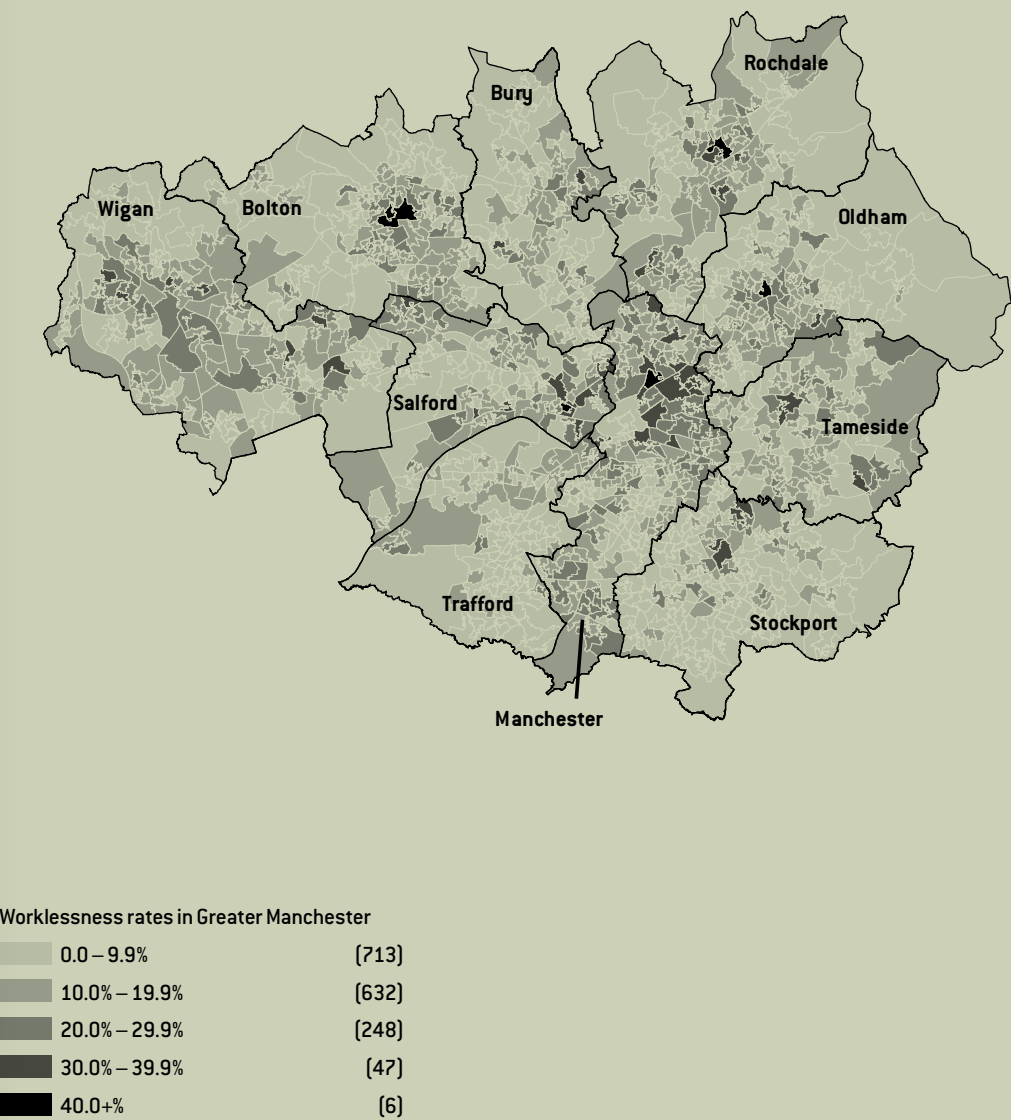
The sub-region as a whole is characterised by wide variations in socio-economic conditions, with neighbourhoods afflicted by high worklessness and extreme deprivation often sitting alongside areas of affluence and low unemployment.

However, the distribution and concentration of polarised areas is by no means evenly spread across the sub-region. Although there are examples in each local authority, chiefly within social housing estates, clusters of polarisation to the north of Greater Manchester are apparent and lie in particularly close proximity to town centres in Bolton, Rochdale, Oldham and Manchester / Salford. Areas with worklessness rates equal to, or less than, the national average border these clusters of disadvantage and make up much of the Greater Manchester periphery.

4 The definition of worklessness used throughout this report is based on benefit claimants and therefore varies from the standard definition, where worklessness equates to the sum of the working age unemployed (JSA claimants) and economically inactive (individuals currently out of work and are either not seeking work or are unavailable to start work, but might move into the labour market at some point in the future e.g. students) populations.

5 WNF replaced Neighbourhood Renewal Fund (NRF) as the Government's main funding stream for its neighbourhood renewal strategy in 2008. It is allocated across 66 core local authority areas and 21 transitional authorities, and has an annual allocation of £500 million.

Figure 3.6 : Worklessness Rates in Greater Manchester, 2006



Source: SDRC, 2006
© Crown Copyright.

Manchester itself highlights this wider dichotomy through its distinct north/south divide. The high levels of worklessness and deprivation that characterise the north of the borough are not reflected to the same extent in the south.

There exists little evidence of polarisation in three of the Greater Manchester authorities – Bury, Trafford and Stockport. Except for a small number of isolated LSOAs, all three authorities are characterised largely by consistently high levels of employment and low levels of deprivation. That these authorities do not receive Neighbourhood Renewal support is further evidence of their favourable socio-economic positioning.

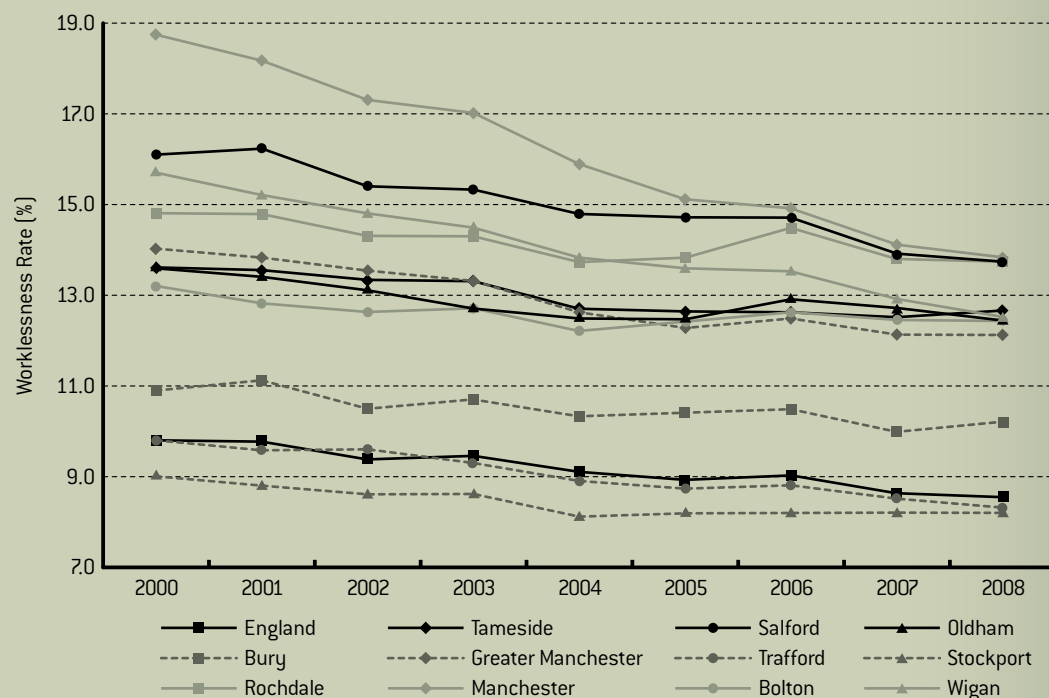
Despite the apparent absence of significant internal polarisation, the proximity of these authorities to other GM authorities affected by higher levels

of worklessness and deprivation contributes to polarisation at a sub-regional level. This is particularly the case in south Manchester where an area of notable deprivation is bordered by less deprived neighbourhoods in Trafford, Stockport and Manchester itself.

The Greater Manchester local authority districts can be sub-divided into three broad groups on the basis of their worklessness rates in 2008 (Figure 3.7), as follows:

- **High:** Manchester (13.8%); Rochdale (13.7%); Salford (13.7%).
- **Medium:** Tameside (12.6%); Wigan (12.5%); Bolton (12.4%); Oldham (12.4%).
- **Low:** Bury (10.2%); Trafford (8.3%); Stockport (8.2%).

Figure 3.7 : Worklessness Rates in Greater Manchester LADs 2000 to 08



Source: DWP Benefits, NOMIS, 2008

Rates in the 'low' group are broadly in line with the national average. Across the nine years these groupings have remained broadly consistent with the exception of Wigan, which would have been included in the 'high' category in 2000.

Worklessness rates in each Greater Manchester local authority area fell between 2000 and 2008 (Figure 3.7). However, performance 'bottomed-out' towards the latter part of the period with increases in a number of areas. Manchester (-4.9%) and Wigan (-3.2%) achieved the greatest reductions in absolute rates during this time and were the only two Greater Manchester local authorities not to experience an increase over the period 2005 to 2006.

Figure 3.8 summarises the relative performance of each local authority area and indicates the change in the gap between worklessness rates in each district and the GM worklessness average (Index = 1.00) since 2000. The graph shows a significant narrowing of the gap between Manchester (and Wigan) and the GM average. By way of contrast the gap between worklessness rates in Bolton and Greater Manchester has shown the greatest widening between 2000 and 2008.

While there have been contrasts in performance across the GM LADs, overall the 'spread' of worklessness rates at a district scale has lessened, even if the significant improvement in Manchester's rates is discounted.

However, spatial polarisation does not follow local authority boundaries. Overall rates can mask significant differences at a neighbourhood level. In what follows, we therefore change the spatial focus to look at worklessness at the scale of LSOAs.

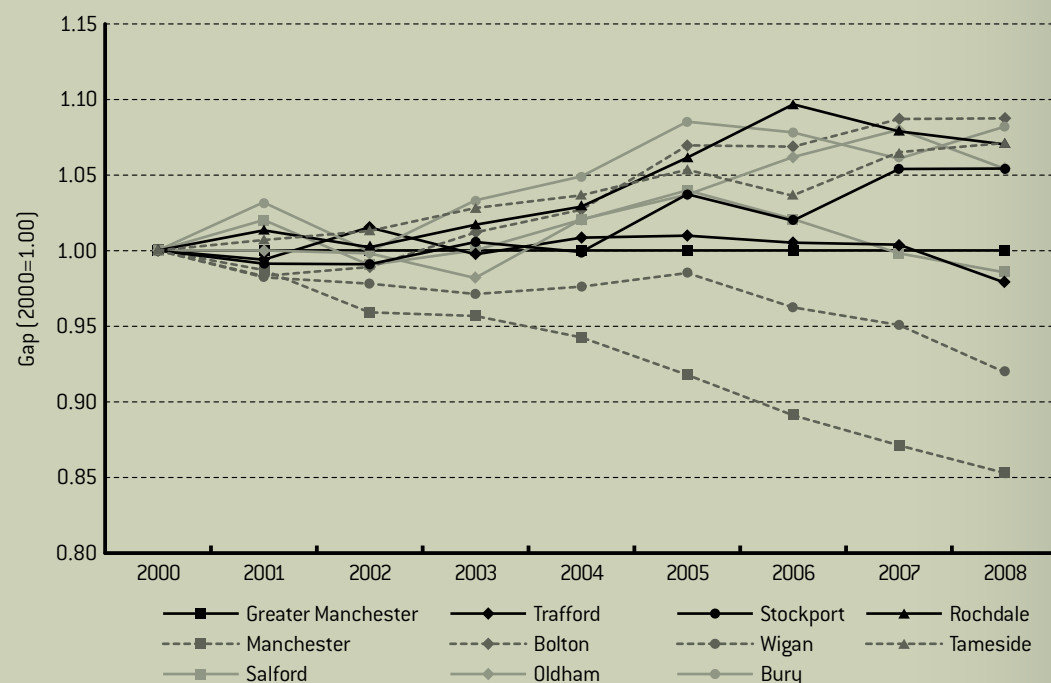
As Table 3.1 shows, between 1999 and 2006 there was significant variation in worklessness rates across IMD LSOA deciles, and a substantial gap between the worst decile (with average worklessness of 30.4%) and the best (with a rate of 5.5%).

While the worst deciles show higher absolute falls in worklessness, (Figure 3.9) all five of the better areas had a better relative performance than did the worst five deciles, hence contributing towards a widening of the worklessness gap.

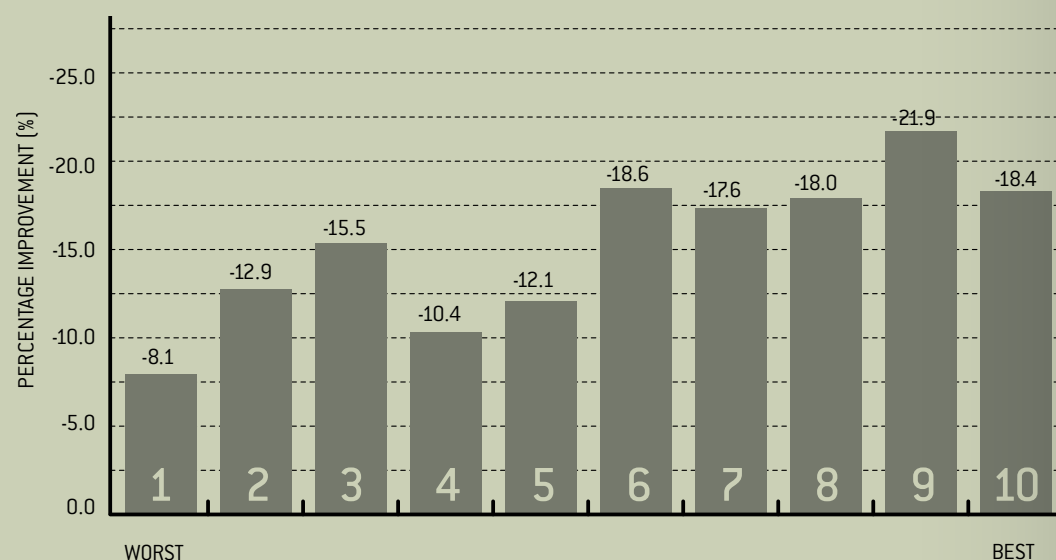
Table 3.1 : Worklessness Rates, Greater Manchester, 1999 to 2006

MD Decile	1999	2006	Absolute change in rate
Worst 1	30.4	27.9	-2.5
2	24.1	20.9	-3.1
3	20.7	17.5	-3.2
4	16.8	15.0	-1.7
5	13.4	11.8	-1.6
6	11.8	9.6	-2.2
7	10.4	8.6	-1.8
8	8.8	7.2	-1.6
9	7.7	6.0	-1.7
Best 10	5.5	4.5	-1.0

Source: SDRC, 2008

Figure 3.8: Greater Manchester Local Authority Districts, worklessness rate gap change, 2000 to 2008

Source: DWP Benefits data, NOMIS, 2008

Figure 3.9: Relative improvement in GM worklessness rates by decile, 1999 to 2008

Source: IMD/SDRC

A coefficient of variance analysis⁶, applied to worklessness rates for all Greater Manchester LSOAs in 1999 and 2006, suggests that the degree of spread in worklessness rates against the respective Greater Manchester averages has increased slightly from 0.549 to 0.591. In other words, the gap between the worst areas and the Greater Manchester average has widened between 1999 and 2006.

Figure 3.10 shows the distribution of LSOAs where the workless rate was at least 75% above the GM average in 1999 and / or 2006. Of the 1,646 LSOAs in Greater Manchester, the number in excess of this 175% worklessness 'threshold' increased from 193 to 208.

It is worth also noting that the number of LSOAs with rates in excess of twice the Greater Manchester rate increased by even more, from 99 to 117. Contrary to the message of the preceding local authority level analysis, these figures suggest that there has been an increase in the polarisation of areas over the period, and a continuation of the long-term trend suggested by the Townsend index.

Interestingly, however, there was a reasonable amount of 'churn' in these areas. Some twenty percent of areas (i.e. 38 areas) that were above the 175% threshold in 1999 were below the threshold in 2006, and 53 areas were 'new entrants'.

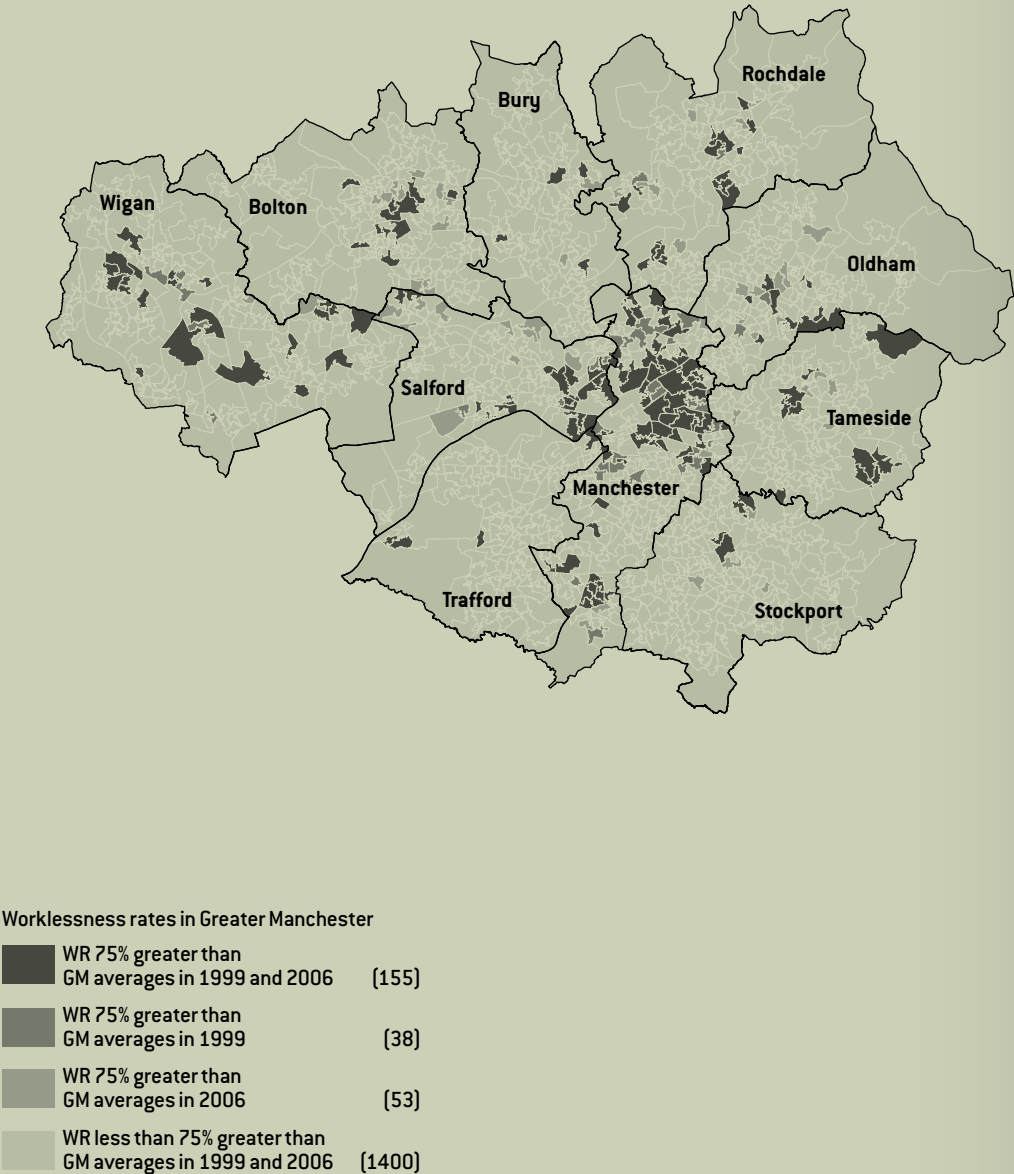
In terms of the geographical pattern of this change, Figure 3.10 shows that, while a core area of persistent worklessness is apparent to the north and east of Manchester city centre, many of the improving areas are in Manchester; while the deteriorating areas show a more dispersed geography, affecting Bolton, Salford and Oldham in particular.

This raises the question as to the extent to which improvements in the relative position of some areas, including those secured through policy interventions, are at the expense of other areas.

The implication of these LSOA trends is that, while there has been convergence in worklessness rates at the Local Authority District (LAD) level, there has been a continuing divergence in relative rates at an LSOA and, by implication, at a neighbourhood level. This appears to be confirmed by Figure 3.11, which compares the absolute and relative performance over the period 1999 to 2006 of LSOAs grouped in deciles.

The vast majority of LSOAs have improved their absolute rates and there is a clear pattern ranging from 4.2% improvement for the worst 1999 decile group (2006 rate 27.9%) to 0.7% for the best (2006 rate 4.2%). However, the pattern differs for their relative performance (i.e. the percentage point change in the percentage rate). Indeed the six best deciles in 1999 had the best relative performance over the period.

Figure 3.10 : Worklessness change, 1999 to 2006

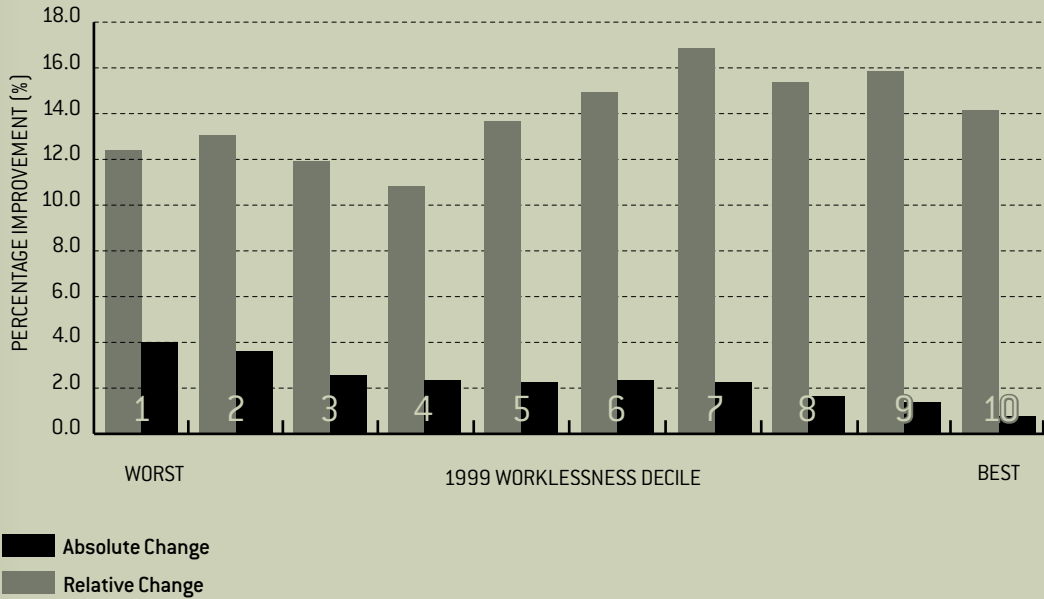


© Crown Copyright.
Source: SDRC.

Therefore, during a period of consistent and significant economic growth in Greater Manchester, there appears to have been a trend towards greater divergence in worklessness rates and increasing polarisation at a neighbourhood level. Comparing the performance of LSOAs in the best performing and worst performing local authority areas (Manchester and Bolton respectively) also reveals some interesting contrasts.

Between 1999 and 2006 in Manchester there was a 70% reduction in the number of LSOAs experiencing worklessness rates of 30% or more. As shown in Figure 3.12, neighbourhoods in north and east Manchester experienced considerable absolute improvement, while areas to the south of the borough maintained their generally strong position. Only 8 (3.1%) of the 259 LSOAs in Manchester had higher worklessness rates in 2006, compared with 1999.

Figure 3.11 : Absolute and relative change in worklessness rates by 1999 LSOA decile, 1999 to 2006.

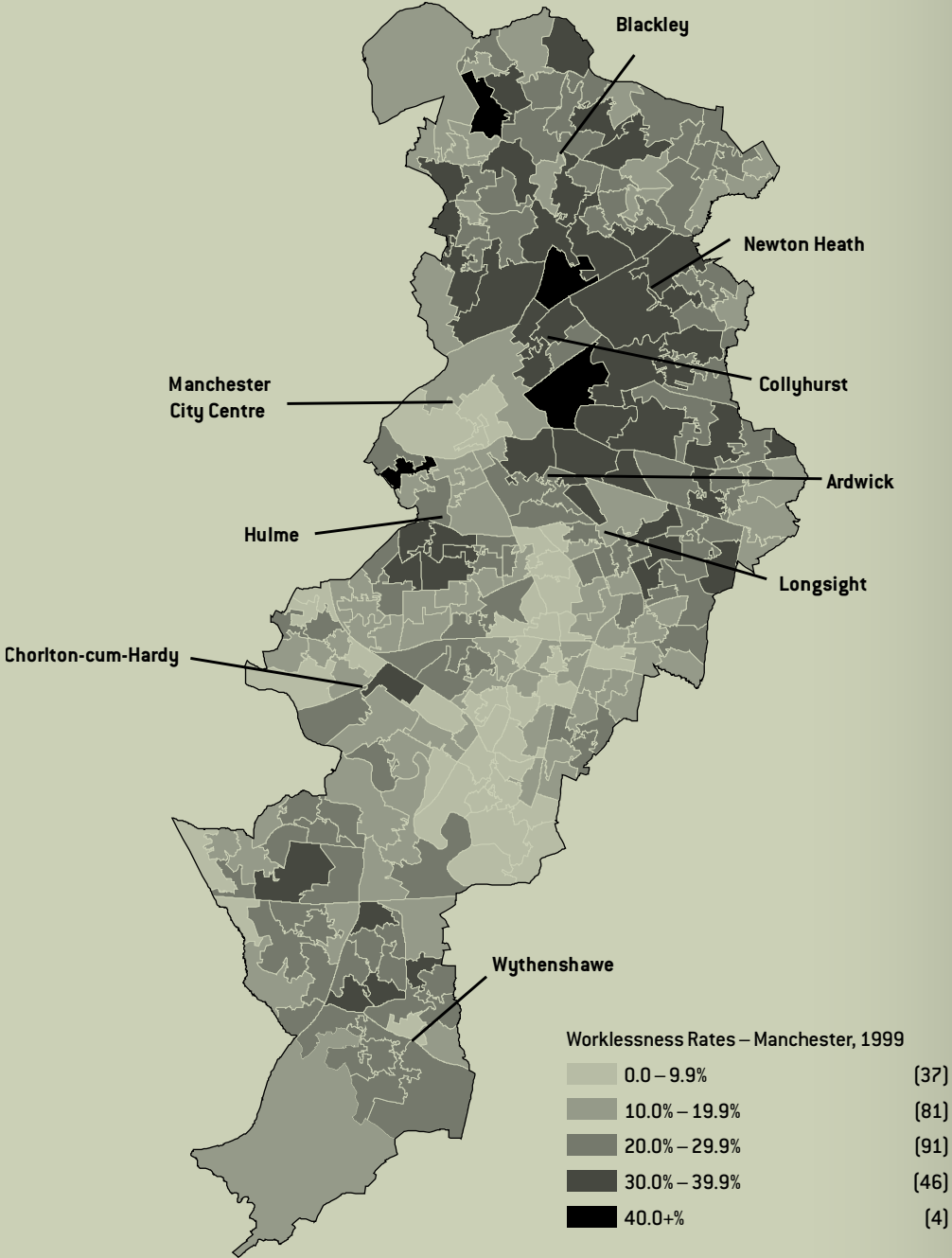


Source: SDRC, 2008

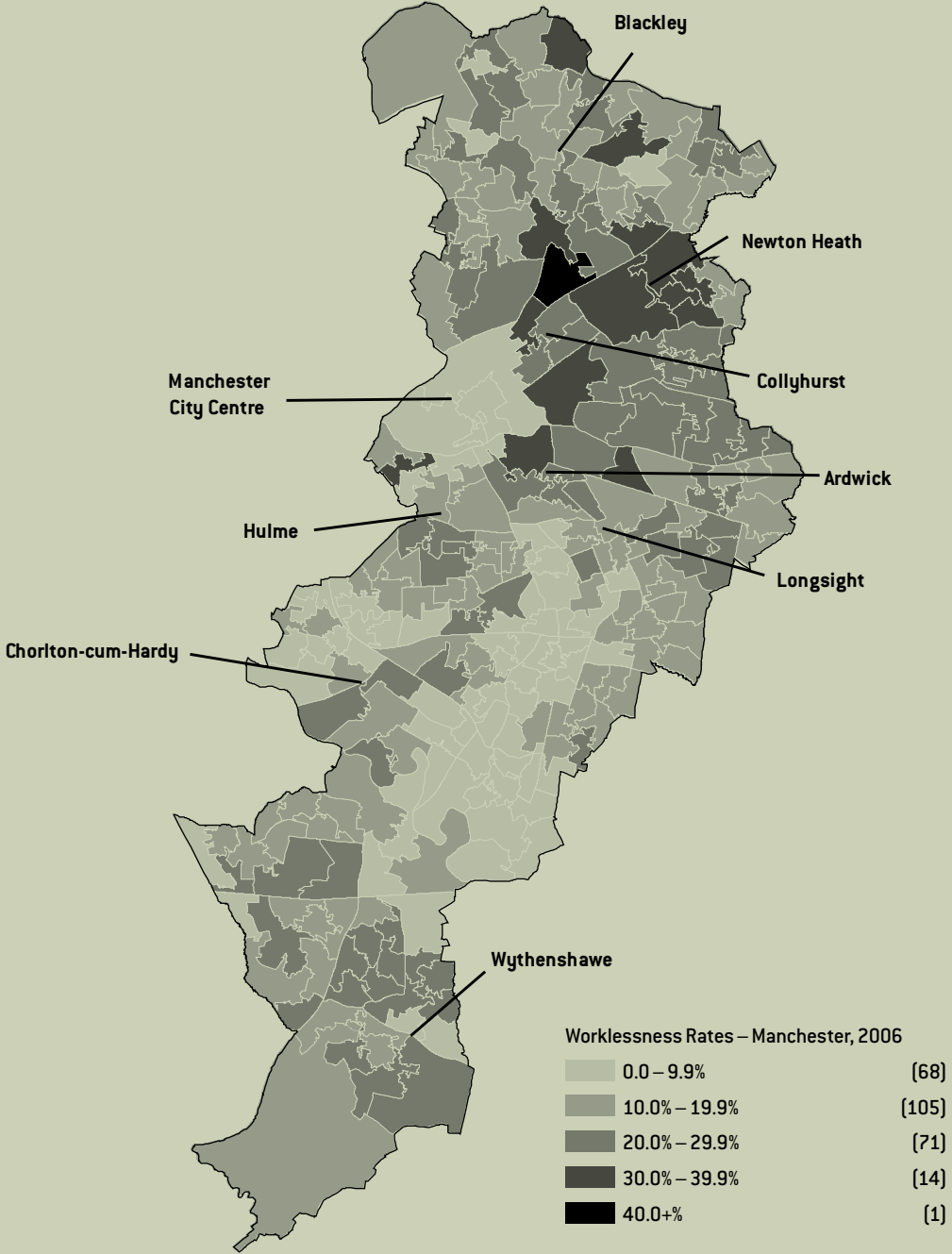
Figure 3.12: Worklessness change in Manchester, 1999 to 2006

1999

2006



© Crown Copyright.
Source: SDRC.



However, this pattern of general absolute improvement has been accompanied by a trend towards greater divergence in rates. Figure 3.13 shows the small number of LSOAs to the north of Manchester that demonstrated persistently high levels of worklessness.

It also highlights however that improvements in many of the worst performing areas have been at less than the City average. Consequently the number of LSOAs with rates in excess of 75% above the city average has increased from 13 to 25. For those with twice the city rate, the increase is from 4 to 13.

Table 3.2 summarises the change in Manchester LSOAs with worklessness rates more than 75% above the district average in either 1999 or 2006. While the vast majority of LSOAs have experienced decreasing absolute rates, it shows the increased numbers in excess of the 75% threshold. 15 LSOAs deteriorated relative to the city average across the 75% threshold, with only three improving.

In contrast to Manchester, the overall improvement in worklessness rates in Bolton was relatively limited, from 13.2% in 1999 to 12.4% in 2006. Moreover almost a third of Bolton's LSOAs (56 out of 175) had higher worklessness rates than in 1999.

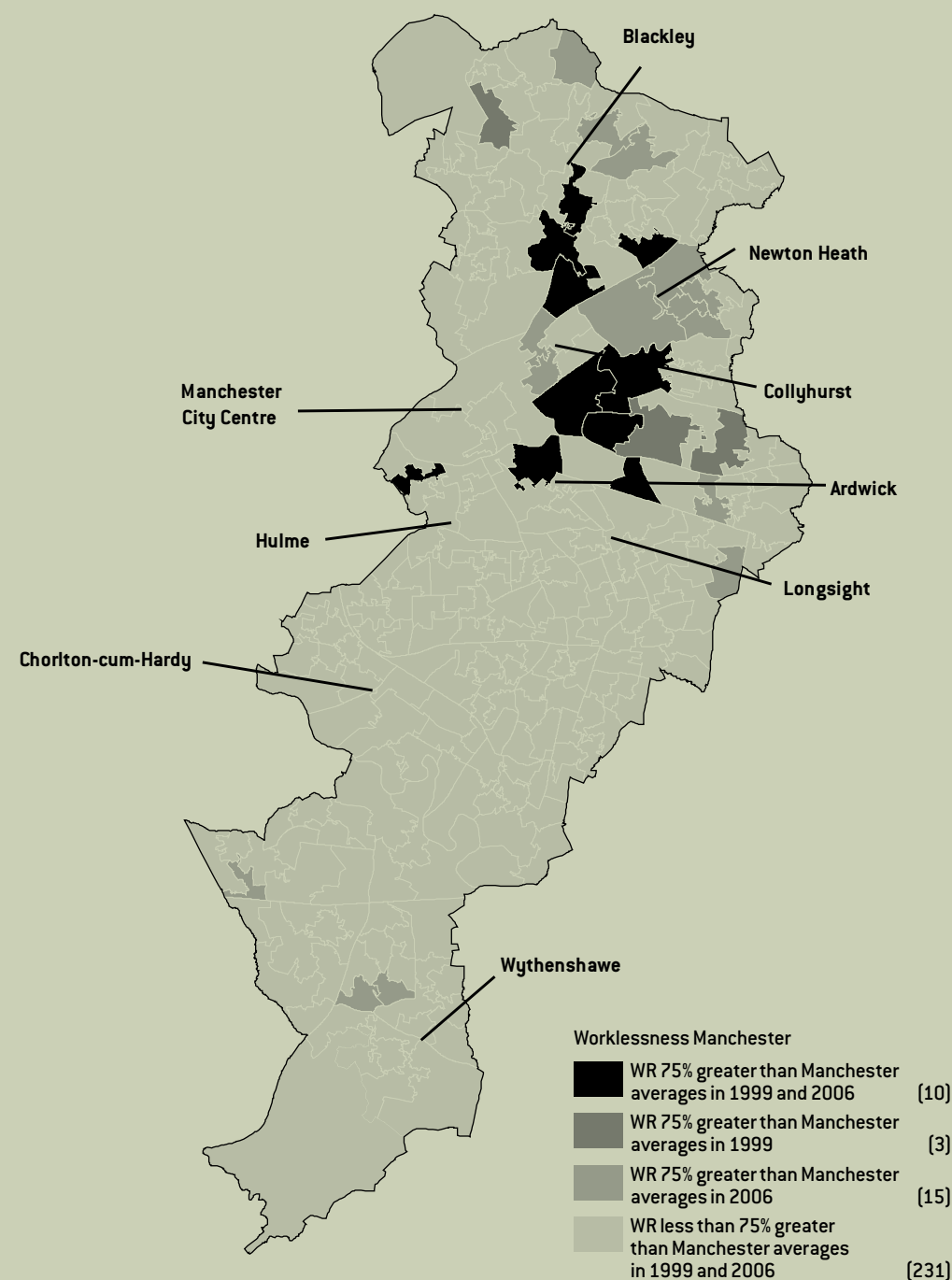
Figure 3.14 shows that the spatial distribution of worklessness in Bolton has remained largely consistent, with the worst areas remaining clustered around Bolton town centre. However, as shown in Table 3.3, LSOA worklessness rates in Bolton have not diverged in the same way as in Manchester. The number of LSOAs with rates more than 75% above the district average remained broadly static between 1999 and 2006.

The table shows that, while a greater proportion (compared with Manchester) of these areas experienced an absolute increase in worklessness and the overall decrease in rates was less, the number of areas in excess of the 75% threshold remained broadly static. Therefore while in Manchester there has been an increase in the number of polarised areas, in Bolton, despite its worse overall performance, the prevalence of polarised areas has remained broadly constant.

An inference to be drawn from the preceding analysis, is that improvements in overall worklessness rates in Greater Manchester are not being driven by changes in the most deprived areas. Indeed, there is a tendency for these areas at best to lag behind overall performance and at worst to be left behind.

While the majority of LSOAs have improved in absolute terms, many of those with the highest worklessness have failed to keep pace with the change. Moreover, where relative improvements have taken place (e.g. in parts of Manchester), there is some evidence of displacement to elsewhere in the sub-region. The net result is that there has been increased divergence and increasing spatial polarisation, over a period of generally benevolent economic conditions.

Figure 3.13: Worklessness relative to the city average in Manchester, 1999 to 2006



Source: SDRC
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Table 3.2: Change amongst Manchester LSOAs with worklessness rates more than 75% above the Manchester average, 1999 to 2006

	AVERAGE WORKLESSNESS 1999	AVERAGE WORKLESSNESS 2006	NUMBERS OF LSOAs WHERE WORKLESSNESS RATE:	
			DECREASED	INCREASED
Persistently high worklessness (10 LSOAs)	40.3%	32.7%	10 ↓	0 ↑
Reduced relative high worklessness (3 LSOAs)	39.3%	25.6%	3 ↓	0 ↑
Increased relative worklessness (15 LSOAs)	31.9%	30.3%	12 ↓	3 ↑

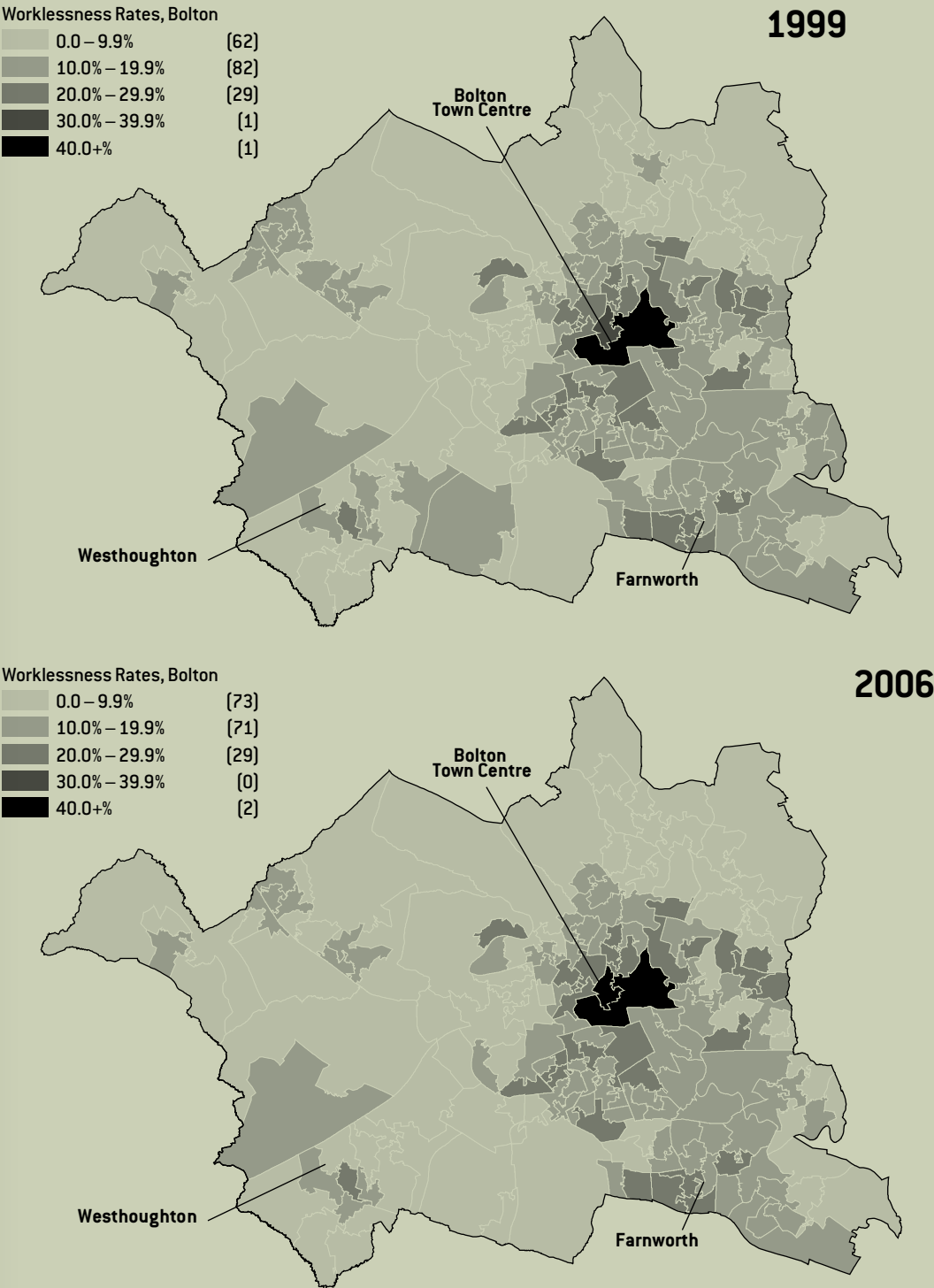
Source: SDRC, 2008

Table 3.3: Change amongst Bolton LSOAs with worklessness rates more than 75% above the Bolton average, 1999 to 2006

	AVERAGE WORKLESSNESS 1999	AVERAGE WORKLESSNESS 2006	NUMBERS OF LSOAs WHERE WORKLESSNESS RATE:	
			DECREASED	INCREASED
Persistently high worklessness (18 LSOAs)	28.0%	26.7%	11 ↓	7 ↑
Reduced relative high worklessness (3 LSOAs)	25.2%	22.9%	3 ↓	0 ↑
Increased relative worklessness (4 LSOAs)	22.7%	23.3%	0 ↓	4 ↑

Source: SDRC, 2008

Figure 3.14: Worklessness change in Bolton, 1999 to 2006



Source: SDRC
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3.6
Neighbourhoods as functional entities

So far, the neighbourhood analysis has been based on LSOAs in terms of their IMD scores and the key indicator of worklessness. While these provide valuable measures of levels of deprivation, they do not tell us anything about the different functional roles that deprived neighbourhoods might play in the housing and labour markets.

