

**Local Trust**  
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# Neighbourhood Renewal - A St George's House Consultation

September 2024

# Local Trust

## About this report

This report summarises the discussion at a consultation event organised by St George's House, Windsor and Local Trust in November 2023. The event gathered together a range of experts on community and neighbourhood policy including academics, community activists and representatives of civil society organisations and local government. It reviewed what can be learnt from previous programmes aimed at regenerating deprived neighbourhoods, most prominently the National Strategy for Neighbourhood Renewal in the late 1990s and early 2000s. The discussion went on to consider what the principles should be for a future programme and what key challenges policymakers face in conceiving of neighbourhood interventions. It reflects the consensus that emerged from these discussions and not the detailed policy positions of all the organisations that participated.

## Authorship

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# Introduction

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On a chilly Monday in January, 2001, Tony Blair visited the Ocean estate in Stepney, East London. The prime minister could hardly have chosen a starker example of urban decay: windows were barred, shops were shuttered and the estate's graffiti-scarred walls showed visible signs of damp.

It was there he launched the **National Strategy for Neighbourhood Renewal** (the NSNR) – a milestone in the history of economic regeneration, designed to be different from previous efforts by putting residents themselves in charge.

The Labour Party had already spent years laying the groundwork. One of the first things the new government did after the 1997 election was to establish the Social Exclusion Unit, which was followed by the New Deal for Communities and a Neighbourhood Renewal Fund.

Along with several smaller initiatives, these efforts were packaged together for the first time into a single, coordinated plan

as the NSNR. The goal was simple: within a generation, Blair said, "nobody should be seriously disadvantaged by where they live".

In November 2023, we invited a group of researchers and practitioners to St George's House at Windsor Castle to answer a fundamental question: **does neighbourhood regeneration work?** And if so, what makes these policies effective? The following report looks back on 30 years of neighbourhood regeneration and what these efforts mean for the next government as a critical election looms.

## About the consultation

The consultation, held in November 2023, was organised by Local Trust and brought together 21 specialists in regeneration – those directly involved in community leadership, policy experts, and two guest PhD researchers. It was informed by research commissioned by Local Trust from the Centre for Regional Economic and Social Research, Onward, and the University of Cambridge (1).

The discussion had two goals: first, to reflect on both Labour and the Conservatives' recent efforts to tackle neighbourhood decline, exploring what has worked (and what hasn't). And second, to help policymakers begin to map out a new approach – learning

from the successes of history in a critical election year. The report is structured according to the consultation discussion questions:

1. **What was the NSNR?**
2. **Did it succeed?**
3. **What makes a neighbourhood policy work for people on the ground?**
4. **What have we learned about getting neighbourhood intervention right?**
5. **And what should the next government do?**

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# What was the strategy?

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By the 1990s, it was clear that fundamental structural changes to the economy, particularly deindustrialisation, had left parts of the UK in a cycle of decline. Many of these places had once been prosperous, but now suffered from unemployment and poverty.

Some had been centres for manufacturing, textiles, ship building or mining. Others were coastal towns and popular holiday destinations before travel to Europe became more accessible. As these industries declined, the places that fared worst were cut off from the rest of the economy.

The New Labour government recognised this challenge early on. Their response was a bold spatial policy, the National Strategy for Neighbourhood Renewal (NSNR), which started to take shape in 1997. The government began by gathering evidence, using designated teams to collate ideas across departments.

The strategy eventually comprised a variety of initiatives, including the high-profile New Deal for Communities (NDC), the Neighbourhood Renewal Fund and Neighbourhood Management Pathfinder schemes. This was before the devolution programme of the 2000s; the plan was managed from central government by the Social Exclusion Unit and the Neighbourhood Renewal Unit, and delivered partly through central government departments, and in the case of the NDC, through local authorities.

What characterised the New Labour approach was its recognition that social problems were concentrated in certain neighbourhoods, with hyper-local variations – even from street to street. Spatial policies were not new, but few had previously had such a targeted focus.

Also fundamental was the idea that the solution had to be a cross-government effort, spanning a wide range of policy areas including crime, health, skills and housing, with tightly run coordination between departments. The NSNR was to be holistic, tackling problems at their root. It had two big aims:

1. To lift the **minimum standard of living** in the poorest neighbourhoods across a variety of metrics – less crime, better employment, improved health etc.
2. And a relative improvement – seeking to **'narrow the gap'** overall between the most deprived places and the national average.

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# Did it succeed?

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The NDC programme had 36 key indicators. According to the New Deal for Communities Final Report (2), NDC areas saw improvements in 32 of those and "for 26 out of the 27 indicators where significance testing is possible, this change was statistically significant". But what did that really mean for residents of the 39 NDC areas?

Participants in the consultation noted that the NDC saw **short-term improvements across almost all indicators**, especially place-based ones. New childcare centres and community spaces were built. Rates of crime and vandalism fell. 90 per cent of social housing was brought to a 'decent' standard (1).

Neighbourhoods had higher school attainment and fewer deaths from heart disease and cancer. Metrics improved most where there was strong community leadership, and a greater degree of partnership between central government, local authorities and residents themselves. In our discussion looking back on the NSNR, participants suggested that future programmes should learn from these examples about what worked best, identifying community leadership as a common factor for success.

In both academic opinion and subsequent policy analysis there was a consensus that neighbourhood schemes were good value for money. