

**Local Trust**  
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# Policy spotlight 2:

Why the next government  
should focus on neighbourhoods

June 2024

# Local Trust

## About this report

This paper summarises research evidence on the four main reasons why we believe policy needs to target highly specific pockets of deprivation, and why a refreshed economic policy must recognise the complex interrelationship between inequality, growth and wellbeing – paying specific attention to entrenched inequality at the neighbourhood level.

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Front cover: Celebrating the opening of Windmill Hill Big Local's community centre.  
(Photo: Local Trust/Danyelle Rolla)



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# Introduction

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Where you live and work shapes your quality of life. Time and again, evidence has shown that geographic inequality is an unfortunate feature of our country, with deprivation largely concentrated in certain areas. These are places in which people experience poorer outcomes across a range of indicators, from income and employment to education, health and crime (IPPR North, 2023; CRESR, 2023).

This opportunity gap is not new. But it has grown wider. Over the past decade, the most deprived parts of the country have felt a rising sense of neglect, with investment and support largely funnelled elsewhere. If we are to make the UK a better place to live, we need to unlock the latent capacity of these places.

Every government over the past fifty years has tried to help (Onward, 2021). Harold Wilson had the Urban Aid programme. Margaret Thatcher created Urban Development Corporations. Some of the most impactful schemes originate from the 1990s and 2000s, where first a Conservative and then a Labour government invested significantly in regeneration, with some success. But over recent years, there has been remarkably little attention paid to the locality that makes the biggest difference: the neighbourhood.

We define a neighbourhood as an area of around 10,000 people or fewer. Most regeneration policies, by contrast, target a much bigger population – a town, city or an entire region. The smallest sphere of activity tends to be the local

authority, which can include up to 1.5 million people (roughly the size of Kent County Council). We propose a policy focus that is far more local, targeting highly specific pockets of deprivation. There are three big reasons why:

1. First, because only hyper-local solutions allow policymakers to tackle **disparities within regions, not just between them**.
2. Second, a blanket approach tends to **favour town and city centres**, masking hidden poverty in the suburbs, on the periphery of cities and away from urban areas.
3. Finally – and most importantly – because **neighbourhood interventions work**. Where highly targeted policies have been tried, they have more effectively improved local quality of life than interventions with a broader geographic lens.

Three reasons why we are calling on the next government to prioritise neighbourhoods:

1. Hyper-local solutions allow policymakers to tackle **disparities between different parts of England**
2. Blanket approaches **favour town and city-centres**
3. **Neighbourhood interventions** work, improving quality of life in areas that need support

This is not to say that the government should ignore regional or national regeneration policies. History has shown that efforts to improve a wider area or an entire city can work. Devolution has helped. But what we have found is that for city, regional or national economic strategies to work for the places that need it most, they need to be connected with what is happening on the ground – and complemented by an approach that builds economic activity from the bottom up (Crisp et al., 2023). Otherwise, residents in the most disadvantaged areas won't be able to tap into opportunities and innovations that may be opened up in the wider area or region, and so will miss out yet again (Crisp et al., 2023).

When Lankelly Chase (2017) did an international review of place-based approaches, they came to the conclusion that the neighbourhood should be used as a platform for developing collaborative working, gleaning learning and, through that, introducing change at larger scales. They show that the most successful approaches have a feedback impact. On the one hand they connect neighbourhood-level intervention to what is going on elsewhere, whilst at the same time they take what is learnt when you

work in the places where people who are struggling live and work and translate that into change in the structures and systems present in cities, regions or national programmes (Lankelly Chase, 2017). This way, the benefits of economic success are not concentrated in places which are already ahead, but instead they start getting distributed more evenly.

As a starting point, Local Trust has identified the **225 most disadvantaged neighbourhoods** in England who should be the first on the list for targeted intervention. These places are not only severely deprived but also lack social infrastructure. Outcomes for residents in these doubly disadvantaged neighbourhoods are markedly worse across most of the key metrics including income, health, crime and school attainment. This is compared not only to the national average but also to other equally deprived neighbourhoods that have a basic level of social infrastructure. This makes these areas obvious candidates for exactly the kind of highly-targeted investment and support this report describes. To rebalance our economy, the next government can start by targeting these places with the neighbourhood-focused action and investment they so sorely need.

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# Why neighbourhoods?