While deprived neighbourhoods may be similar in terms of their standard deprivation indicators, their dynamics in terms of population movements may differ. Neighbourhoods can be thought of as containers through which people and households move as their circumstances change. As referred to earlier, in Section 2, we can identify four functional ‘ideal types’ of deprived neighbourhood.

These are:

- transit areas are ones in which most in-movers come from less deprived areas and most out-movers go to less deprived areas. This implies young or newly-established households coming from less deprived areas, such as their parental home, and starting out on the housing ladder.
- escalator areas are ones where most of the in-movers come from areas that are equally, or more deprived, and most out-movers go to less deprived areas, so that the neighbourhood can be thought of as a stage on the progression through the housing and labour markets.
- gentrifier areas are ones where most in-movers come from less deprived areas and most out-movers go to similarly or more deprived areas. This could be seen as a form of gentrification.
- isolate areas are ones where most households both come from and move to areas that are equally or more deprived. They can therefore be seen as neighbourhoods that are associated with a degree of entrapment of poor households, unable to break out of living in deprived areas.

This provides an alternative functional typology that may help in interpreting changes both in the worklessness data and in other indicators of deprivation. This section goes on to provide a more in-depth mapping and analysis of these typologies with reference to Greater Manchester districts.

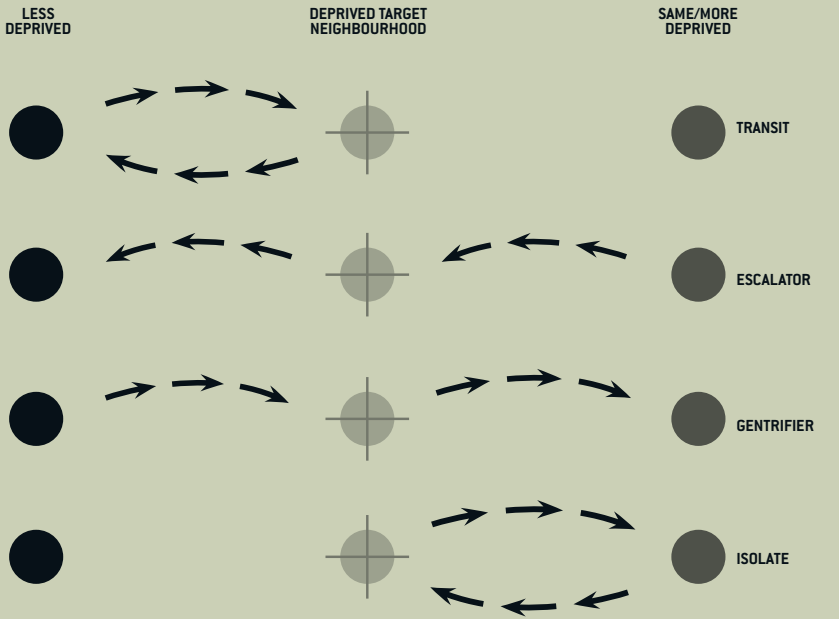
As Section 4 argues, this typology may hold significant implications for policy since, to varying degrees the first three types of deprived neighbourhood can be seen to play ‘normal’ roles in the housing market. However the Isolate category is principally comprised of households who are ‘left behind’ and can be argued to be the areas of greatest priority for comprehensive area-based interventions. This applies in particular to those areas of low population churn, where alternative housing choice / opportunity is highly restricted.

Within Greater Manchester, the pattern of the four neighbourhood types is shown in Figure 3.15. Isolate areas are found in the cores of the industrial districts, but are overwhelmingly concentrated in Manchester – in the north and east of the city and in the local-authority estate of Wythenshawe in the south. Stockport and Trafford have no Isolate areas.

Escalator areas tend to be in areas adjacent to Isolates, reflecting the fact that they are generally relatively poor areas, but ones from which households move on to better locations. Gentrifier areas pick out the central LSOAs in Salford and Manchester, the redeveloped area of Hulme and parts of Chorlton. These patterns are consistent with the differences in the composition of the populations of the four types: at one extreme, Isolates have significantly more households in social housing, lower levels of residential churn and higher proportions of manual occupations; at the other, Gentrifiers and Transits have fewer households in social tenure, more non-manual occupations and higher proportions of students.

The overall distribution of the four types across districts is shown in Table 3.4, which reinforces the preponderance of Isolates in Manchester.

Figure 3.15: A typology – mapping – of deprived neighbourhoods in Greater Manchester, 2001



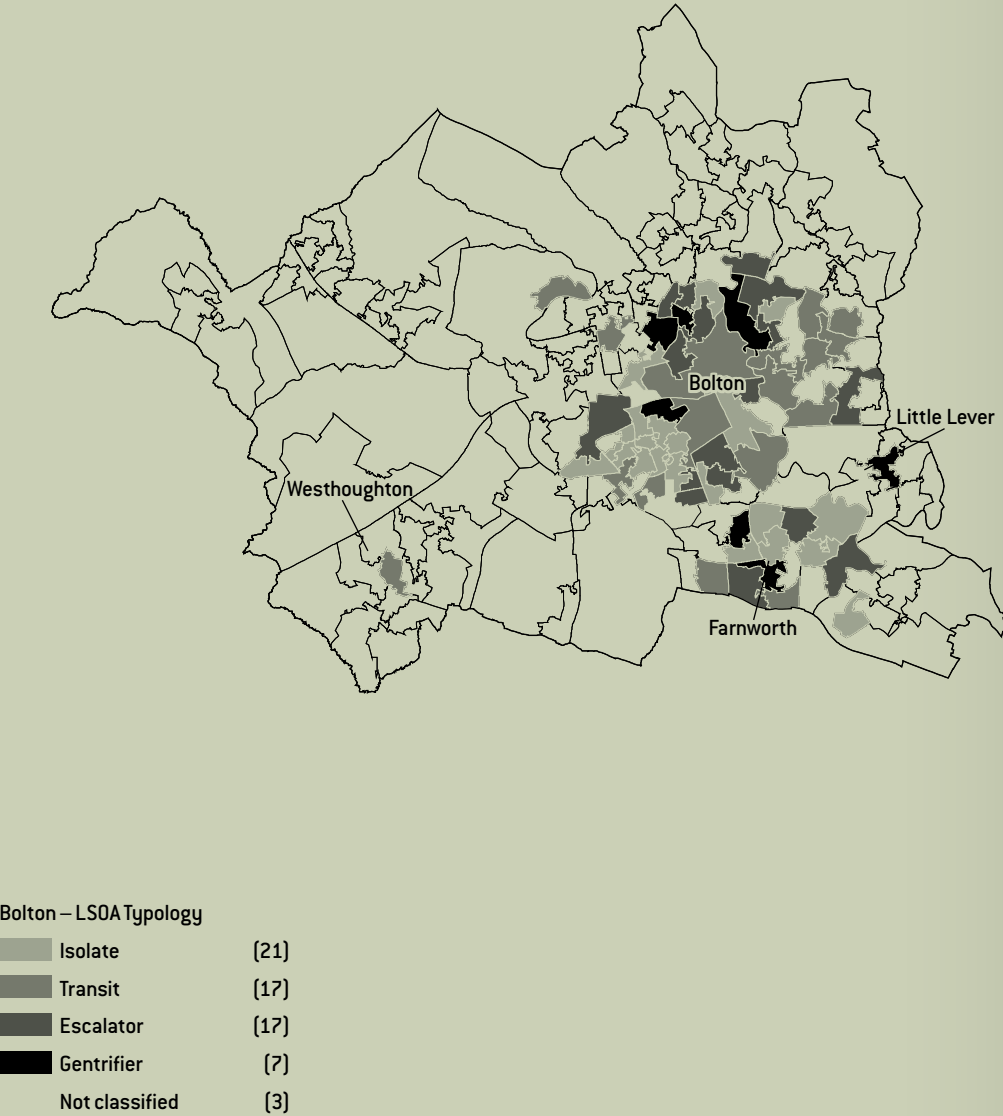
Source: CUPS Typology analysis.

Table 3.4: LSOA typology by Greater Manchester local authority district – frequency count

	Transit	Escalator	Gentrifier	Isolate	Not Classified
Bolton	17	17	7	21	3
Bury	15	4	2	2	1
Manchester	37	29	20	96	4
Oldham	9	14	5	32	2
Rochdale	8	18	5	22	5
Salford	15	23	10	23	3
Stockport	18	0	1	2	0
Tameside	12	12	6	18	2
Trafford	12	3	3	3	1
Wigan	28	21	4	16	4
Total	171	141	63	235	25

Source: CUPS, 2008

Figure 3.16 : Bolton Typology

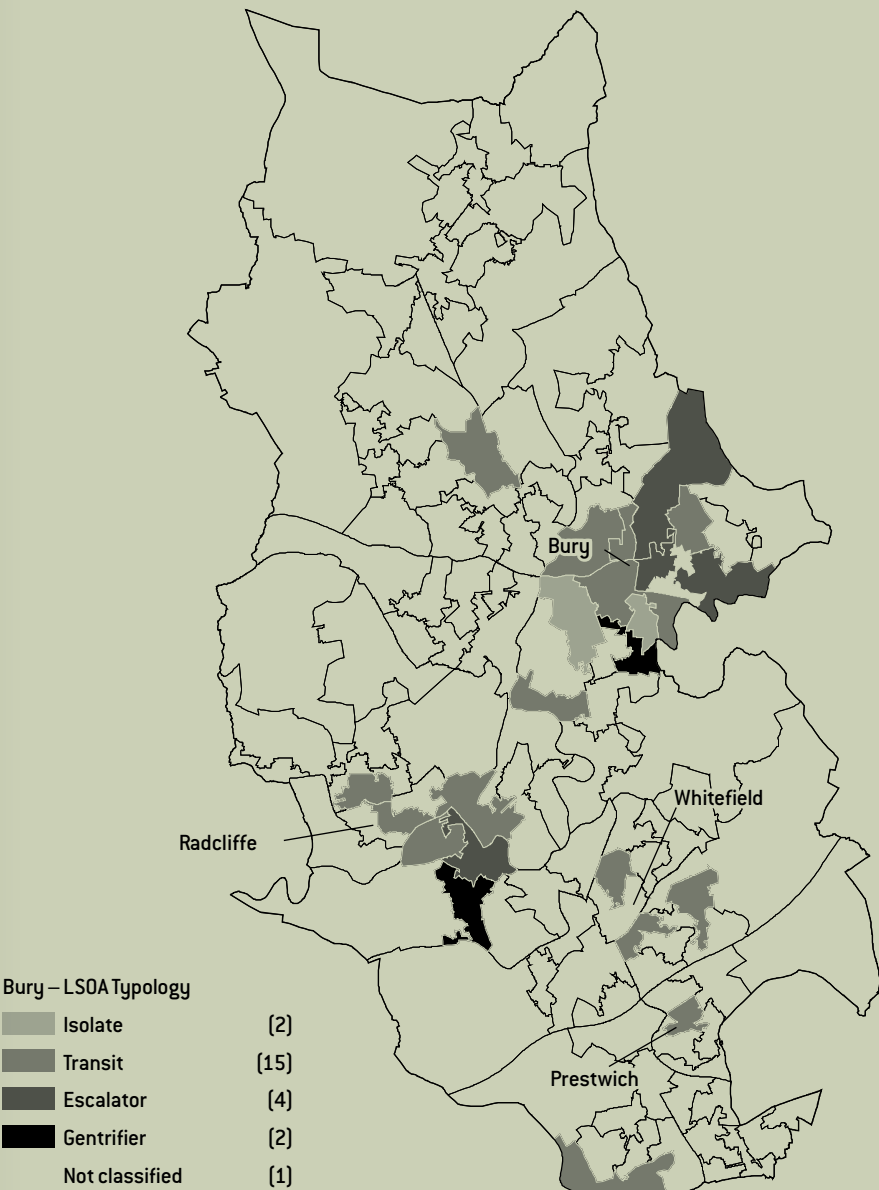


Source:CUPS, 2008.

All maps available to download from www.manchester-review.org.uk

Health warning! This diagram is a loose mapping of certain attributes identified in the context of the report's four typologies, which seek to capture improvement. The labelling is provided for broad navigation purposes. Full details are found in the report and its Appendices.

Figure 3.17 : Bury Typology



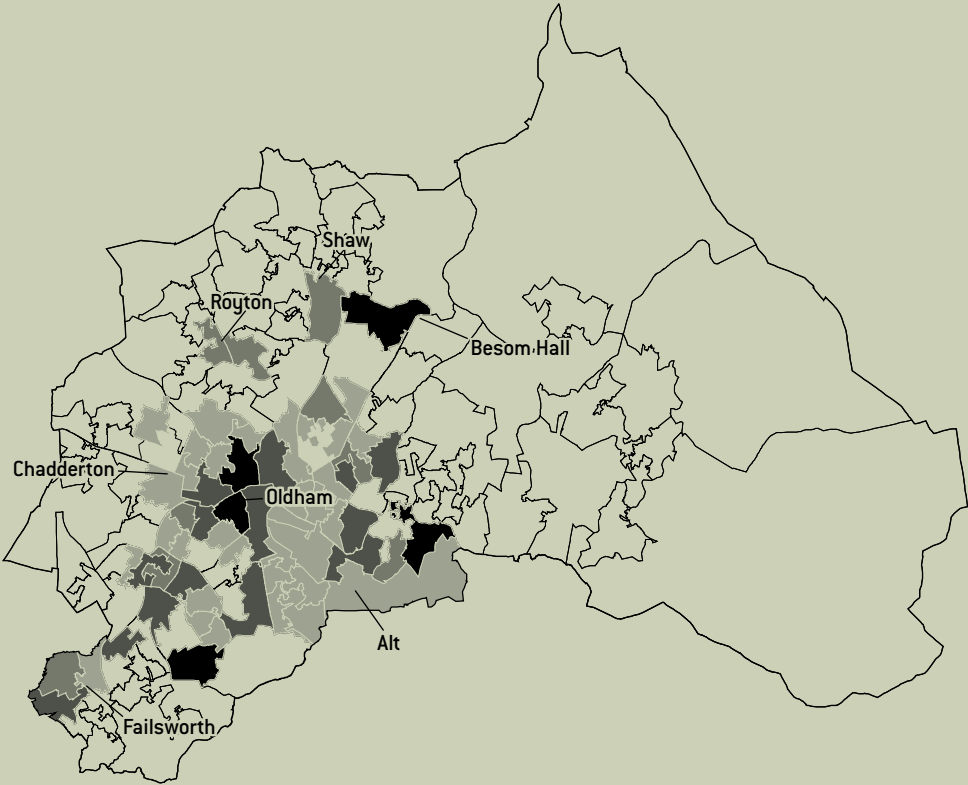
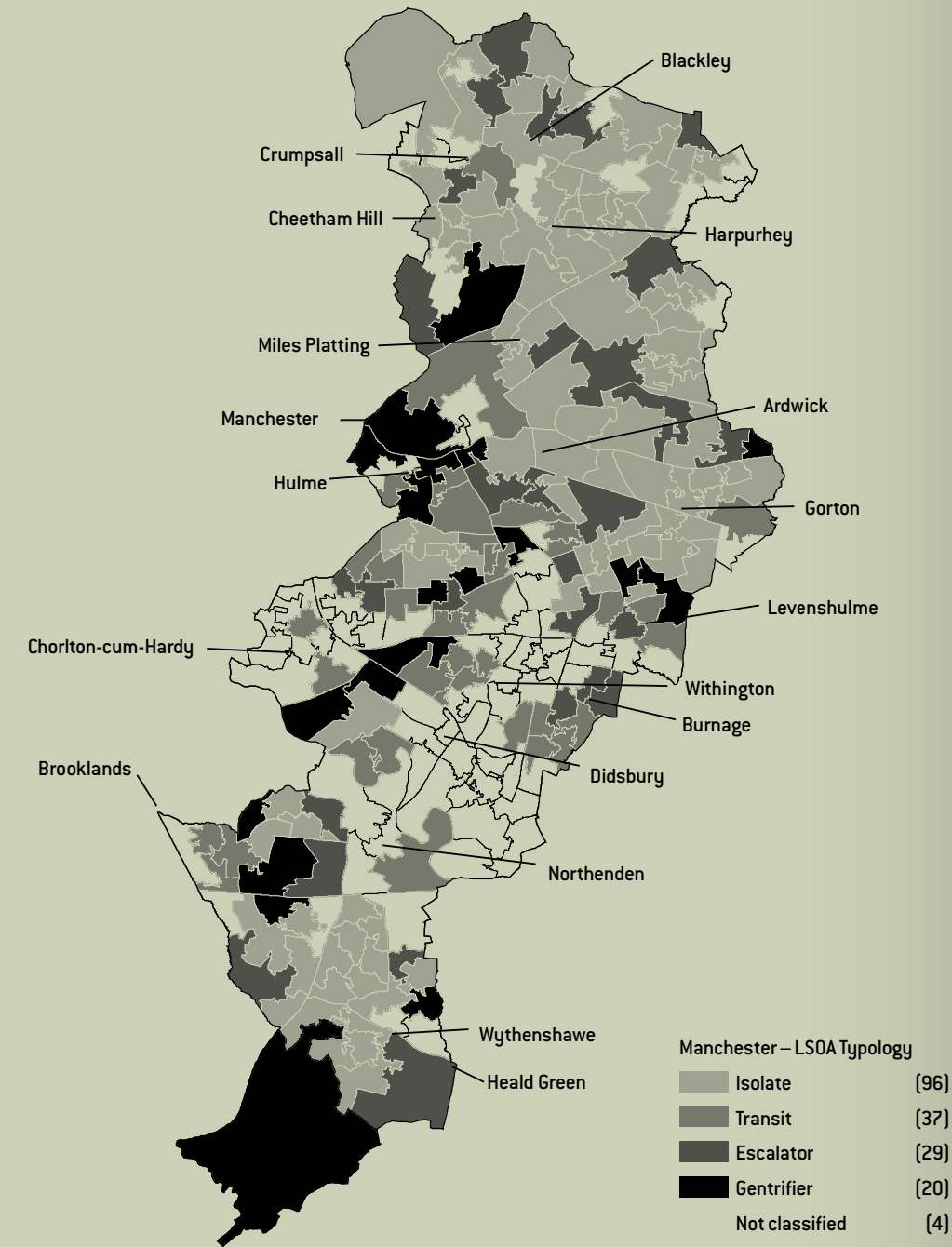
Source:CUPS, 2008.

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Figure 3.18 : Manchester Typology

Figure 3.19 : Oldham Typology



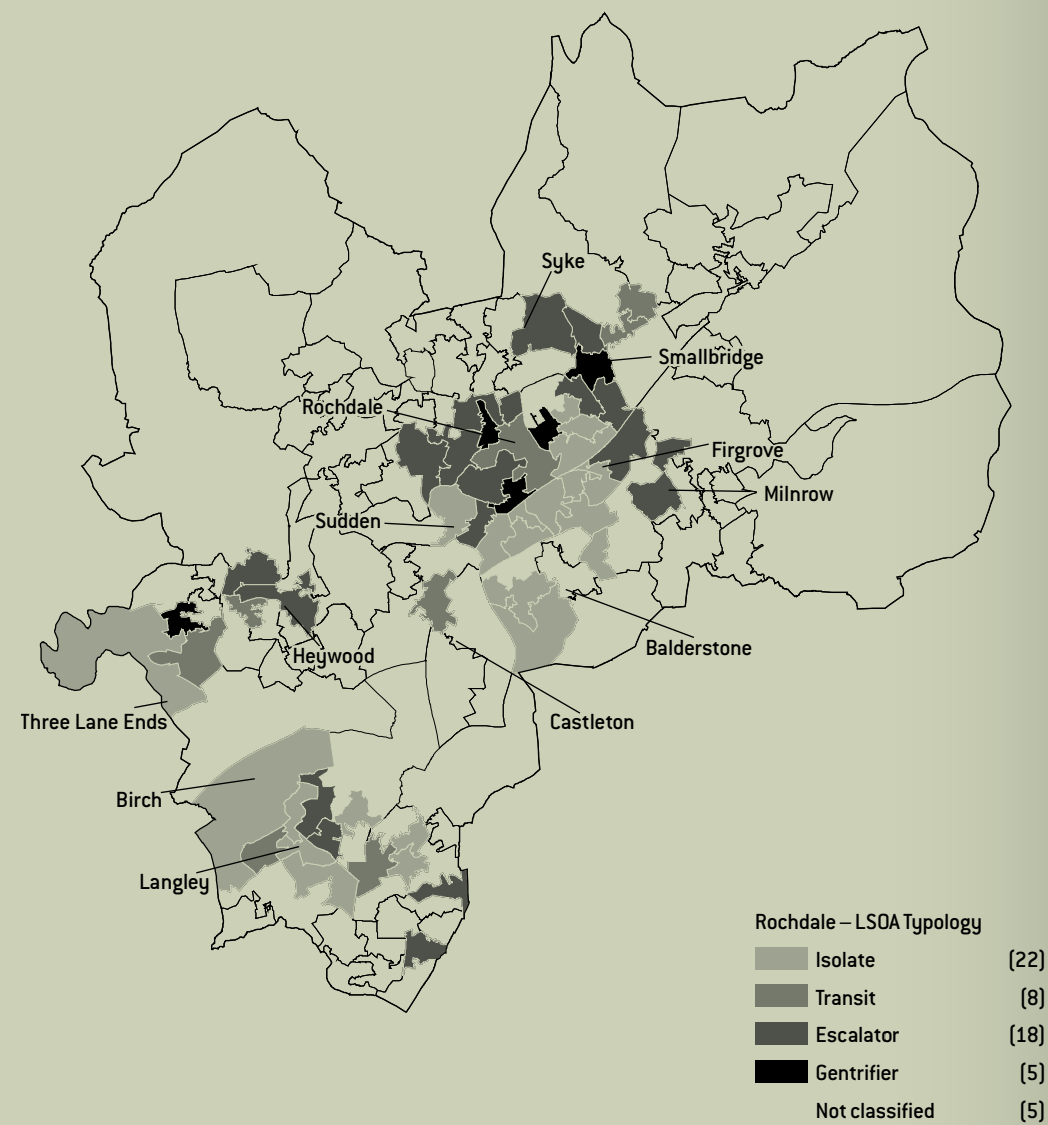
Source: CUPS, 2008.

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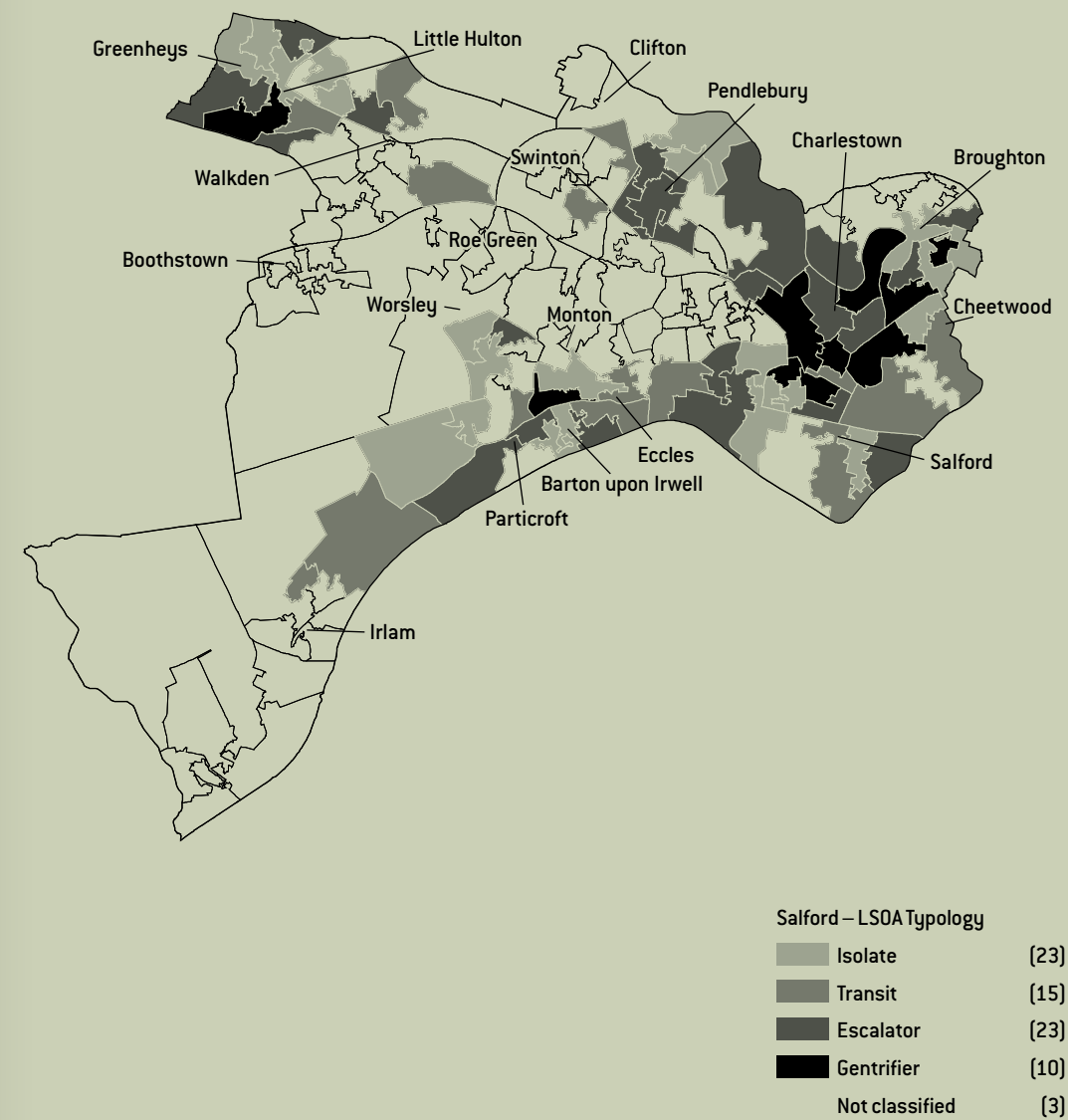
Figure 3.20 : Rochdale Typology



Source: CUPS, 2008.

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Figure 3.21 : Salford Typology



Source: CUPS, 2008.

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Figure 3.22 : Stockport Typology

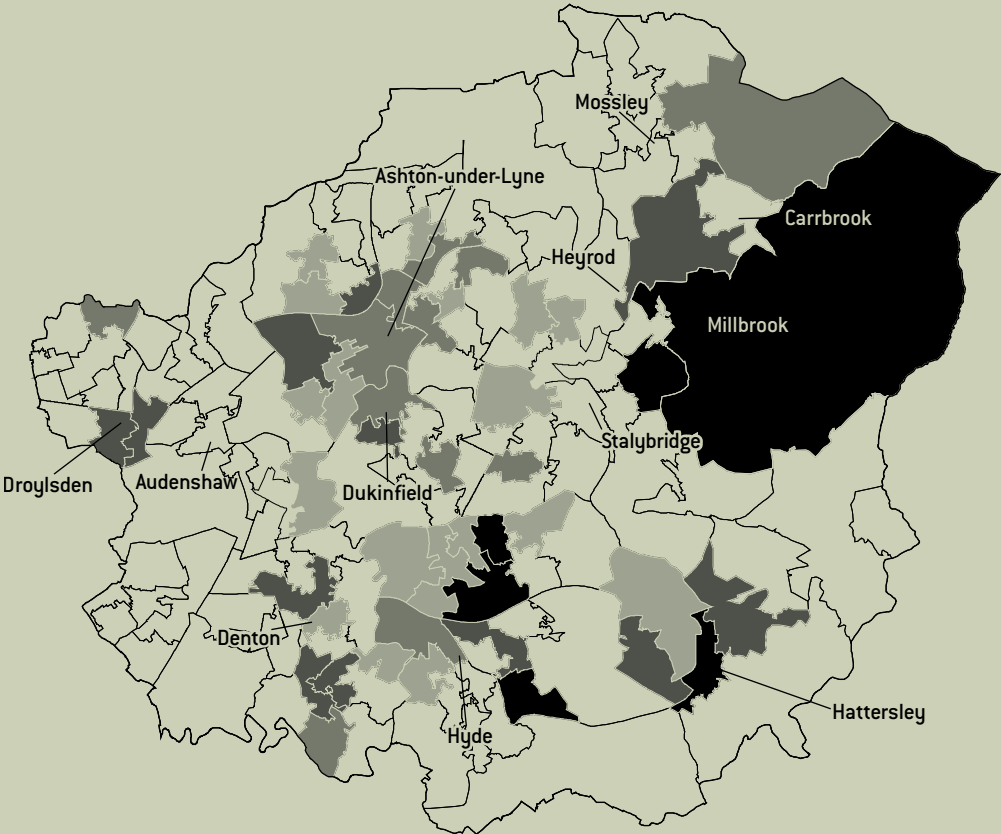


Stockport – LSOA Typology	
Isolate	(2)
Transit	(18)
Escalator	(0)
Gentrifier	(1)
Not classified	(0)

Source: CUPS, 2008.

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Figure 3.23 : Tameside Typology

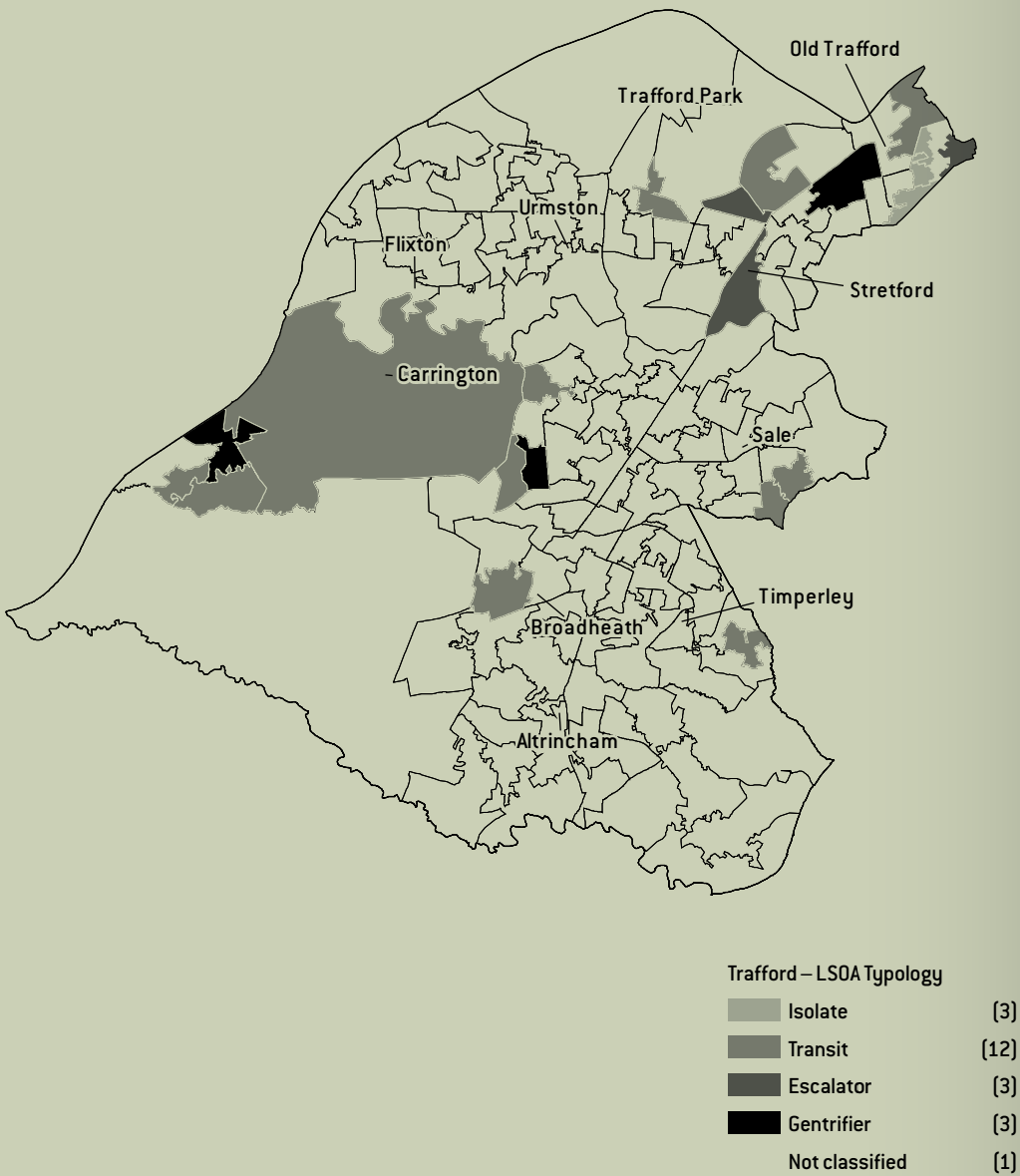


Tameside – LSOA Typology	
Isolate	(18)
Transit	(12)
Escalator	(12)
Gentrifier	(6)
Not classified	(2)

Source: CUPS, 2008.

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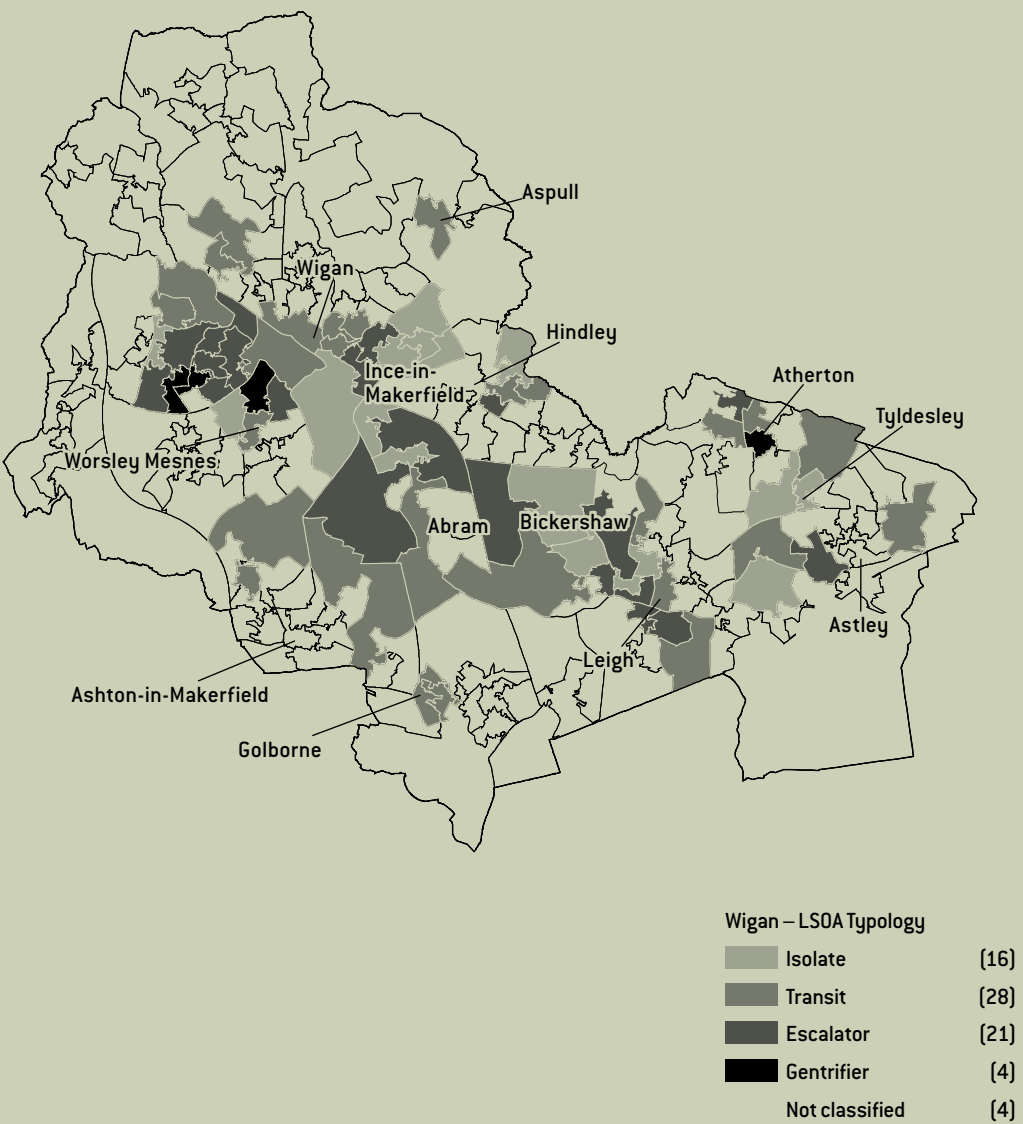
Figure 3.24 : Trafford Typology



Source: CUPS, 2008.

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Figure 3.25 : Wigan Typology



Source: CUPS, 2008.

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Changes in worklessness rates among small area geographies classified according to the above typology⁷ are shown in Table 3.5. Worklessness rates in each of the neighbourhood typology areas have improved since 1999, most significantly in Gentrifier areas.

In 2006, as in 1999, Isolate areas remained as the areas with the highest average rate of worklessness.

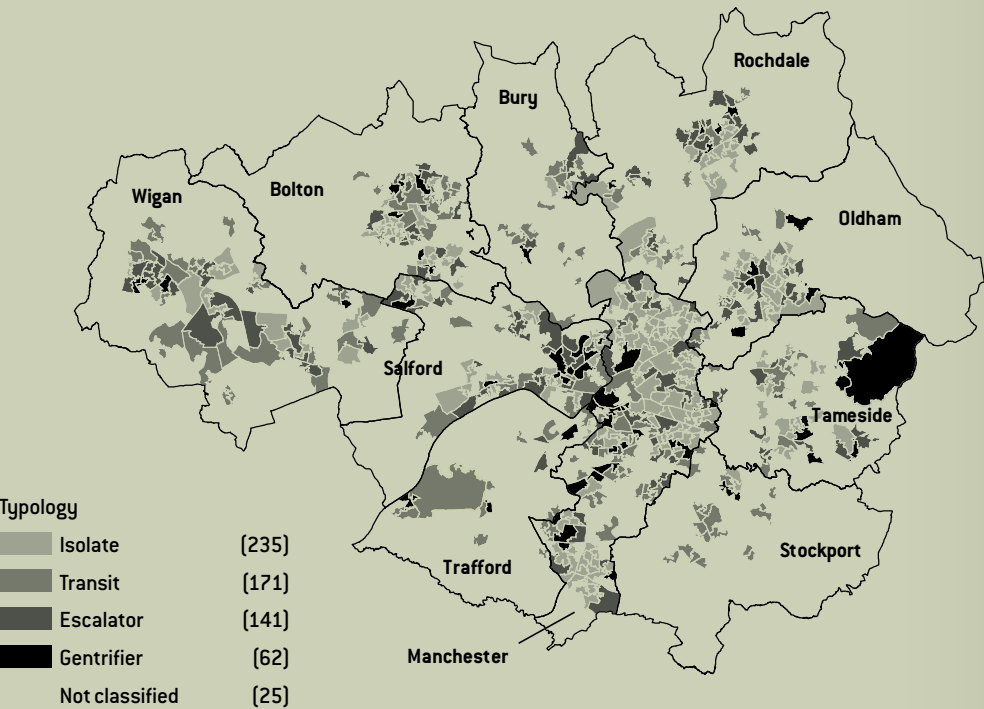
⁷ The typology applies only to those LSOAs falling in the worst national 20% of IMD scores.