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Over the past decade, the neighbourhoods which make up England have been overlooked. But if we are going to address poverty and inequality exactly where it manifests we need a shift to policymaking with a neighbourhood lens. This is the only way to address the big inequalities between different areas in England: the disparities in opportunity and outcome that exist *within* regions, not just between them. Other approaches tried to date have tended to focus on town and city centres, masking the poverty that exists on the outskirts of urban areas and failing to reach the estates, villages, ex-coalfield or former industrial areas that really need support.

But aside from doing what is right by the most disadvantaged neighbourhoods in England, this is also about learning from the evidence and delivering on what works. Research on previous neighbourhood programmes including the Big Local programme, which Local Trust was set up to run, shows they deliver significantly improved outcomes for local people compared to residents who had not been supported by interventions across a range of indicators including employment and health (CRESR, 2023). So with a new government likely this summer, the push to improve quality of life for local people across the country won't be successful if we don't start taking neighbourhoods seriously.

## Tackling disparities within regions

There are big inequalities between different parts of England. Targeted action to deal with them exactly where they manifest is what voters want. Polling by IFS (2021) shows that the public considers area-based inequality – the gap between the most and least deprived parts of the country – to be the most serious inequality we face. There is clear support for government intervention to help.

On one level, we have inequalities between regions. The South East – and London, in particular – is far wealthier and more productive than the rest of the country. It's common to hear policymakers talk about regeneration in these terms, as a way to close the 'north-south divide', or to create a 'Northern Powerhouse'. This has led to considerable regional variation in capital investment and infrastructure spending over the years (IPPR North, 2023). Closing the gap between regions is seen as a way to lift the UK's overall productivity, and to address the structural imbalance caused by the decline of heavy industry – the loss of sectors like mining, textiles and manufacturing – which disproportionately affected certain regions, particularly northern England (IPPR North, 2023).

But this picture masks important variations within regions. Some of the poorest parts of the country are small neighbourhoods in otherwise very affluent areas. Many are in London itself. One such neighbourhood is The Grange, a housing estate in East Finchley. Over the past decade it has experienced gang violence, knife crime and a growing number of food bank users. Yet less than a 20-minute walk away is Bishops Avenue, where the average

house price is up to £7.5 million. The same can be said of many parts of the North. In York, Tang Hall – one of the most deprived areas of the city – is just a stone’s throw from Osbaldwick, one of the wealthiest. These variations can even be found in adjoining streets. In Dorset, the average household in Littlemoor earns £5,167 less each year (after housing costs) than a family in the next ward, with nearly triple the share of working-age Universal Credit claimants (OCSI, 2023). When Whitehall focuses on whole towns and cities, it loses a full appreciation of these disparities. Evidence shows that often hyper-local inequalities are not only greater than those between regions and towns, but are more entrenched too (IPPR, 2024).

Inequalities at the neighbourhood level also drive regional and national disparities – not the other way around (Patias et al, 2021). The 2024 IPPR *State of the North* report, for example, shows that the North East, North West, and Yorkshire and the Humber have the biggest neighbourhood-level inequalities in England. Disparities in social outcomes neighbourhood-to-neighbourhood, especially health, are more severe in these regions relative to their southern counterparts. If we want a better regional balance, we need to pay attention to the gaps that occur at the neighbourhood level, and the knock-on effect these have on social and economic outcomes more widely.

## Reaching beyond the city centre

Neighbourhood policymaking also more effectively addresses deprivation outside town and city centres. In the past, governments have tended to focus regeneration efforts on urban areas. They had good reason – largely because, until recently, the UK lacked more localised data. Reliable demographic information was generally only available for relatively big geographic divisions, leading policymakers to focus on whole towns, cities and functional economic areas (Nelles et al, 2021).

In recent decades, however, this has changed. Policymakers now have better sources of data and census information, meaning reliable data at the neighbourhood level is more readily available (Fahmy et al, 2011). As a result, “problems and their solutions are seen to be far more spatially specific” (Corvers et al, 2021). As well as better data, analysis of the social and economic challenges people face is more sophisticated. The Oxford Consultants for Social Inclusion (OCSI), for example, has developed a **Community Needs Index (CNI)** which measures social infrastructure in neighbourhoods – their civic assets and levels of community engagement and digital and transport connectivity (Local Trust, 2019). Combining the CNI with the **Index of Multiple Deprivation (IMD)** provides a picture of the least and most disadvantaged parts of the country, including those with the least social infrastructure. Spatial policies to improve neighbourhoods facing this double disadvantage should be a priority.