Table 3.5: Worklessness Rates by Typology Area, Greater Manchester, 1999 to 2006

	1999	2006	Absolute Change	Relative Change
Escalator	22.6	20.1	-2.5	-11.1
Gentrifier	21.4	17.6	-3.8	-17.8
Isolate	24.1	20.8	-3.3	-13.7
Transit	22.9	20.5	-2.4	-10.5

Source: SDRC and CUPS, 2008

Figure 3.26: A typology of deprived neighbourhoods in Greater Manchester, 2001



© Crown Copyright, 2008.
Source: CUPS, 2008

3.7
Recent changes in indicators of
area deprivation

Introduction

The preceding analysis of change has focused on worklessness as a key indicator. This section examines trends in a number of other key deprivation indicators and their relationship to the area typology. It is supported by a series of maps in Appendix 3 that highlight the similarities in the spatial pattern of most of the key indicators of deprivation.

Education

A consistent pattern emerges from Key Stage (KS4) data, of poorer performance among residents of lower IMD deciles (Table 3.6). This raises issues concerning the potential for future improvements in overall area performance, given, for example, the importance of skills, which is highlighted as one of the conclusions from the analysis of Section 3.

Nevertheless, all deciles showed improved absolute performance and there are some signs of better relative improvement among the worst deciles, in particular decile 2, and a limited narrowing of the gap.

A coefficient of variance analysis applied to Key Stage 4 average point scores for all Greater Manchester LSOAs in 2002/03 and 2005/06, suggests the degree of spread in attainment scores (lowest to highest) against the respective Greater Manchester averages has remained the same, at 0.164.

This demonstrates that in terms of attainment scores, the gap with the Greater Manchester average has neither widened, nor narrowed between 2002/03 and 2005/06.

Changes in Key Stage 4 average point scores among small area geographies classified according to the neighbourhood typology are given in Table 3.7.

Greatest improvements in educational attainment at KS4 have occurred within gentrifier and transit areas, with gentrifier areas moving from worst to best attaining neighbourhoods between 2002/03 and 2005/06.

Escalator areas have seen limited improvement at KS4 over the four years to 2005/06 at the expense of its ranking. By 2005/06, Isolate areas had the lowest performance of any of the four categories.

Table 3.6: Key Stage 4 average points score for GCSEs, Greater Manchester, 2002/03 to 2005/06

IMD Decile		2002/03	2005/06	Absolute Change
Worst	1	211.0	215.9	4.9
	2	231.2	238.7	7.5
	3	246.8	251.6	4.9
	4	255.9	260.2	4.3
	5	267.3	273.7	6.4
	6	282.1	287.8	5.7
	7	296.8	302.8	6.0
	8	307.9	311.3	3.4
	9	322.6	329.2	6.6
Best	10	339.0	344.1	5.1

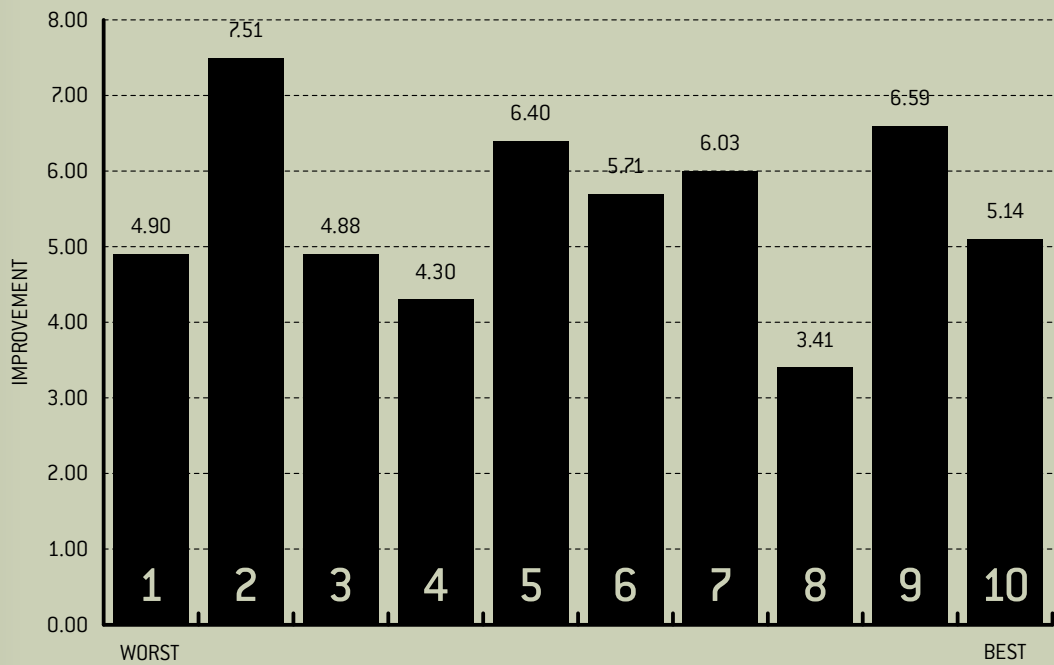
Source: SDRC, 2008

Table 3.7: Key Stage 4 average points score for GCSEs by typology area, Greater Manchester, 2002/03 to 2005/06

	2002/03	2005/06	Absolute Change	Relative Change
Escalator	237.6	241.4	3.8	1.6
Gentrifier	230.0	243.7	13.7	6.0
Isolate	233.9	238.9	5.0	2.1
Transit	235.0	242.7	7.7	3.3

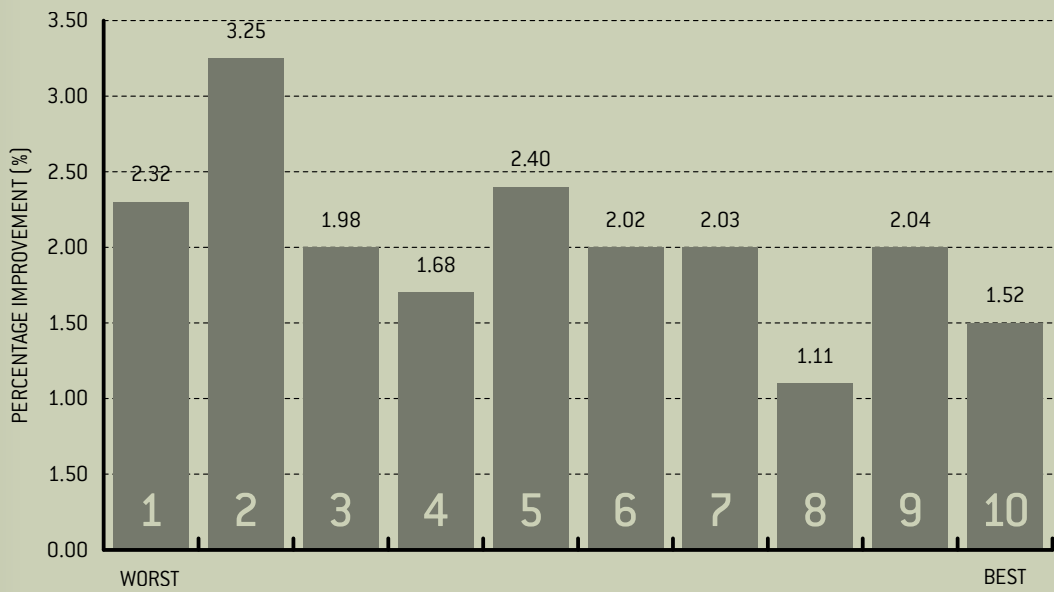
Source: SDRC and CUPS, 2008

Figure 3.27: Absolute Improvement in Key Stage 4 Attainment by GM Decile, 2002/03 to 2005/06



Source: IMD/SDRC, 2008

Figure 3.28: Relative Improvement in Key Stage 4 Attainment by GM Decile, 2002/03 to 2005/06



Source: IMD/SDRC, 2008

Crime

There have been substantial improvements across all LSOA decile groups relative to the national average (Table 3.8). However, the greatest improvements have taken place in the least deprived areas. Therefore while the ‘gap’ with the national average has narrowed, there has been a significant widening of conditions between the best and worst areas within Greater Manchester.

A coefficient of variance analysis applied to violent crime ranks for all Greater Manchester LSOAs in 2000/01 and 2004/05, suggests the degree of spread in ranks (lowest to highest) against the respective Greater Manchester averages has increased significantly from 0.283 to 0.443. This demonstrates that in terms of violent crime ranks, the gap with the Greater Manchester average has widened considerably between 2000/01 and 2004/05.

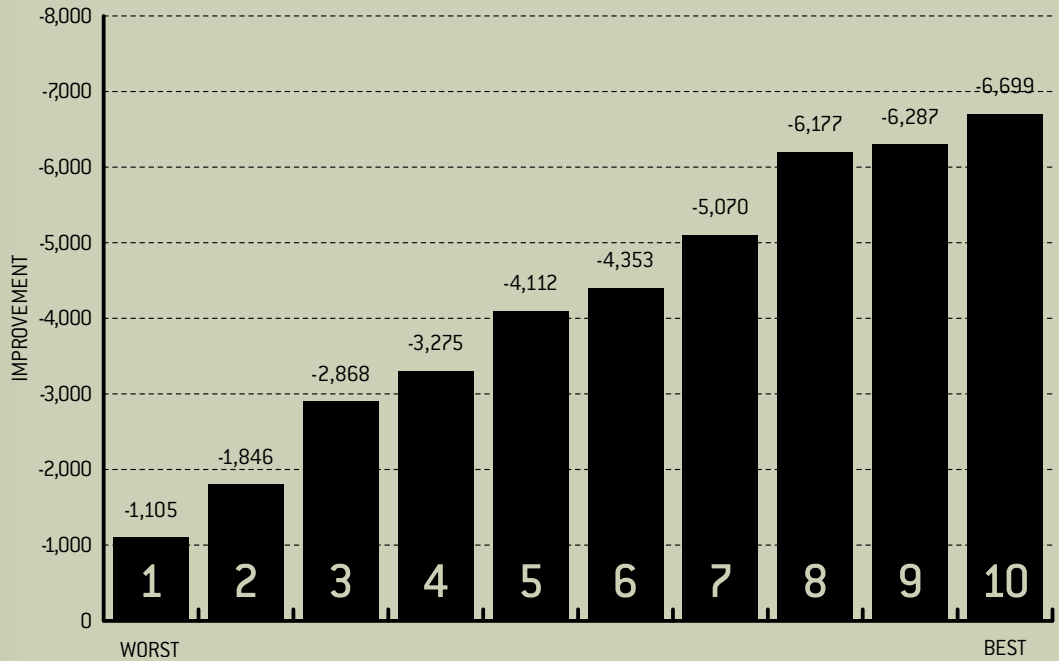
Table 3.8: Violent crime incidents (average LSOA national ranking), Greater Manchester, 2000/01 to 2004/05

IMD Decile	2002/03	2005/06	Absolute Change
Worst 1	29,297	28,192	-1,105
2	27,421	25,575	-1,846
3	26,836	23,968	-2,868
4	25,284	22,009	-3,275
5	24,215	20,103	-4,112
6	22,476	18,123	-4,353
7	20,361	15,291	-5,070
8	19,186	13,009	-6,177
9	16,796	10,509	-6,287
Best 10	15,241	8,542	-6,699

Source: SDRC, 2008

Changes in the average rank of violent crimes among small area geographies classified according to the neighbourhood typology are set out in Table 3.9. Between 2000/01 and 2004/05 reductions in the violent crime ranking occurred across each of the four typology areas, with particular improvements occurring in Escalator and Transit areas. Isolate areas, by contrast, experienced less marked improvements in their violent crime ranking.

Figure 3.29: Absolute Improvement in Violent Crime, Rank by GM Decile, 2000/01 to 2004/05

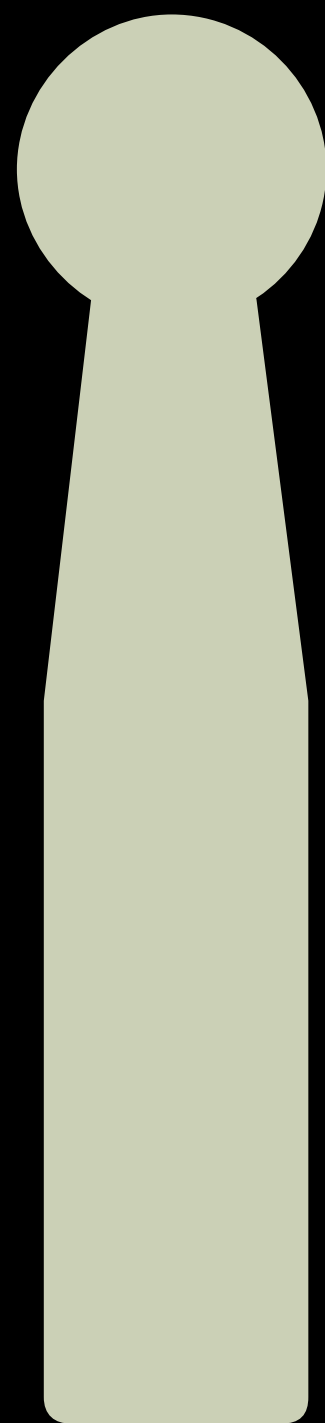
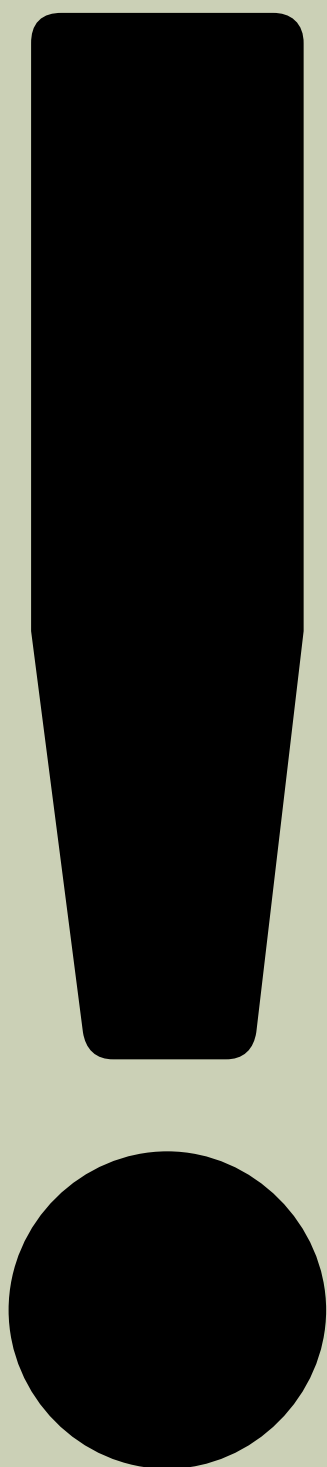


Source: IMD/SDRC, 2008

Table 3.9: Violent crime rank by typology area (average LSOA national ranking), Greater Manchester, 2000/01 to 2004/05

	2000/01	2004/05	Absolute Change	Relative Change
Escalator	27,528	24,864	-2,664	-9.7
Gentrifier	28,274	25,897	-2,377	-8.4
Isolate	27,544	25,493	-2,051	-7.4
Transit	27,118	24,675	-2,443	-9.0

Source: SDRC and CUPS, 2008



Housing

Increases in house prices cannot be considered an unambiguous measure of improvement since, while they may suggest improvements to areas, they equally imply increasing problems of affordability.⁸

A coefficient of variance analysis applied to average house prices for all Greater Manchester LSOAs in 2001 and 2007, suggests the degree of spread in average house prices (lowest to highest) against the respective Greater Manchester averages has decreased significantly from 0.657 to 0.493. This demonstrates that in terms of average house prices, the gap with the Greater Manchester average has narrowed between 2001 and 2007.

Changes in average house prices among small area geographies classified according to the neighbourhood typology are presented in Table 3.11. The significant increase in average house prices in Gentrifier areas demonstrates a number of factors at work.

Notably, these include the increased popularity of the areas and the changing social and economic composition of the resident base, which has enhanced purchasing power. House price increases have been least significant in Transit areas; causing properties in these areas to slip from being on average the most expensive in 1999, to second most expensive in 2007.

Greatest house price increases have however occurred in Isolate areas (206.6%), a possible consequence of their very low prices in 1999 and hence relative affordability – including their potential attractiveness to buy-to-let investors. As expected, prices remain lowest in Isolate areas, with Escalator areas being second lowest.

The gap between house prices in the best and worst deciles has narrowed significantly – largely reflecting the overall buoyancy of the housing market during this period (Table 3.10). However house price increases in the worst deciles now present major issues of housing affordability, with prices in the worst decile standing at some four times the Greater Manchester average household income.

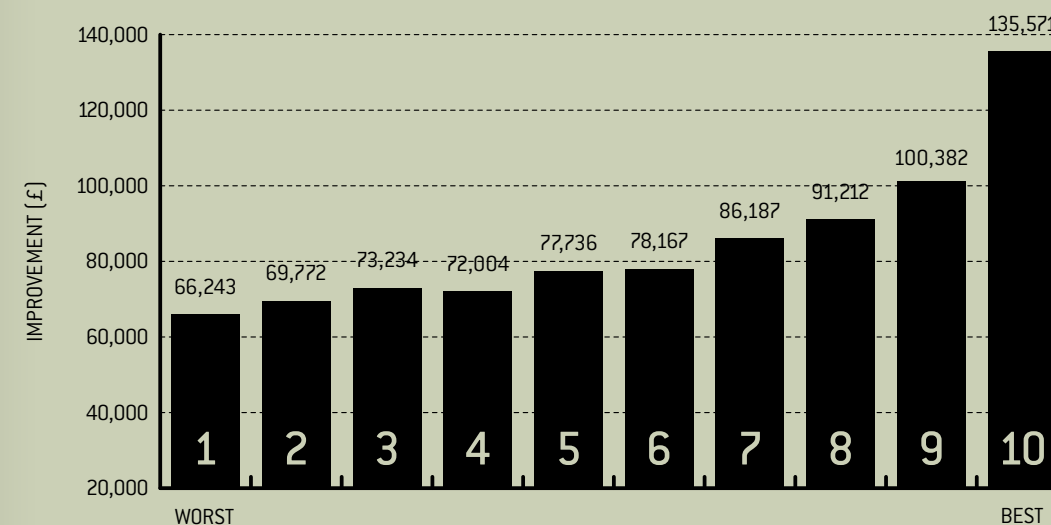
⁸ Furthermore, house price data refer only to owner-occupied housing.

Table 3.10: Average house prices, Greater Manchester, 1999 to 2007

IMD Decile	1999	2007	Absolute Change
Worst 1	33,317	99,560	66,243
2	40,575	110,347	69,772
3	43,145	116,379	73,234
4	51,549	123,553	72,004
5	57,244	134,980	77,736
6	70,285	148,452	78,167
7	71,955	158,142	86,187
8	82,832	174,044	91,212
9	101,718	202,100	100,382
Best 10	143,635	279,206	135,571

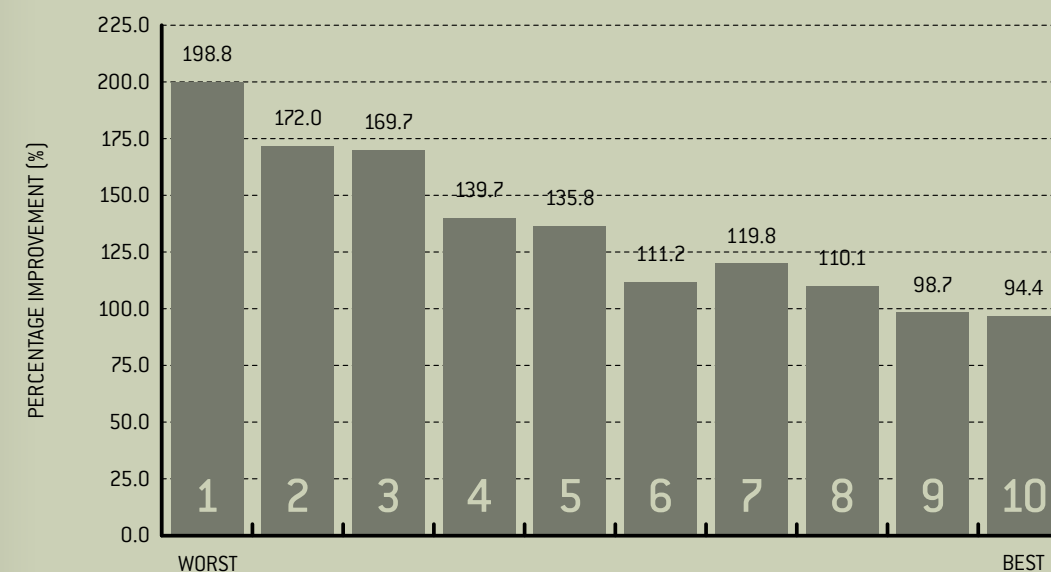
Source: SDRC, 2008

Figure 3.30: Absolute Improvement in House Prices (All Dwellings), 1999 to 2007



Source: IMD/SDRC, 2008

Figure 3.31: Relative Improvement in House Prices (All Dwellings), 1999 to 2007



Source: IMD/SDRC, 2008

Table 3.11: Average house prices by typology area, Greater Manchester, 1999 to 2007

	1999	2007	Absolute Change	Relative Change
Escalator	41,211	109,595	68,384	165.9
Gentrifier	47,601	123,860	76,259	160.2
Isolate	34,515	105,824	71,309	206.6
Transit	50,501	121,064	70,563	139.7

Source: SDRC and CUPS, 2008

Health

Change in health statistics over short time periods are notoriously difficult to interpret since many of the conditions that generate poor health are not ones that alter in the short-term. While there are significant variations across the IMD deciles, with rates in the worst deciles more than two-and-a-half times the expected norm and in excess of four times those in the best decile, the absolute changes are very small (Table 3.12).

Overall health has declined in the worst decile, as indicated by the absolute and relative worsening of ratios. Conversely, the better deciles in Greater Manchester demonstrate a better relative performance, with the consequence that there has been a further widening of the gap.

Coefficient of variance analysis applied to Standard Illness Ratio (SIR) scores for all Greater Manchester LSOAs in 2001 and 2005, suggests the degree of spread in

SIR scores (lowest to highest) against the respective Greater Manchester averages has increased slightly from 0.431 to 0.450. This demonstrates that in terms of SIR scores, the gap with the Greater Manchester average has widened between 2001 and 2005.

Changes in SIR scores among small area geographies, classified according to the neighbourhood typology, are presented in Table 3.13. This analysis suggests that areas of inherent deprivation experience the most severe and persistent levels of poor health, with, for instance, LSOAs in Transit areas having made negligible progress in terms of closing the gap with the national average (index = 1.000) between 2001 and 2005.

Escalator areas demonstrate comparatively better levels of health. However, unexpectedly, it is Isolate areas that improved by the greatest margin throughout the study period.

Table 3.12: Standardised Illness Ratios, Greater Manchester, 20001 to 2005

IMD Decile	2001	2005	Absolute Change
Worst 1	2.566	2.591	0.025
2	2.142	2.113	-0.029
3	1.895	1.839	-0.056
4	1.637	1.621	-0.016
5	1.425	1.399	-0.026
6	1.251	1.199	-0.052
7	1.114	1.050	-0.064
8	0.978	0.925	-0.053
9	0.843	0.782	-0.061
Best 10	0.641	0.599	-0.042

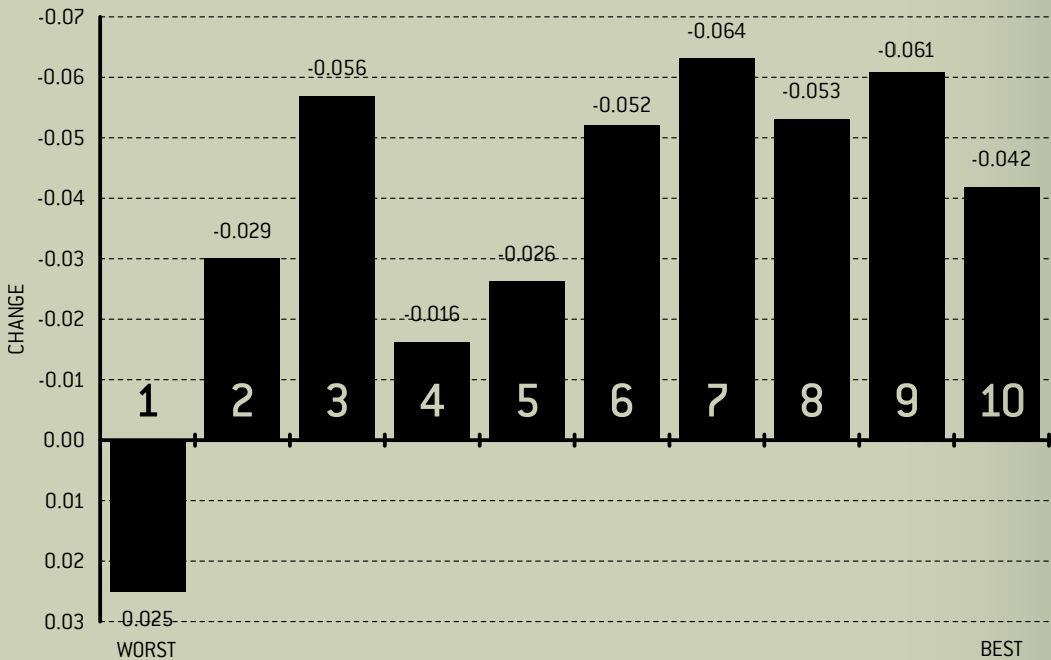
Source: SDRC, 2008

Table 3.13: Standardised Illness Ratios by typology area, Greater Manchester, 2001 to 2005

	2001	2005	Absolute Change	Relative Change
Escalator	2.047	2.024	-0.023	-1.124
Gentrifier	2.099	2.066	-0.033	-1.572
Isolate	2.114	2.060	-0.054	-2.554
Transit	2.070	2.067	-0.003	-0.145

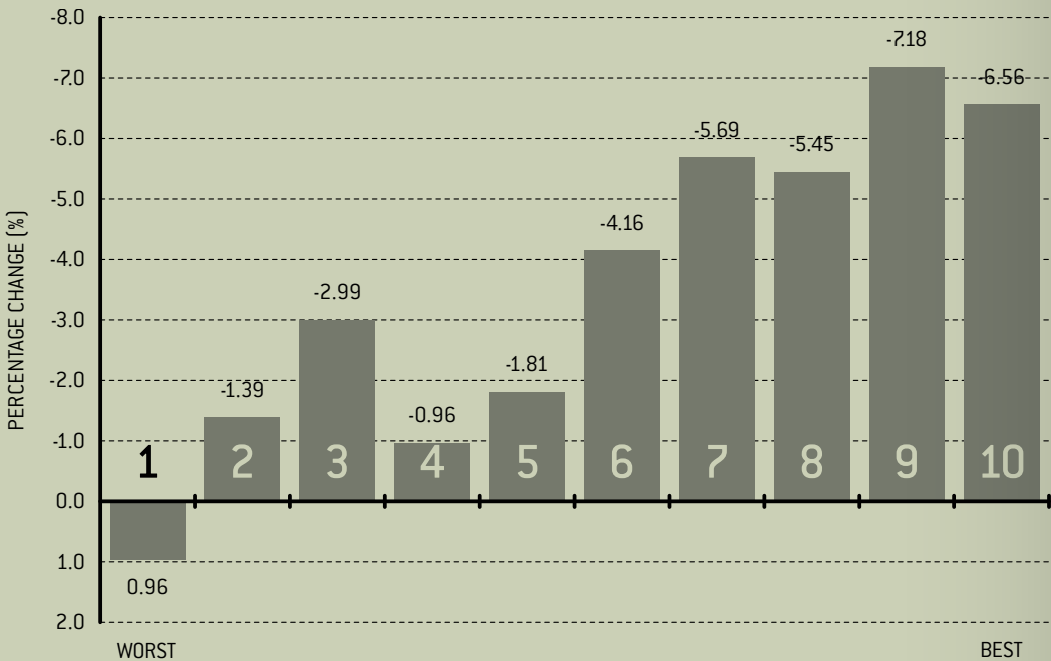
Source: SDRC and CUPS, 2008

Figure 3.32: Absolute Change in GM Standard Illness Ratio by Decile, 2001 to 2005



Source: IMD/SDRC, 2008

Figure 3.33: Relative Change in GM Standard Illness Ratio by Decile, 2001 to 2005



Source: IMD/SDRC, 2008

3.8
Summary on extent of deprivation

The analysis shows that the most sensitive scale at which to define polarisation is at the neighbourhood level. It is clear that, during a period of relatively benign economic conditions, while there has been a narrowing of the gap in deprivation at a district scale, there has been a general widening of the gap for neighbourhoods.

Across most indicators there has been some limited improvement in absolute conditions in the most deprived areas, but a deterioration relative to less deprived areas. The main exception is house prices where there has been a significant convergence, but this will have been heavily influenced by the buoyancy of the housing market during the data analysis period, with excess demand (including that for buy-to-let properties) spilling over into the most deprived areas. The other indicators all suggest increasing polarisation.

Despite the overall absolute improvements in many of the indicators, Manchester, Salford and Rochdale continue to be the most deprived districts and Trafford, Stockport and Bury continue to be the least deprived.

The evidence suggests that, over both the longer and shorter term, polarisation across neighbourhoods has increased. In the following section we therefore look at the drivers that underpin polarisation and the changes in levels of deprivation across neighbourhoods.



4.0 KEY DRIVERS AFFECTING AREA DEPRIVATION

One of the primary objectives of the study is to gain insight into the factors that can be associated with persistent area deprivation.

4.1 Introduction

This chapter initially presents an overview of the types of factors that are potentially at play. It then proceeds to present the results of the 'transition model' econometric modelling.

As described in Section 2, the model analyses the extent to which areas have achieved 'transitions' in their status. In this instance, these 'transitions' are defined as changes in an areas' ranking in terms of worklessness rates relative to their local authority district average.

As already noted, worklessness rates are a very good proxy for overall deprivation. The model then isolates (and seeks to quantify the importance of) a range of factors evident in areas that have undergone transitions in their worklessness rates.

The section concludes with an analysis of the factors that are identified as being significant and how they are manifesting themselves in the Greater Manchester area.

4.2 Overview of factors influencing local area conditions

Figure 4.1 provides a theoretical representation of the range of factors that can affect conditions in a 'neighbourhood' or other small area. They can be grouped into three broad and inter-related categories as summarised below:

A. External characteristics relating to the wider area in which the neighbourhood is located and can include, for example:

- type of area e.g. conurbation centre; conurbation periphery; free-standing town; rural; etc.
- economic performance of the broader area – both cyclically and in terms of structural changes e.g. decline of manufacturing sector;
- housing market trends e.g. price trends; smaller households; buy-to-let; etc.
- demographic changes e.g. migration; household formation rates; aging population; etc.
- administrative factors e.g. quality of local governance;
- policy e.g. economic; education; transportation; regeneration; employment; etc.
- wider societal trends / views e.g. city living; integration of minority groups; etc.

B. Internal characteristics of a neighbourhood including, for example:

- location and accessibility to services, facilities and employment areas;
- housing tenure, type and condition;
- role within urban system;
- history including persistence and trajectory (i.e. improving or worsening) of deprivation;
- environmental quality;
- quality of services e.g. education, health, policing;
- community infrastructure;
- population composition and dynamics;
- area-based initiatives and investment; and
- local economic activities.

C. The dynamics of change within the neighbourhood. The above (i.e. A. and B.) interact to influence a range of processes within areas. The processes are reflected in both 'people-based' and 'area-based' indicators including for example:

- worklessness;
- crime;
- health;
- educational performance;
- income levels;
- community cohesion;
- investment levels;
- housing characteristics; and
- environmental quality.

These change processes interact in different ways, in different types of area, at different spatial levels and with varying consequences over time. They influence (and are influenced by) patterns of residential population movement.

We have used econometric modelling techniques (the 'transition model') to try to isolate the significance of the individual factors at work. The model uses worklessness rates as the key measurable and therefore as a proxy indicator for measuring area deprivation and is summarised in the remainder of this section.

4.3 The transition model findings

Where relevant data are available at an LSOA scale, the above elements have guided the choice of variables included in the model. Table 4.1 summarises the headline results of the modelling exercise in terms of two scenarios: the probability of an LSOA in the worst 10% improving; and the probability of an LSOA not in the worst 10% declining into the bottom decile (detailed results are given in Appendix 2).

Where variables are shown to be statistically significant, a set of simulations has been run to examine the relative scale of any such effect. The results of these are presented in the table.

Interpretation of the simulation results requires care. Effects are expressed as a multiple of the average probability of transition within models. Thus, if the average probability of an LSOA improvement is 10%, a variable defined to increase the transition probability to 15% is denoted by a multiple of 1.5, while that defined to reduce the transition probability to 5% is denoted by a multiple of 0.5.

It is important to note that the same principle operates for transitions into the bottom 10%, but in this situation a value greater than 1 indicates an enhanced probability of decline, rather than improvement.

Finally, for variables that are continuous in nature, simulations were undertaken at three different values: the minimum value of that variable across all LSOAs, the mean value and the maximum value.

These provide an indication of the range of individual variable effects, but it must be noted that the maximum and minimum values are likely to represent extremes of the variable distribution.

Thus some of the very high / low multiples reported may reflect LSOA values that are some distance from the average.

Some relatively strong and consistent messages emerge from the analysis concerning the association of certain factors with relative area performance (i.e. spatial polarisation).

The remainder of this section comprises a brief summary of each of these. They include:

- education and skills;
- housing characteristics;
- wider economic context and the availability of jobs;
- demographic composition, in particular population churn and ethnicity;
- changes in the internal conditions experienced by areas; and
- the presence of neighbourhood level policy interventions.

Table 4.1: Summary of transition model results

VARIABLE	PROBABILITY OF IMPROVEMENT FROM WORST 10%	PROBABILITY OF DECLINE FROM WORST 10%
Length of residence (< 1 year)	No significant effect at 10%.	High residential churn areas more likely to deteriorate [3.62 at maximum] and low churn areas less likely [0.72 at minimum].
Ethnicity	Areas with larger Chinese [1.88], Black African [1.79] and Pakistani [1.78] cohorts more likely to improve at maximum concentrations – but slightly less likely [0.96, 0.91 and 0.96 respectively] at average levels.	Areas containing more extensive Black African and Indian less likely [0.74] to decline at maximum concentration, but slightly more likely to decline at average levels – 1.13 and 1.08 respectively.
Skills	Areas with higher than average Level 3 / 4 skills levels more likely [1.60 at maximum level] to improve and areas with average and lowest levels less likely [0.94 and 0.75 respectively]. Level 1 & 2 skills not significant.	Higher probability of decline for areas with lowest skills levels at Level 3 / 4 [2.03]. Very low probability at maximum levels [0.13]. Level 1 & 2 skills not significant.
Tenure	Areas with small public rented sector more likely to have improved [2.34 at minimum]. Areas with high concentrations much less likely [0.36] to have improved.	Areas with substantial public rented sector more likely to have declined [3.58 at maximum level]. Low public rented areas much less likely to decline [0.22].
Other Domains	Areas with high mortality and violent crime rates less likely to have improved [0.84 for both].	Areas with high mortality more likely [1.15] to have declined.
Policy	LSOAs where NRF is known to have been targeted have 1.36 increased probability of improving. NRF LADs generally have 1.41 increased probability.	Extensive policy role in limiting deterioration into worst 10% is apparent. [0.53 probability for NRF LADs; 0.46 for targeted NRF LSOAs; and 0.40 for NDC areas].
EXTERNAL (WIDER AREA) FACTORS		
Region	<p>More likely: London [1.59]</p> <p>Less likely: Yorkshire and Humber [0.72] Northwest [0.59] Northeast [0.54]</p>	<p>More likely: Yorkshire and Humber [2.15] Northwest [1.60] Northeast [1.60] Southwest [1.44]</p> <p>Less likely: London [0.45]</p>
LAD Type	<p>More likely: Conurbation cores [1.49] Large free standing towns [1.12]</p>	<p>Less likely: Large free standing towns [0.84]</p>
GVA Growth	Areas in a high GVA growth area are more likely to have improved [1.31].	Being located in strong GVA growth areas is identified as reducing likelihood of deterioration [0.75].
Low skills job access (within 5km)	Moderately strong benefits from proximity to low skilled are evident for improvement from worst 5% [1.30 at maximum levels]. Not statistically significant for worst 10%.	Accessibility of low skilled jobs limits the probability of decline [0.88 at maximum levels].

4.4 Education and skills

Particularly at Levels 3 and above, the model demonstrates a strong positive association between an area's skill levels and both improvement and the prevention of decline. There is also a suggestion that the 'worse' the area, the more it needs to achieve above-average levels in order to improve (i.e. achieve a positive transition). By contrast Level 1 and 2 skills are much less significant.

While the model identified skill levels as being a key factor associated with neighbourhood transition in worklessness rates, the results regarding educational attainment were less clear cut. This is a consequence of the limited time series (i.e. 2001 to 2006) for which most data is available, for example the improvements in Key Stage 2 educational performance will not be fully reflected in the labour market for at least a decade.

There is however a substantial body of evidence concerning the strong linkage between educational performance, skills level and economic status. Appendix 5 shows the results of an analysis of the correlation between these factors at LSOA level, across all city regions and in Greater Manchester.

Across all key measures it shows a strong and highly significant relationship. Moreover it shows that the correlation between education, skills and worklessness is stronger in Greater Manchester than the other city regions.

As a consequence of the above relationship, as part of this study, we have therefore also examined in detail the extent to which educational performance may be a driver of spatial polarisation.

The outcomes of this research, in four Local Education Authorities – LEAs (Bury, Manchester, Salford and Stockport) are detailed in Appendix 4. It explores three key questions:

- do deprived pupils go to 'low-performing schools'?
- do deprived pupils who go to low-performing schools do worse than deprived pupils who go to better-performing schools?
- do the selection policies of LEAs and schools help to counter educational polarisation?

The initial analysis of Pupil Level Annual Schools Census (PLASC) data found there to be:

- a positive relationship between school performance and the size of the area from which schools recruit pupils, suggesting that low-performing schools generally draw on a predominantly local catchment;
- a strong positive relationship between house prices in a school's catchment and the GCSE performance of the school; and
- a clear inverse relationship between a school's GCSE performance and both the average IMD scores of its pupils and the percentage of pupils in receipt of free school meals. The correlation is weakest for Manchester, reflecting the high percentage of deprived pupils across the city, and strongest for Stockport, where there are fewer deprived pupils, spatially concentrated in a small part of the borough.

It would appear therefore that pupils from deprived backgrounds tend to go predominantly to poor-performing schools. Such educational selection is clearly a potentially powerful driver of social polarisation. If we can show that deprived pupils who go to low-performing schools do worse than those going to better-performing schools, we will be able to demonstrate the significance of the role of education in reinforcing the polarisation of disadvantaged areas.

Again we have used PLASC data to track pupil attainment between primary and secondary school, for a cohort of pupils attending secondary schools in Manchester, Salford, Stockport and Bury. This entails matching the Key Stage 2 (KS2) results of a pupil in 2002 with the same pupil's Key Stage 3 (KS3) results in 2005.

Using the regression coefficients of the relationship between KS2 and KS3 scores for all pupils in each of the four authorities we can estimate, on the basis of pupils' actual KS2 scores, the expected results of each pupil at KS3. These can then be compared with the actual KS3 results to see whether pupils over-perform or under-perform.

The analysis shows a very consistent pattern. Most significantly it suggests that, across all four LEAs, deprived pupils who attend lower-performing schools do consistently worse on average than similarly deprived pupils who attend better-performing schools. This is the case whether one looks at pupils who simply under-perform, or at those who under-perform significantly (i.e. by more than one standard deviation).

The results of the analysis suggest therefore that the choice of school is an important mechanism in increasing the likelihood of better performance among pupils and that deprived pupils who go to low-performing secondary schools, are less likely to exceed their expected results based on their primary-school performance.

The fact that deprived children disproportionately attend poorer-performing schools (and therefore generally tend to perform worse than had they attended better-performing schools) is therefore a clear driver of social polarisation.