## Box 1: Defining social infrastructure

'Social infrastructure' refers to both the physical infrastructure of a place as well as its community networks – the local groups and neighbourhood associations that turn places into thriving hubs of civic life (Local Trust, 2023; DCMS, 2022). It encompasses three core elements: physical spaces such as libraries, pubs, community centres and parks; an active and engaged community; and physical and digital connectedness – from public transport to internet access.

Growing evidence shows that social infrastructure plays a vital role in building safer, healthier, more prosperous and resilient communities (DCMS, 2022; Bennett Institute, 2021). It is necessary to improve socioeconomic outcomes in deprived areas specifically, and as a foundation for economic growth (Power to Change and The Cares Family, 2021; Muringani et al, 2021).

### What are the three elements that make up **social infrastructure**?

1. Physical spaces such as libraries, pubs, community centres and parks
2. An active and engaged community
3. Physical and digital connectedness, from public transport to internet access



Over the same period, the UK has experienced a broader 'decentralisation' of deprivation (Le Zhang & Pryce, 2019). While many pockets of decline remain concentrated in urban areas, a high proportion are now on the outskirts, or away from town centres altogether – in housing estates, suburbs, villages and ex-coalfield or former industrial areas (APPG, 2023). Over time, this peripheral deprivation has become more entrenched than in city centres. People in these communities tend to stay put, while those in deprived inner-city areas tend to move on and out (Fenton et al, 2010). Neighbourhood thinking is a deliberate way to correct this imbalance.

Yet despite this trend – and even with better data to work with – a political bias towards city centres remains. This is particularly evident in the recent 'levelling up' agenda. Instead of a neighbourhood focus, it works at the level of the local authority. This has largely benefitted town and city centre projects, with the vague hope of a ripple effect on nearby villages, suburbs and estates. Despite setting itself the challenge of "unleashing opportunity, prosperity and pride" at all levels – within and not just between regions – it has failed to reach the places that need support most (APPG, 2023).



This becomes clear when the programme is broken down into its component parts. There is the Community Ownership Fund, for example. The overall idea for this fund was promising – but because its asset-centric approach failed to account for local capacity – or lack thereof – in the areas targeted for support, its funds failed to reach the most deprived 30 percent of neighbourhoods (Gregory, 2024). Analysis of the UK Shared Prosperity Fund tells a similar story. Despite an explicit intent to channel money towards places with higher levels of need – those historically ‘left behind’ by mainstream spending – most funding ended up being “spread nationally” (Atherton et al., 2023). Again, the UKPSF funding formula did not take into consideration the extent of existing social infrastructure, thereby favouring places that already had the capacity to organise and bid for money (APPG for ‘left behind’ neighbourhoods, 2024). Thanet, for example – in the top 15 percent most deprived areas – received less than £1.2 million in funding; around half the per capita amount allocated for the Greater London Authority. Time and again, this bias towards urban centres has come at the expense of the neighbourhoods where investment is needed most.

The result is that these neighbourhoods have been unable to develop locally, or make use of regional and national programmes aimed at unlocking wider growth. This has a knock-on impact on national productivity, making these areas lag further behind the rest. The total productivity gap between local authorities with neighbourhoods suffering from double disadvantage and those without is an estimated £124.1 billion (APPG for ‘left behind’ neighbourhoods, 2022). This is a clear opportunity cost: an abundant source of untapped potential exists that could stimulate growth in local and regional economies while improving living standards. Long-term, community-led neighbourhood policies are urgently needed to address these “localised economic failures” holding the country back and to bring the economic, educational, and health outcomes of these areas in line with the national average (Local Trust, 2019).



## Neighbourhood interventions work

To breathe new life into our economy and address its structural imbalances, the next government should develop geographically targeted policies that ensure highly deprived communities see the benefits of growth, while simultaneously recognising that achieving growth nationally is predicated on unlocking the potential of these communities and undermining the inequalities that have made our economy less productive and less attractive to investors. As a starting point we need to rebuild the local foundations for long-term development and regeneration.

The most crucial argument in favour of policymaking at a neighbourhood scale is perhaps also the simplest: it works. Hyper-local interventions have in the past effectively reduced disparities in opportunity and outcome and increased quality of life. A focus on neighbourhood regeneration also means residents are more likely to feel satisfied with where they live, feel that their area is improving and to trust in local agencies and public services and facilities in their area (CRESR, 2023).

History is full of examples. During the 1990s and 2000s, first a Conservative and then Labour government invested in significant regeneration projects, whose evaluations are largely positive and underline the potential of neighbourhood-level solutions to deliver for deprived areas (CRESR, 2023).

Under John Major, the City Challenge and Single Regeneration Budget (SRB) recognised that a post-industrial spatial policy had to be tailored and partnership-led. The SRB, from 1995 to 2002, set out to make sustainable improvements to deprived areas by encouraging local authorities to produce plans for regeneration. Plans had to be implemented through partnerships involving local authorities, the private and voluntary

sectors and local communities. Over £5.7 billion of funding was shared between 1028 projects over a period of seven years. The size of projects (and the size of the areas they applied to) varied. Almost half focused on a relatively small local area, consisting of a number of wards, while 20 per cent overall concentrated on an entire local authority area.

Entering office in 1997, New Labour took the next logical step: turning to deal directly with problems where they arise – in communities. The National Strategy for Neighbourhood Renewal led the way for long-term, national, neighbourhood-focused programmes, most notably the New Deal for Communities (NDC) and the Neighbourhood Renewal Fund. The NDC provided 39 communities of an average of around 10,000 residents with around £50 million each over 10 years. A partnership model was used for decision-making, involving local residents and local councillors, primary care trusts and the police. Change was measured over a wide range of indicators, including crime, housing, the physical environment, health, education and worklessness.

A critical lesson from both the SRB and the NDC is that investment and support needs to be targeted at the right spatial scale. Research on both programmes shows that efforts to improve prospects for the most disadvantaged were found to be more likely to be successful when interventions were targeted at the neighbourhood level (CRESR, 2023). When projects focused directly on the neighbourhoods most in need, they were found to be most effective at reversing the “trend of increasing disparities between areas, both in opportunities and in outcomes” (Lupton et al, 2013). They were also more likely to connect the most disadvantaged areas with opportunities in nearby town and city centres (CLG, 2012). For example, studies of the SRB found it was most successful when embedded in, and led by, communities



Emerging evidence suggests the Big Local programme has had a direct impact on the **personal economic fortunes of residents**, including:

- Securing jobs
- Starting businesses and social enterprises
- Gaining better access to activities and services

Source: Centre for Local Economic Strategy (CLES), 2020

– which created the conditions for addressing more complex social problems than in areas where it was delivered by external partners (Thomas, 2003).

Similarly, an independent evaluation of the NDC carried out by Sheffield Hallam University (Fordham, 2010) describes how “the tight spatial focus enabled the NDC to direct substantial investment and project activity into relatively small neighbourhoods – with little evidence to suggest significant benefits from this investment ‘leaked out’ or spilled over into other (more affluent) areas” (Fordham, 2010). Between 2002 and 2008, NDC areas saw an improvement in 32 of 36 core indicators spanning crime, education, health, worklessness, community and housing and the physical environment (Fordham, 2010). Such improvements had a significant economic and fiscal value, with monetisable benefits amounting to between five times and three times the programme spend (CRESR, 2023).

Government action is not the only precedent. Other success stories come from the voluntary sector, particularly the Big Local programme – administered by Local Trust – over the past decade. Through this work, 150 communities each

received just over £1 million with spending decisions made by residents themselves, working to meet the needs and aspirations of local people. The starting point of Big Local is that those who live and work in a neighbourhood are best placed to know what their area needs. This has proved true: Big Local areas across the country have consistently catalysed economic activity, improved health and wellbeing and responded to crises (McCabe et al, 2022a).

The success of the Big Local programme points to its potential as a delivery model that works. Research on the programme underlines four key aspects which should form the basis of delivering future initiatives in disadvantaged areas:

- Target at the neighbourhood scale (an area with a population of up to 10,000).
- Provide relatively small amounts of funding but, crucially, over the long term to give local people a chance to gain confidence and capacity, and develop activities and services that are right for their area.
- Set up resident-led boards who are in charge of how money is spent to improve their areas, with the majority of members living in the target area.

- Develop flexible support, that responds to the need for initial community development work in each area as well as more complex and tailored guidance as things get going.

This learning provides a framework for unlocking community leadership that has been tried and tested over the past decade of the Big Local programme. It also builds on what worked in previous neighbourhood regeneration programmes: policymakers should develop geographically targeted approaches

that direct investment and support to neighbourhoods where levels of need are greatest. Neighbourhood-level community-led intervention is most likely to generate improvements that are sustainable over the long term (Onward, 2021). And it should be harnessed to support the development of a new approach to economic development and regeneration that reduces disparities where they are most pronounced and makes sure no community is excluded from achieving their full potential.

## Box 2: Evidence from the Big Local programme

The Big Local programme provided just over £1 million each to 150 deprived communities across England. These areas often prioritised developing plans to support residents and the wider community to improve their economic outcomes.