In part, this obviously reflects (and reinforces) the geography of social segregation. It may also be a function of a conscious attempt by some parents to ensure that their children go to high-performing schools regardless of their home location. Both of these processes can clearly be influenced by the policies of Local Education Authorities.

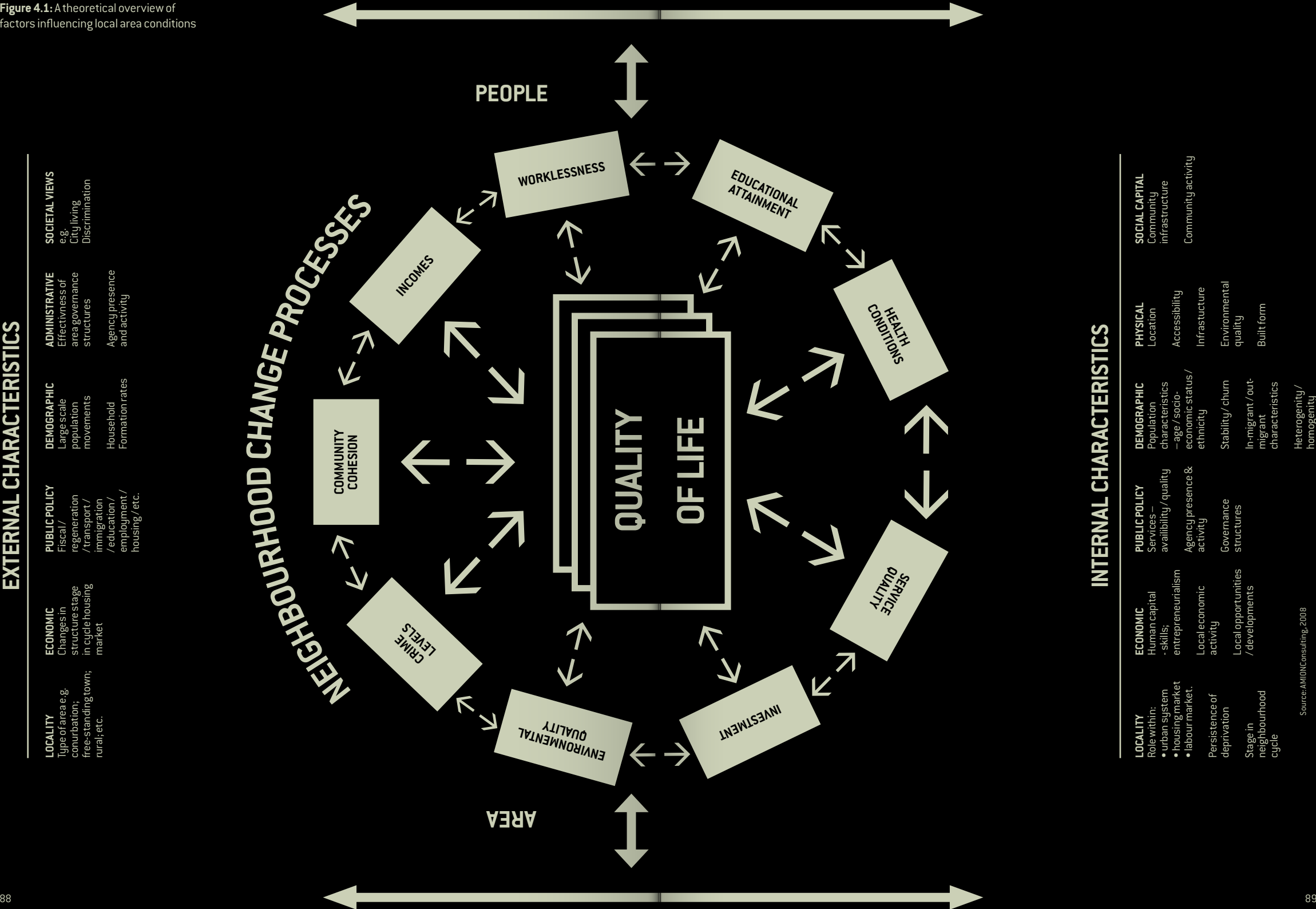
The results of interviews with key personnel in the councils and education departments of the four LEAs are summarised in Appendix 4. It appears that policy makers focus primarily on two issues: attempting to reduce cross-boundary flows of pupils; and improving the performance of individual schools.

Admission policies remain a loosely-controlled free market driven by parental choice. The evidence of the significance of the choice of school for the educational performance of deprived pupils, may suggest the need both to develop strategies across LEA boundaries and to re-examine admission policies.

The earlier analysis of educational divergence in attainment levels by IMD Decile (Section 3) suggested that the 'gap' between the most deprived areas and the rest has remained broadly constant in recent years.

Given the close correlation between educational performance and future skills levels and worklessness rates, it is apparent that narrowing the gap in educational performance needs to be a key priority, if current levels of spatial polarisation in Greater Manchester are to be reduced.

Figure 4.1: A theoretical overview of factors influencing local area conditions



4.5 Housing

The relationship between housing, for instance in terms of type, tenure and condition and spatial polarisation, is complex. The modelling results outlined earlier demonstrated a strong relationship between housing tenure characteristics, and to a slightly lesser degree housing affordability, and the probabilities of areas achieving transitions. In particular areas with high social housing concentrations are much less likely to improve and more likely to decline.

A number of recent trends in the housing market have contributed towards greater polarisation of areas (i.e. a widening gap). There are two broad manifestations of these trends in terms of their impacts on area deprivation:

- firstly, restricted choice and opportunities to move for people from deprived backgrounds. This can result in deteriorating conditions within the most disadvantaged areas as a result of their increased residualisation and the homogeneity of their resident population. These areas will primarily comprise the 'isolate' areas as identified in the area typology (see Section 2); and
- secondly, increased population churn in certain areas arising from, for example, increased private renting and demographic changes. This can impact on levels of community cohesion as a result of a more transient population and changing demographics (e.g. young people as opposed to families). Furthermore, it can result in the most vulnerable individuals and families being restricted to sub-standard accommodation, increasingly concentrated in areas of low desirability / demand owing either to issues of affordability or the waiting requirements of social housing providers. The transition modelling identified such high churn areas as being significantly more likely to deteriorate.

A discussion of the key forces that have been at work in the Greater Manchester housing market is attached at Appendix 6. They comprise both demand and supply factors.

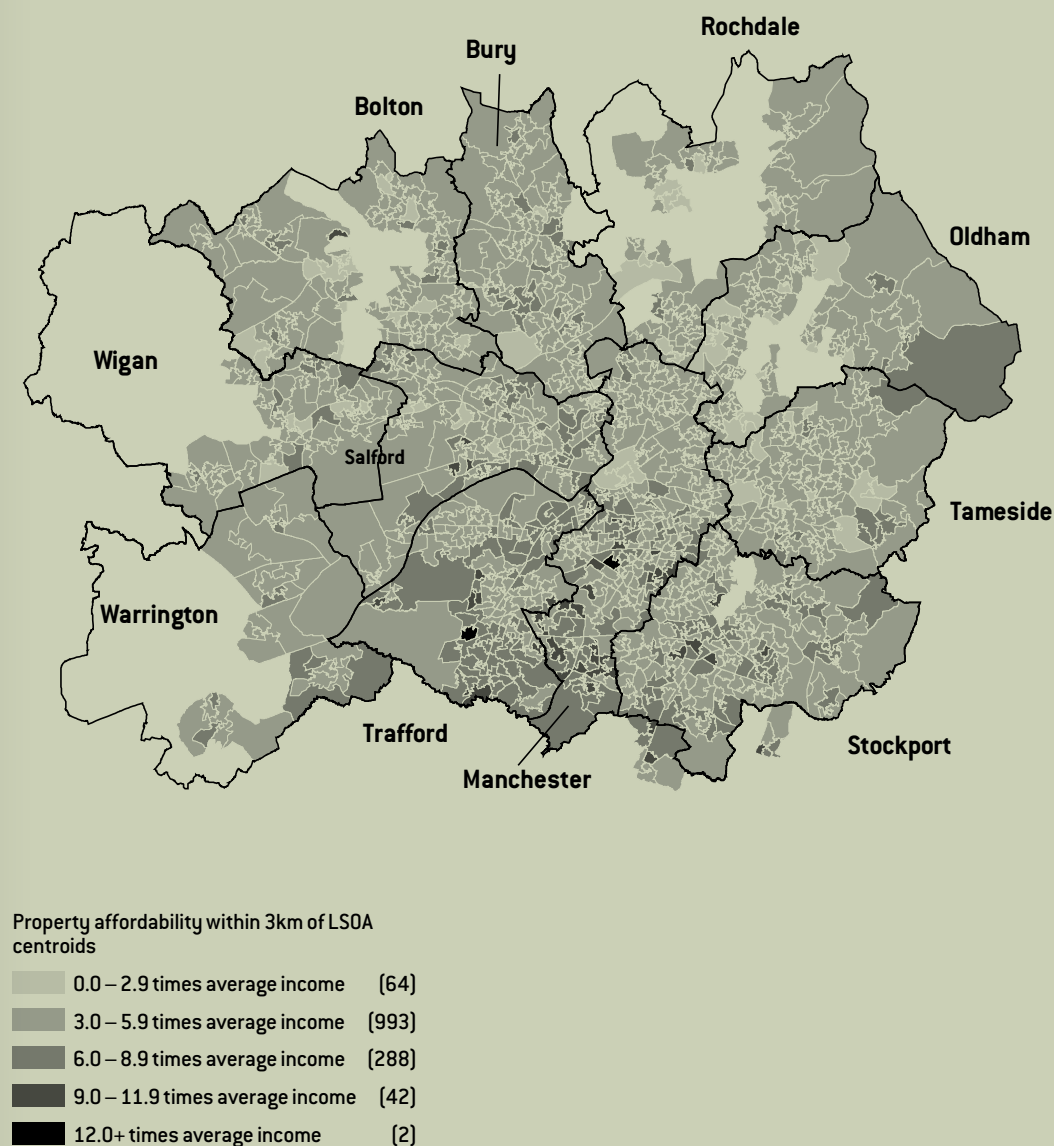
The following provides a brief summary of those that have had a particular influence on patterns of area deprivation. They are:

1. Decreasing affordability of owner-occupied accommodation as a result of significant house price increases. On average, house prices doubled in the six years to 2007. This has been fuelled by increasing demand for housing and competition amongst buyers, which has resulted in a shrinking pool of low cost housing.

Affordability issues are most acute to the south of Greater Manchester (see Figure 4.2) where pressures in other segments of the housing market have created a growing demand and a lucrative market for private rented accommodation. Factors have included:

- considerable growth in the number of households as a result, for example, of the increase in single person households, rising aspirations for home ownership, rising life expectancies and in-migration; and
- loss of stock, and increased prices in certain areas, as a result of buy-to-let acquisitions. This has fuelled house price increases even in areas of low demand, due to competition for affordable properties between investors and younger first-time buyers. In particular, areas of smaller, lower value housing in Warrington, central and north Manchester, Oldham and Rossendale have experienced the greatest increases in average sales values [in the region of 250%+ between 1996 and 2005].

Figure 4.2: Property affordability ratios, 2004



2. Increased private renting across much of the sub-region, but particularly in and close to Manchester city centre.

Concentrations of private rented housing on the periphery of the city centre most commonly host students, in-migrants and individuals / families awaiting a social housing tenancy. As well as, in a number of areas, young affluent singles.

Neighbourhoods dominated by the private rented sector typically experience higher levels of population churn⁹ and lower levels of social cohesion than more stable areas of owner occupation.

Consequences of this are acknowledged to include higher levels of crime¹⁰ and anti-social behaviour in the locality, higher levels of pupil turnover on school rolls and limited investment in housing stock maintenance. This can potentially lead to the deterioration of the area.

Factors have included:

- increased buy-to-let investment;
- increased student numbers;
- increased migration.
(Approximately 9,000¹¹ in-migrants arrive in the Greater Manchester sub-region each year, most to Manchester itself);
- social housing shortages and consequent overspill; and
- lack of affordable starter properties.

3. Pressures on the social housing stock. Some 70,000 units between 2001 and 2007¹² became unavailable for re-let and there are rising numbers on housing lists. This figure represents almost two years worth of lettings by all Greater Manchester – Registered Social Landlords (RSLs) and is particularly acute in areas of multiple deprivation.

While home ownership has enabled economic mobility amongst some social tenants, it has also exacerbated the social and economic barriers faced by those waiting to access a social property. Factors at work have included:

- stock removal through right-to-buy / shared ownership initiatives;
- property obsolescence; and
- increased demand for social housing from households experiencing economic pressures.

The above trends have combined to maintain, and in some cases reinforce, tendencies towards greater spatial polarisation. Certain areas have become increasingly remote from ‘mainstream’ housing markets, and others are increasingly transient and lacking in stable, or sustainable, communities.

Extensive clearance and re-building of poor quality neighbourhoods of the inner-core presents an opportunity for the development of quality mixed tenure and value housing which attracts and sustains mixed communities. Hulme is an example of a neighbourhood transformed by this approach.

9 ECOTEC (2007) Manchester City Region Housing Market Report citing CLG (2007) Survey of English Housing

10 ECOTEC (2007) Manchester City Region Housing Market Report citing Barr. R (1997) Home Office Manchester Safer Cities Initiative

11 ECOTEC (2007) Drivers of Housing Market Change in the Manchester City Region citing ONS

12 ECOTEC (2007) Manchester City Region Housing Market Report

13 Across all City Region LSAs there is a strong correlation between worklessness rates and households lacking a car (0.7918). In Greater Manchester the figure is even higher (0.8718).

4.6 Availability of jobs

The external economic context of deprived neighbourhoods was identified by our econometric modelling, as being a significant factor in influencing the probability of change.

GVA growth performance in the surrounding area was shown to have positive effects both in promoting the chances of improvement and in limiting the probability of decline. This is also reflected in the finding that conurbation core areas (which have seen strong economic performance over the period) are more likely to have experienced relative improvement.

While the extent of area polarisation in Greater Manchester has continued to increase over the post-2000 period, the (until recently) strong economic performance of the sub-region would appear to have limited this increased spatial divergence. Unfortunately data availability constraints mean that it is not possible to model more recent trends leading into the current economic downturn.

A strong inference however would be that there will be further strengthening of pressures leading to increased polarisation. These will become more prominent as the recession persists and the job impacts of the downturn cascade across different sectors. In this context the model's finding (that accessibility to local, lower level skilled jobs increases the probability of improvement and reduces the probability of decline) is particularly pertinent.

While the overall competitiveness of the sub-region and wider macro-economic conditions will largely determine the absolute number of jobs available, accessibility to jobs will affect the relative position of areas. ‘Accessibility’ is partly a function of distance, but also reflects access to transport.

There is a strong inverse relationship between worklessness and car ownership rates¹³, particularly in those polarised

areas that are relatively distant from concentrations of jobs. The availability of good public transport links is therefore crucial.

However, it should be emphasised that while sub-standard public transport access can be a major issue, it is only one of a range of factors that contribute to polarisation.

Areas of high worklessness can sit side by side areas of significant employment opportunity. For instance the proximity of Manchester's central neighbourhoods to the conurbation core and Wythenshawe to Manchester Airport.

Poor transport accessibility can perpetuate high levels of unemployment in a locality. The importance of accessibility to jobs has been recognised in local transport policies in Greater Manchester (see Appendix 7 for a summary).

Oldham and Rochdale for example suffer from both limited local employment opportunities, as well as restricted public transport options between authorities and into the conurbation core, that would enable residents to access employment elsewhere.

Similarly, residents of Wigan have limited means of accessing employment in nearby Cheshire and Merseyside by public transport, an issue that the Accessibility Strategy aims to address through cross-boundary collaboration.

Public transport customers wishing to (re) enter employment can also face secondary accessibility issues. These issues include reduced transport services at weekends, evenings and at night; limited information on cross-authority routes, transport options and fares; plus a contracting bus network that can be unreliable and slow during peak hours.

The increasing cost and questionable safety of public transport during off-peak hours, particularly at night, present further barriers to individuals seeking secondary labour market employment.

4.7

Area demographics

The transition modelling found that deprived areas with high levels of residential churn are more likely to deteriorate, but that there is no significant relationship between churn and improvement.

Areas with high levels of churn may therefore be de-stabilised, whereas low churn in already deprived areas may reflect the fact that households are trapped in areas in which they would prefer not to live (i.e. the 'isolate' areas identified in the earlier typology). The 'status' of these latter areas is therefore likely to remain unchanged.

High churn in deprived areas can exacerbate the spiral of decline that characterises them by threatening existing social networks, putting pressure on local services and creating additional problems such as high crime.

The National Neighbourhood Renewal Strategy (2001) recognised that high churn can be particularly problematic:

"as people moved out, high turnover and empty homes created more opportunities for crime, vandalism and drug dealing".

Furthermore, high churn can put pressure on local public services. In addition to the potential direct costs such as registration and administration costs (e.g. electoral and council tax registration) there are a number of indirect costs (e.g. special housing support and disruption to class learning in schools), and the more deprived and dependent in-movers are, the higher the associated costs¹⁴.

For example, in-coming households facing multiple social problems often require additional support services on social issues, health and addiction, education, child welfare and policing.

Within Greater Manchester, levels of population churn have increased partly as a result of an increasingly transient population, as exemplified by levels of immigration and increasing student numbers.

In those deprived areas with the higher levels of churn, this can result in increasing fragmentation of social networks, such as informal networks that can pass on information about job opportunities (SEU, 2004).

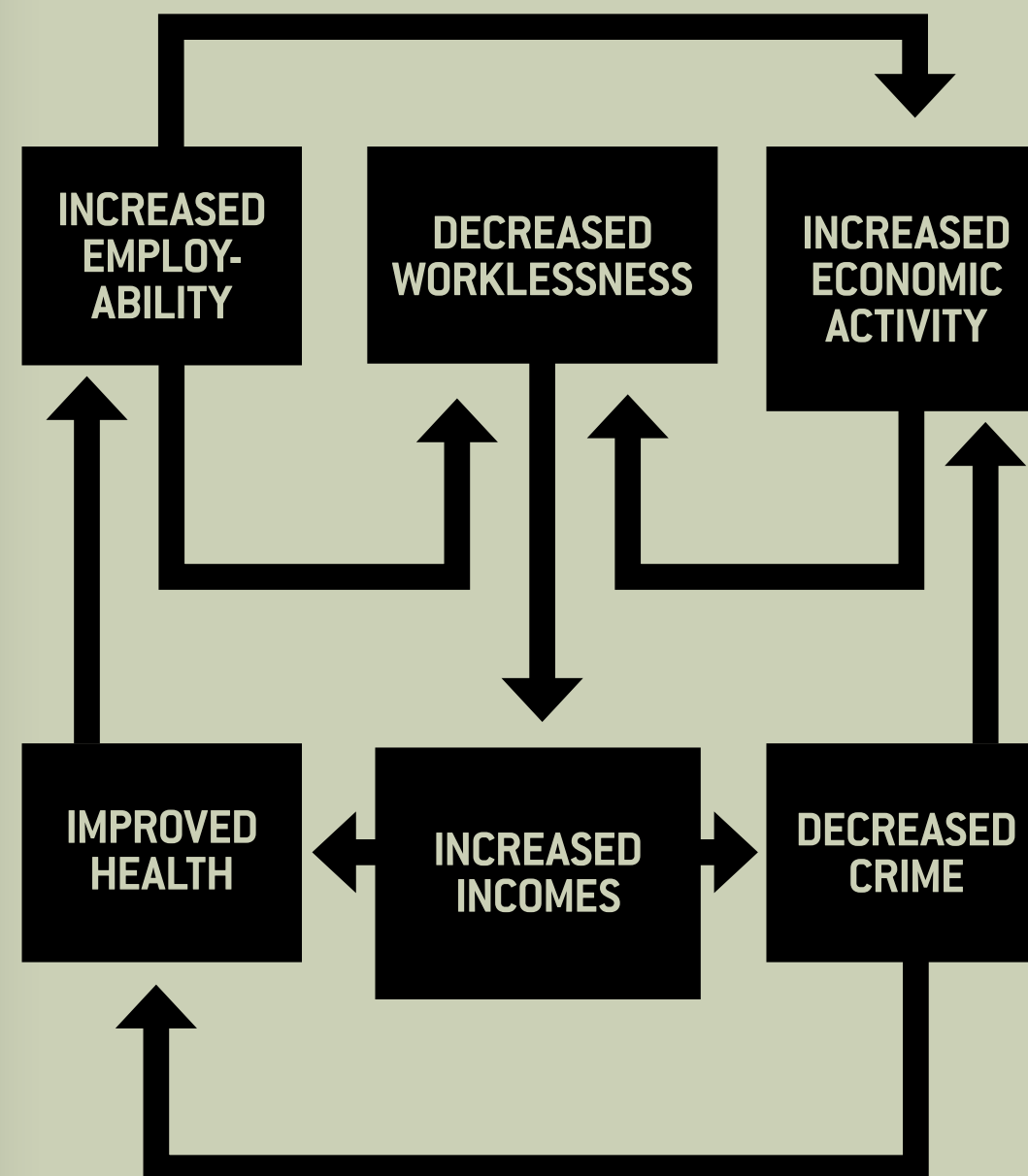
Deprived areas are often associated with 'network poverty' that results from geographic and social isolation, preventing residents from taking advantage of opportunities, outside their locale. Hence, individuals living in well-connected deprived areas may have better access to external opportunities, than those living in isolated areas.