Big Local areas have engaged in community asset transfers, started community energy schemes, developed local currencies or time banks, organised activities to improve local working conditions, developed alternative forms of business ownership, delivered schemes to support people to access decent employment, and provided financial products or services for residents.

Emerging evidence about the impact of Big Local shows it had a direct impact on the personal economic fortunes of residents and their communities, including: securing jobs, starting businesses and social enterprises, and gaining better access to activities and services, including financial advice and micro-financing for start-ups (CLES, 2020).

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# The benefits of a neighbourhood approach

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A geographically targeted approach is both fairer for those who have historically missed out on funding and is more cost-effective for the taxpayer. Despite their differences, both major political parties have acknowledged the need to minimise geographical inequalities in order to prepare our country for the future and unlock growth in every part of the UK.

A new national strategy for neighbourhoods would fill a current gap in policy and thinking: one that builds resilience, spreads economic growth, and eases the burden on public services – ultimately transforming communities that have been ignored and neglected for far too long.

## Resilient communities

Being resilient means having the capacity to get through tough times. This might be a natural disaster, a food shortage, the collapse of a bank, the outbreak of war or the spread of a new disease. These crises require support systems, resources, volunteers and preparedness to respond. In our interconnected world, the Cabinet Office (2022) argues that future crises “will have far reaching consequences and are likely to be greater in frequency and scale in the next decade than we have been used to”. The next decade is also set to be defined by climate change, which will see an increased rate of volatile weather patterns affecting food, housing, transport and energy (IPPR, 2021). Resilience is not just about emergencies, but a community’s fundamental ability to adapt to long-term social and environmental changes.

Neighbourhood policies can help. They are best suited to the scale required to act quickly and reach every part of the country. Neighbourhoods also offer the

greatest potential for local engagement with large-scale problems like climate change because smaller groups between neighbours and friends are more successful at building trust and creating shared goals in an area than external agencies. (Joshi et al, 2022).

The Covid-19 pandemic is another example. To ‘stop the spread’ of a deadly disease demanded a highly localised response. It is the difference between having a sweeping, national policy for vaccination – where everyone in the country is simply asked to attend their nearest vaccination centre – and allowing different neighbourhoods to adapt in the way that suits them best. In Blackburn, for example, the council organised local vaccination buses to drive around as travelling health centres, and used local knowledge to target people that the national contact tracing service couldn’t reach by sending officers directly to talk to people at home.

Neighbourhoods with strong civic capacity and existing community networks were also better prepared in the first place. Evidence from a study of Covid-19 responses in 26 communities showed that where neighbourhood-level activity and networks were already present, the most vulnerable residents were reached much more quickly and effectively than in areas where the response came solely from

local government (McCabe et al, 2022b). Many local authorities acknowledged that working with and through neighbourhood-level community and civic groups and organisations could achieve much more effective and targeted responses, by harnessing their trust and credibility to connect with those who would otherwise fall through the gaps (McCabe et al, 2022b).

Not all communities were able to deliver such a response. Research for the APPG for 'left behind' neighbourhoods (2020) showed that doubly disadvantaged neighbourhoods – those with both a high level of deprivation and a lack of social infrastructure – were least well equipped. Without strong civic and community institutions, it was harder to organise a response and mobilise local volunteers.

These neighbourhoods saw the lowest numbers of mutual aid groups in the country, and received lower levels of grant funding than other deprived areas and England as a whole (APPG 'left behind' neighbourhoods, 2020).

A similar pattern has been seen during the cost-of-living crisis. Without strong support networks, the neighbourhoods with the weakest social infrastructure have seen the greatest number of residents pushed into fuel poverty (OCSI, 2022).

The UK Government Resilience Framework is right to identify reducing neighbourhood-level disparities as a key priority for national resilience. The most disadvantaged neighbourhoods need targeted investment and support in order to increase their fundamental organising capacity and prepare for future shocks.

### Box 3: Rastrick Big Local

Rastrick is a neighbourhood in Brighouse, West Yorkshire. With around 11,000 people, it's a diverse area, with a cricket club, a small Grade-II listed church, and a famous brass band.

Compared to many areas, however, Rastrick faces high levels of deprivation. In 2012, it was chosen to be part of the Big Local programme, receiving £1 million in funding. Residents spoke of a lack of social infrastructure, poor community cohesion and high rates of crime and insecurity. One of the biggest priorities from an in-depth local consultation was 'community resilience'.

To help, the Big Local partnership drew on feedback from local residents to define a resilient community as one which is strong and cohesive, with a high-quality physical environment in which everyone feels safe. The group began by refurbishing an old community centre, which now hosts social clubs, events and networking groups, with a designated engagement worker. These efforts have improved intra-community relationships and restored social capital and increased cohesion significantly.

Lately, as the cost of living crisis has grown, residents have also reported increasing pressure on household incomes. The notion of resilience was expanded to include the ability to respond to and prepare for external shocks. Rastrick partnered with a local organisation on a community retrofitting project, where people are trained to audit and refurbish local buildings, targeting those with the poorest energy efficiency ratings. The aim is to reduce financial pressure on community groups and organisations, as well as households facing the brunt of fuel poverty, whilst preparing the community for future climate-related events.

## Economic growth

Community-led economic development is a tried and tested approach to make sure people in disadvantaged neighbourhoods have a chance to lead on, and gain from, processes of economic development (Gregory and Toft, 2019). It is based on local people coming together to improve their local economy, collaborating with civil society, local business and public institutions. One of the core principles of community economic development is that there are resources and assets already in communities – knowledge, skills, land and buildings – and these can be harnessed to support local economic development and ensure it is inclusive and sustained over the long term.

Recent government initiatives have not adequately recognised the link between neighbourhoods and wider economic success. As outlined above, past efforts to support economic growth have tended to focus on big infrastructure projects and the regeneration of city and town centres. Evidence shows that such initiatives have only served to deepen hyper-local inequalities, and made the most disadvantaged neighbourhoods even more so (Floerkemeier et al, 2021). In fact, economic geographers now suggest that high productivity not only comes from an urban centre, but its periphery and surrounding areas too (Nelles, et al 2015; Volgmann et al, 2020). There is little evidence that different parts of the country have to compete with each other for ‘their slice’ of national productivity. Spatial imbalances in output are not a necessary accompaniment to economic growth, but rather impede it (Gardiner et al, 2011). As common wisdom goes, a ‘rising tide lifts all boats’.

There is no need, then, to focus economic policies solely on the UK’s major cities. Developing a strategy to rebalance our economy should involve breathing new life into the most disadvantaged

neighbourhoods whilst working to rebuild their social fabric. Targeted policies are necessary for highly deprived communities to see the benefits of growth – and simultaneously, national growth is predicated on unlocking the potential of these communities. Inequality makes the British economy less productive and less attractive to investors. Undoing this will require particular focus on ensuring that policies are impactful at the neighbourhood level, to build local capacity for long-term growth and regeneration.

The Joseph Rowntree Foundation (2023) makes the case that the most effective neighbourhood-level intervention devolves power and resources to local people while investing in capacity building. This is necessary to build engagement and a sense of ownership locally over processes of economic development. It is particularly vital in areas that have faced historic injustice and decline, and therefore feel neglected and suspicious of state-led and top-down initiatives (JRF, 2023).

In recent years we have also seen the emergence of new, more inclusive economic models. Trading charities, co-operatives, community businesses, social enterprises, employee-owned companies and community land trusts are gaining traction. They can be more democratic, offering multi-stakeholder control, as well as meaningful, well-paid and secure employment in an increasingly precarious labour market. Community groups can also take on treasured neighbourhood assets – from boating lakes, to pubs and community hubs – which then function as footholds for local wealth generation (APPG, 2023). These spaces provide a base for activities which boost employment and enterprise locally, for example, apprenticeship schemes, community-based skills academics and incubation hubs for new sustainable businesses (CLES, 2020).

**Over half** of the Big Local programme's 150 areas have developed and delivered activities to **build economic activity** and **retain wealth locally**.



Source: Centre for Local Economic Strategy (CLES), 2020

The Big Local programme is evidence that deprived communities have the appetite to develop neighbourhood-level strategies to improve economic outcomes locally – and a conviction that doing so will create lasting change. More than half of Big Local areas have developed and delivered activities to build economic activity and retain wealth locally (CLES, 2020).

In Collyhurst, North Manchester, the Big Local partnership recognised that economic regeneration in the area was not delivering sufficient benefit to local people. The Big Local partnership undertook in-depth consultation with local people to develop a community economic development plan, highlighting what regeneration means to them. Unemployment and low skills were identified as key challenges. Collyhurst Big Local used their funding to acquire derelict properties which were transformed into a local business incubation space, hosting businesses that employ locally and deliver community benefit. Administrative

and legal support was provided by partnering organisations. Businesses which have benefitted include an organic food growing business, addressing issues of food poverty and healthy eating, a furniture upcycling business providing affordable furniture for those on low incomes, and a community café.