This links with another key finding from the model – namely that where particular ethnic groups are highly concentrated, area performance is enhanced.

For example, the probability of areas with high concentrations of Chinese, Black African or Pakistani residents improving was over 75% above the average. This would appear to reflect higher levels of social capital for such groups, than in other environments where there may be a tendency for minorities to be isolated and marginalised.

¹⁴ See Travers et al (2007). See appendix for reference.

Table 4.3: Linkages between worklessness, health and crime



4.8 Changes in internal conditions

As shown in Figure 4.1 earlier, area conditions are also influenced by the interaction between various change processes taking place within an area at any given moment. These processes relate to changes in both the conditions of the area and the characteristics of its residents. The latter are also obviously influenced by the nature of population flows into and out of the area.

These change processes interact in a highly complex way – in different ways in different types of area at different spatial levels – and with varying consequences over time. They will also be heavily influenced by the dynamics of population change within areas.

The extent to which the econometric model can define and quantify these internal area interactions, is currently constrained by the limited time duration for which relevant data sets are available.

The full impacts of (for example, educational improvements on employment or reduced worklessness on health) will take time to manifest themselves.

In addition it limits the extent to which firm conclusions can be drawn concerning the balance of the direction of causality, although it should be noted that this is often ‘two-way’, for example improving education will improve employment and vice versa.

Notwithstanding the above limitations, the model highlights high mortality levels and, to a lesser degree, rates of violent crime as being negatively associated with the probability of areas in Greater Manchester improving their relative workless position. This obviously corresponds with the earlier analysis in Section 3, which demonstrated a close spatial correlation between different aspects of deprivation.

These inter-relationships can potentially be exploited to establish self-reinforcing processes of improvement in areas. Conversely, and in the absence of appropriate interventions, they can combine to reinforce processes of decline.

4.9 Policy interventions

A wide range of Area-Based Initiatives (ABIs) have been developed in order to address local area deprivation at the neighbourhood level over the past ten to fifteen years. In the Greater Manchester area they have included:

- **City Challenge:** Hulme.
- **Housing Market Renewal Initiative (HMRI):** Manchester / Salford and Oldham / Rochdale.
- **New Deal for Communities (NDC):** Oldham; Salford; Manchester; and Rochdale – Old Heywood.
- **Neighbourhood Renewal Fund (NRF):** Bolton, Manchester, Oldham, Rochdale, Salford, Tameside and Wigan.
- **Urban Regeneration Companies (URC):** New East Manchester and Central Salford.
- **Single Regeneration Budget (SRB):** 47 projects across all GM local authority districts.

Appendix 8 summarises the most important of the ABIs which have been implemented in the Greater Manchester area and the available evidence on their performance. Their distribution (with the exception of the SRB programmes) across Greater Manchester is illustrated in Appendix 9 – available on the web.

The scale of investment, in the identified ABIs in the region, is estimated at some £1.3 billion for the period from 1992 to 2008, with a further £430 million projected for the next three years under the Housing Market Renewal Initiative and Working Neighbourhoods Fund alone. The majority of these area-based resources have been assigned to four authorities: Manchester (35.4%), Salford (21.0%), Rochdale (14.7%) and Oldham (14.3%).

The econometric modelling used the availability of Neighbourhood Renewal Funding (NRF) to an area, as an independent variable to assess whether there was any association with improvement (or the prevention of decline).

NRF monies have been available in varying amounts to all the Greater Manchester districts except Trafford, Stockport and Bury. Total allocations over the period 2001 to 2008 varied from £10.7m in Tameside to £169.6m in Manchester.

A major emphasis of the approach is, however, to use NRF as a means of influencing mainstream services and resources to improve conditions in the most deprived areas. The ways in which they have been deployed varies significantly. Bolton, Wigan and Tameside for example, adopted a much tighter approach than the others to the targeting of the most deprived neighbourhoods.

The availability of NRF appears to have increased the probability of deprived areas improving. It also seems to have had even more significant effects in limiting decline. In addition the model found that while there appeared to be no significant association between New Deal for Communities (NDC) designation and improvement, NDC areas were less likely to decline.

An implication here, is that while the types of localised interventions typically supported by NRF and NDC resources have played an important role in ameliorating conditions for the most deprived areas, they are often insufficient by themselves to turn such areas around – at least in the short- to medium-term.

It needs to be borne in mind that such areas have often been deprived for many years and that, as stressed by the National Neighbourhood Renewal Strategy, their renewal will require many years commitment: initially to halt decline and subsequently to reverse it.

This accords with the interim findings of the national NDC evaluation, which identified that initial softer outcomes (in terms of for example increased resident satisfaction) often precede ‘harder’ impacts such as crime or worklessness reduction.

While the evaluation conclusions are generally favourable, hard evidence on impact is limited and it is therefore difficult to draw robust conclusions concerning the extent to which interventions have succeeded in reversing or ameliorating trends towards increased polarisation.

Where significant change appears to be taking place (for example, Hulme and to a degree East Manchester) there has been a long history of different types of intervention including substantial area re-modelling and significant population turnover.

Moreover, where there has been a fundamental transformation of areas, it is unclear to what extent displacement has occurred and whether this has resulted in 'dispersal' or a replication (or reinforcement) of spatial-concentrations of deprivation elsewhere.

It is clear however that significant lessons have been learnt. Approaches have evolved in nature over the period since the City Challenge approach of the mid-nineties. An increasing emphasis has been placed on local partnership designed solutions, more 'holistic' approaches and, in particular, on harnessing mainstream activities and expenditures.

Area-based regeneration is now less isolated from other activities and services. In addition, there is a greater recognition of the role of worklessness as a key driver of deprivation. These changes have been particularly evident in the evolution of approaches under the Government's neighbourhood renewal strategy, with an increased emphasis on influencing mainstream spend (e.g. through LSPs and LAAs) and on focusing additional spend via the Working Neighbourhoods Fund.

However, as shown by the earlier modelling work, influences on area performance operate at different spatial levels, for example GVA and availability of jobs (wider area) and skills (neighbourhood). Policy interventions therefore need to take place at a range of different geographical levels and need to be complementary.

On the basis of the modelling results, locally-based actions appear to be better at preventing decline. This implies that parallel actions, at a broader spatial scale, are also necessary to promote improvement.

Until recently, there has been little evidence of the required co-ordination of activities. However the City Strategy approach with its mix of demand and supply-side measures, operating at different spatial levels and engaging a range of different partners and resources, provides a potential model for future interventions.

4.10 Greater Manchester effect

In addition to these results, the modelling work identifies a relatively strong positive Greater Manchester 'area effect'. Having controlled for all other factors in the model, the transition multiple for the Manchester City Region is 1.8 for improvement and 0.5 for decline.

In other words other factors (or combinations of factors) appear to have been at work in influencing MCR transition performance over recent years.

While these have not lessened spatial polarisation in the region (which, as the analysis in Section 2 demonstrated, has increased) they appear to have had a positive effect in limiting further polarisation.

5.0 LESSONS FOR FUTURE POLICY

Divergence in neighbourhood conditions has been increasing in Greater Manchester.

5.1 Introduction

This is the case both over the long-term and, despite significant area-based interventions and a benign economic context, in the more recent short-term.

There is evidence that increasing inequalities are a cause for concern from an economic, as well as a social perspective. However GVA growth, while important, is insufficient by itself to address increasing spatial polarisation.

The earlier analysis, including some of the econometric model findings, also suggests that the spatial concentration of inequalities is self-reinforcing and can lead to further divergence. The current economic downturn and poor immediate prospects, reinforce the need to ensure that future interventions are both relevant and effective.

Our modelling work and other research have identified a number of internal and external characteristics of areas that are closely associated with their relative performance, in terms of levels of deprivation. It needs to be emphasised that the relationships between these characteristics and overall deprivation are complex and that, in particular, the model does not untangle the direction of causality.

Indeed, in many instances – such as the relationship between housing and worklessness – the causal relationship is two-way and can therefore generate self-reinforcing processes. It should also be stressed that the analysis is often using area indicators as a proxy for individual outcomes and that this can be imperfect, especially in areas with high levels of population churn.

This section considers some of the implications arising from the preceding analysis for future policy designed to reduce area deprivation and the degree of divergence in conditions across the Greater Manchester area.

It examines both where interventions are needed and considers the forms which such interventions could take. It also summarises some of the implications for wider policy.

5.2 The geographical focus for interventions

Section 3 identified those areas within Greater Manchester that suffer the highest levels of deprivation. However, while areas may be very similar in terms of their profile according to standard deprivation indicators, their dynamics in terms of population movements will dictate different types of policy responses.

The classification of areas, as set out in Section 2, can be used as a tool to assist with this interpretation.

Three of the four types of area identified under the typology are fulfilling important roles within the wider housing market. ‘Gentrifier’ areas, for example, are improving as a consequence of population movements (and market forces) and the focus for policy concern needs to be primarily on the extent to which other areas may be deteriorating as a consequence of displacement.

‘Escalator’ and ‘Transit’ areas play an important housing market role through providing a point of entry or stages on the housing ladder. Policy concern in these three types of area needs to be primarily on households who are ‘left behind’ and on mitigating any adverse effects arising from population instability, for example loss of community cohesion.

It can be argued therefore that the areas of greatest priority for more comprehensive area-based interventions are the ‘Isolate’ areas. These areas are (to varying degrees) divorced from the wider housing market. They are often, although not always, dominated by social housing and by a resident population lacking the means to access other housing choices. Without intervention, deprivation within such areas will persist and in all likelihood (e.g. through residualisation) deepen.

The targeting of interventions should however not simply be a matter of focusing on those areas which currently experience deprivation above a particular threshold. It needs to take into consideration the trajectory of changing deprivation levels in neighbourhoods – both in relative and in absolute terms.

The scale, form and balance of renewal activities will be different in an area that is already improving, where there will be the opportunity to work with existing ‘market forces’ (e.g. by supporting access to identified job opportunities), than in an area which is in decline. Here such forces may need to be countered or, alternatively, generated for example, by supporting the creation of new job opportunities.

The model’s findings also enable the identification of LSOAs that, based on their current characteristics, might either be at risk of future decline or, conversely, exhibit the potential for future improvement. Those LSOAs identified in Greater Manchester as falling into these categories are mapped in detail in Appendix 10 on the web.

A significant proportion of those LSOAs demonstrating the potential to improve are situated alongside or north of Manchester city centre. Clusters of such LSOAs are located in Tameside around the towns of Dukinfield and Ashton-under-Lyne, adjacent to the city centre in Manchester and likewise further north surrounding Bury town centre.

Among the more isolated areas showing potential for improvement across Greater Manchester are Atherton in Wigan, Prestwich in Bury, Carrington in Trafford, Royton in Oldham and Stalybridge in Tameside.

Areas demonstrating a strong potential for decline are largely situated in or south of the urban core, for instance Miles Platting in central Manchester, Woodhouse Park, Peel Hall and Benchill in Wythenshawe, and finally Stepping Hill and Marple in Stockport.

Table 5.1 summarises the numbers of LSOAs that demonstrate the potential for improvement and decline by local authority district and compares these numbers with the actual number of improvers and decliners over the period 2001 to 2006.

Table 5.1: LSOAs ‘at risk’ of improving or declining by Greater Manchester authority

	IMPROVERS		DECLINERS	
	ACTUAL	POTENTIAL	ACTUAL	POTENTIAL
Bolton	5	5	2	0
Bury	6	8	2	3
Manchester	19	9	13	30
Oldham	0	5	2	0
Rochdale	2	2	0	0
Salford	10	15	3	5
Stockport	12	1	0	11
Tameside	8	9	2	1
Trafford	8	4	5	8
Wigan	1	2	1	2
Total	71	60	30	60

Source: SDRC, 2008

Across Greater Manchester, 71 LSOAs achieved a positive transition in their relative banding and 30 declined relative to their local authority average. There were particular concentrations of ‘improvers’ in Manchester and Salford and a ‘southern arc’ comprising Stockport, Tameside and Trafford; and a heavy concentration of ‘decliners’ in Manchester.

Almost half the areas identified as being at risk of decline are in Manchester. The ratios of potential decliners to potential improvers are highest in Manchester, Stockport and Trafford, i.e. the gap in these areas is at greatest risk of further widening. By way of contrast, Salford, Bury, Bolton, Oldham and Tameside all have a higher proportion of potential improvers.

5.3
Forms of area-based intervention

The rationale for ‘area-based’ interventions is essentially two-fold, involving a means of securing:

- administrative efficiencies in co-ordinating actions that are primarily focussed on individuals; and
- synergies between different types of intervention that can subsequently generate self-sustaining processes of improvement.

There is however no ‘one size fits all’ approach to designing such measures¹⁵. Types of intervention need to vary according to the specific characteristics of areas, in terms of for example the levels and specific characteristics of their deprivation and whether they are improving or deteriorating.

Critically they also need to be designed with regard to areas’ roles within the wider urban context, in terms of:

- the housing market – as reflected in our area typology; and
- the labour market – particularly taking into account geographical location and accessibility to sources of employment.

They need to aim therefore to better integrate individual residents of deprived areas into the wider urban area by decreasing costs and increasing benefits.

It is therefore vital that areas are not seen in isolation from their wider context. As demonstrated through the modelling results regarding GVA and access to jobs, and through the earlier overview of factors affecting neighbourhood change (Figure 4.1), area performance is influenced by external factors, internal area characteristics and the dynamics of internal change processes already occurring.

This has obvious implications for the spatial level at which interventions are designed and delivered. For example demand-side measures designed to increase business performance and investment levels (and thereby additional employment opportunities) need to be pursued as part of sub-regional economic development activities.

15 Examples of two very different approaches in differing contexts included as summary area case studies for Hulme and targeted areas in Bolton at Appendix 9..

RESOURCES 4 COMMUNITIES

2 IMPROVE ENVIRONMENTS

As noted earlier therefore, actions to address area deprivation need to be seen (and co-ordinated) within a comprehensive framework of activity pursued at different spatial levels. The types of intervention that this could comprise include:

Sub-regional action, for example:

- support for improved business performance;
- attraction of new investment; and
- housing market measures.

Neighbourhood actions, for example:

- improving the skills, educational attainment levels and aspirations of local people;
- diversification and improvement of the housing stock;
- improvements to services and facilities;
- improvements to the physical environment; and
- increasing community cohesion and awareness.

The need for better integration between actions at different spatial levels is particularly apparent with reference to measures designed to reduce worklessness. Indeed such integration can lead to better outcomes at both levels.

For example, effective local measures designed to facilitate access to specific identified opportunities will lead to improved employment outcomes and lower worklessness in deprived neighbourhoods. It will also lead to a better / more appropriately skilled workforce, enhanced competitiveness for existing businesses and an improved 'offer' to attract and stimulate new investment.

Neighbourhood-level approaches also need to reflect the functional role of areas. Table 5.2 provides an indication of how the range and intensity of activities might vary according to neighbourhood type.

The main priority for comprehensive interventions should be the 'Isolate' areas, in particular areas with high levels of social housing. These areas are effectively isolated from the market and, in the absence of measures to re-integrate them, will continue to suffer from increasing levels of deprivation.

Table 5.2: Range and intensity of interventions by area type

	TRANSIT	ESCALATOR	GENTRIFIER	ISOLATE
Physical Environment	3	3	3	1
Housing	2	2	3	1
Services	3	3	3	1
People	2	2	2	1

1 High Intensity
3 Lower Intensity

The other categories of area are still integrated and play a role within the wider urban system. However, across all types there may be a residual population who are in effect trapped. In addition, the population movements involved can be de-stabilising particularly in the 'Transit' and 'Escalator' areas. This is particularly the case where churn is high (as evidenced by the model) and 'stays' are short-term.

High churn can impact on levels of community cohesion in such neighbourhoods, as a result of a more transient population and changing demographics, for example young people as opposed to families. Furthermore, it can result in the most vulnerable individuals and families being restricted to sub-standard accommodation, increasingly concentrated in areas of low desirability / demand.

5.4 Other policy implications

In addition to the above implications for the overall design and scope of renewal policy, the analysis of factors driving area deprivation has implications for wider policy. These include in particular:

- Education – disparities in educational performance reflect and reinforce the geography of social segregation. Narrowing the gap in educational performance needs to be a key priority if current levels of spatial polarisation in Greater Manchester are to be reduced.

Policies which impact upon the performance of schools serving the most deprived areas and admissions policies generally will both have a critical role to play.

- Housing – housing market trends have combined to maintain, and in some cases reinforce, tendencies towards greater spatial polarisation, with certain areas becoming increasingly remote from 'mainstream' housing markets, and others becoming increasingly transient and lacking in stable communities.

Measures designed to diversify tenures (particularly in isolate areas) need to be a key priority. Extensive clearance and re-building of poor quality neighbourhoods of the inner-core, presents an opportunity for the development of quality mixed tenure and value housing which attracts and sustains mixed communities. This has clear implications for the provision of new social housing and management of the existing stock.

- Skills and jobs – evidence suggests that both high level skills in the resident population and access to lower order jobs are key factors in areas improving.

Diversification of tenures and general improvement of areas will help attract a more highly skilled resident population – a process which is already apparent in certain 'gentrifier' areas, for example those close to the conurbation core (see Hulme case study at Appendix 9).

Away from the conurbation centre however, the parallel issue of accessibility to jobs becomes more important. This raises significant issues for future planning and economic development policy, both in terms of attracting new job-generating uses to locations accessible to the most deprived areas and for transportation policy – in terms of facilitating access.

5.5 Conclusion

This report has identified a need for continuing efforts to address area deprivation in Greater Manchester. The ultimate focus is on individual outcomes, for example in terms of improving life chances and quality of life, and better integrating residents of deprived areas into the wider sub-regional market. However area-based interventions are needed to address the multi-faceted nature of deprivation and as a means of achieving administrative efficiencies in the delivery of individual support.

Evidence suggests that policy can have an effect, but the analysis has also highlighted a number of lessons to improve its effectiveness. These include implications for where intervention is required, as well as the issues that need to be addressed.

They also include a number of key principles that need to underpin future approaches to turning round the fortunes of the most deprived areas. These include:

- co-ordinated action at different spatial levels – and in particular better linkages between localised initiatives and wider economic development policy, including regional policy;
- a long-term commitment – with evidence suggesting that even the 10-year time horizon of NDC is insufficient;
- dedicated finance that is deployed – at least in part – in a way that maximises the impact of mainstream resources;
- a range of customised interventions addressing different aspects of deprivation specific to the circumstances of individual areas; and
- structures for planning, management and/or coordination of area renewal interventions that engage with all key players – including mainstream agencies (to marshal other resources and ensure effective and relevant mainstream services) and local communities (to ensure the appropriateness of actions and to maximise local benefits).

ABOUT THE PROJECT TEAM

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Graham Russell leads AMION's economic and evaluation services. He specialises in economic appraisals and research, economic and regeneration strategies, and policy evaluation in the fields of regional economic development, urban regeneration and neighbourhood renewal. Prior to establishing AMION, Graham worked as a Principal Consultant in KPMG's Public Services Consulting team specialising in regional development. He has undertaken assignments for the Commission of the European Communities, Organisation for Economic Co-operation and Development, Government Departments, Local Authorities, Development Agencies, private developers and corporate clients.

Peter Stowe is a Director of AMION. Peter has previously worked in Liverpool City Council where he was Head of Economic Development. He has significant experience at a senior level across a broad range of strategic, organisational, financial and programme / project management and review issues. He has a particular understanding of, and interest in, the development of effective approaches, at a strategic, programme and project level, to local area regeneration and economic development - from both a demand-side and a supply-side perspective and crucially the need to ensure effective linkages.

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