Through leveraging assets and skills that already exist in a neighbourhood, and improving local cohesion and connectedness, community approaches have a marked impact on economic outcomes and quality of life locally. Repeatedly, labour market studies in the UK show that people living in connected communities are four times more likely to find high quality employment and build sustainable livelihoods through local networks than through a Job Centre (Russell et al, 2022).



Neighbourhood-level intervention is needed to rebuild trust and confidence in the most deprived places, whilst connecting them with wider strategies for economic development (CRESR, 2023). Research from previous regeneration programmes shows that without an attempt to connect neighbourhoods with the wider economy, policies aimed at boosting growth and productivity will bypass them and they will not see benefits in their local areas (CRESR, 2023). For example, frameworks for addressing skills and labour deficits need a regional focus to address industry-specific requirements as well as strategic innovation priorities.

However, without connecting such frameworks to “local low-skills traps”, not only will the most disadvantaged neighbourhoods be excluded from accessing opportunities, but the improvement of the wider areas’ skills base will be undermined (Green et al, 2020).

A neighbourhood-level approach is needed to draw investment and capacity into those areas where it has been most lacking, supporting the development and delivery of neighbourhood economic development models in doubly disadvantaged communities that improve living standards locally whilst building their capacity to contribute to growth regionally and nationally.

#### Box 4: Ambition Lawrence Weston

Lawrence Weston is a post-war housing estate on the outskirts of Bristol with a population of roughly 7,000 people. Ambition Lawrence Weston (ALW) is a third sector organisation, set up to oversee and deliver local regeneration on behalf of residents. In a series of consultations with the local community, over a quarter of working age adults said that ‘no appropriate jobs’ was a key barrier to finding work. Around 35 percent of residents were also found to have no qualifications, compared to an average of 20 percent in Bristol as a whole.

To help, ALW set up an academy to upskill local residents. It provides courses to improve numeracy, literacy and work readiness in collaboration with learning providers in Bristol. Working with a further education college, they now also have plans for a purpose-built space for vocational training. This will be linked with employers to provide guaranteed trials and interviews once training is completed, with a focus on skills for clean industries such as renewable energy.

ALW have also opened an internet café and hold jobs clubs, with a biannual jobs fair hosted in Ambition House, the local community hub. They are working to guarantee that any new developments in the area provide direct opportunities for residents, making sure that local labour initiatives are part of development briefs and providing one to one support for businesses and residents to identify local training and qualification needs.

## Easing demand on public services

Demographic and economic pressures, on top of a decade of austerity, have led to a crisis in our public services. We are grappling with soaring hospital waiting lists and a mental health epidemic, particularly among children and young people, as well as declining perceptions of safety and security (BMA, 2024; NHS England, 2023; ONS, 2022).

Meanwhile, the modern state is stuck in a cycle of creating services to treat the symptoms of problems, rather than addressing their root cause. And with ever-tightening public purse strings, managing down the cost of intervention often means cutting back on early intervention and preventative care. Though less immediately pressing, prevention is the only way to address the structural origins of ill-health, unequal access to opportunities, crime and insecurity. Getting to the root of our social and economic challenges requires stronger neighbourhoods. Social capital and infrastructure are required to prevent problems arising in the first place, or stop them escalating to the point that intensive and long-term interventions are required (Demos, 2023). In other words, neighbourhoods are the foundation upon which a preventative state is built.

Residents in doubly disadvantaged neighbourhoods suffer from poorer health and educational outcomes, and place some of the highest demand on public services (Demos, 2023). Although it might seem unrealistic to regard the very neighbourhoods which are suffering most under the current model as the solution to our nation's challenges, recent research by IPPR (2024) shows both a desire within communities for greater agency, as well as a sense of having been disempowered by a dominant paradigm which regards them as clients rather than active partners with the assets, knowledge and expertise to achieve change.

One of the most striking examples of the role of neighbourhoods in addressing the crippling demand on public services is in health and social care. The House of Commons Health and Social Care Committee has undertaken a major inquiry into prevention in health and social care. They have identified neighbourhoods as a key locus of intervention because they are the places where the social determinants of health manifest most strongly, particularly in the deprived neighbourhoods most impacted by ill-health (HSCC, 2024).

To address the social determinants of health we need a shift within the NHS. It needs to move from an 'illness service' to one focused on prevention and early intervention (New Local, 2023). In other words, "an approach to health that is not simply reactive but capable of supporting independence, encouraging health-seeking behaviours and self-management, and promoting ongoing wellbeing" (New Local, 2024). Such activity necessarily takes place outside the walls of formal healthcare settings and instead starts in the places people live.

Neighbourhoods are therefore the most effective level of intervention for preventative care. They provide the "infrastructure and services that support active and connected lifestyles, such as accessible, affordable and inclusive sports and social clubs" and make it more likely that these services will be used and trusted by residents (HSCC, 2024).

The evidence for this model is growing. For example, Greenmoor Big Local carried out a year-long community consultation which concluded that health and wellbeing was a priority for local people. To engage those who previously felt let down and excluded from formal healthcare provision, they began to fund sewing classes to address loneliness and depression with an emphasis on those from racialised and immigrant communities. Participants highlighted the

need for specialised support, and now the group funds a mental health therapist to attend the classes weekly. Alongside improved access to formal provision, attendees have reported general improvements in their wellbeing thanks to new connections with neighbours and improved confidence and self-esteem.

Research by the think-tank New Local (2023) into the conditions needed to unlock prevention in healthcare shows

that putting agency and control into the hands of neighbourhoods is critical. This is the only way to ensure that interventions are tailored to the specific needs of residents, particularly those in the most deprived areas. Preventative action at this scale is much more likely to be trusted by communities relative to other public services, and therefore has stronger grounds for success.

### **Box 5: Kingsbrook and Cauldwell Big Local**

Kingsbrook and Cauldwell has transformed outcomes for residents with funding from the Big Local programme. To address poor health and wellbeing in the area, the resident-led partnership employed a 'community health champion' to signpost and connect local people to a variety of services and opportunities existing in the neighbourhood.

Their role involved connecting residents to existing services like carer support groups, debt and benefits advice and walking groups, as well as building partnerships to start new ventures like gardening and running clubs. In one case, residents identified a service gap and established a diabetes support group that attracted over 65 members.

This socially prescriptive approach to care tackled many of the social determinants of poor health that could have otherwise resulted in a GP appointment. In many cases, preventative solutions based on people's lifestyle and habits were prioritised over formalised primary health care solutions like a prescription or appointment. An independent economic analysis of the programme using ten case studies of patients who had received support from the community health champion identified a total of £39,667 in health and social care costs. These costs came from reduced demand for services and encouragement of health-promoting behaviours. After a year of operation, the local GP started funding the scheme directly given its crucial role in diverting residents to a holistic range of non-clinical health services.

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# Conclusion

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Over the past two decades, the British economy has seen substantial change. Rising inequality, stagnant productivity and low growth compounded by a global pandemic and a series of supply shocks have left British citizens worse off than their counterparts in other countries (McCann, 2020; Carrascal-Incera et al, 2020). A refreshed economic policy aimed at responding to these challenges must recognise the complex interrelationship between inequality, growth and wellbeing – paying specific attention to entrenched inequality at the neighbourhood level.

When a new government takes office, this is the task they will face. Although it might seem like developing a plan for geographic inequality is secondary to each of these national problems, it is in fact at their root. Geographic inequality poses a barrier to economic growth in every part of the UK, places burden on public services, and leaves us ill-prepared and vulnerable to crisis (Lakner et al, 2016).

To grasp this nettle requires a return to neighbourhood-level intervention. The current focus on regenerating regions or whole towns and cities does not reflect the fact that deprivation is concentrated in certain neighbourhoods, with small pockets of poverty in otherwise affluent areas.

Research by OCSI carried out on behalf of Local Trust has identified the most vulnerable neighbourhoods. These are a clear starting point for the next government, where the weaknesses in our spatially unequal economy manifest most clearly. They suffer from the double disadvantage of high levels of deprivation combined with a lack of social infrastructure – where people’s life chances are worse across all metrics, from employment to education, health to transport.

We won’t be able to achieve ambitious change without improvement in these neighbourhoods – history teaches us that neighbourhood intervention works. Investment must be patient and long term, targeted in those areas that have missed out most in the past. And we must ensure that, in the future, no community ends up feeling ‘left behind’ again.

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## About Local Trust

Local Trust is a place-based funder supporting communities to transform and improve their lives and the places in which they live. We believe there is a need to put more power, resources, and decision making into the hands of communities.

We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding, and to draw on the learning from our work delivering the Big Local programme to promote a wider transformation in the way policy makers, funders and others engage with communities and place.

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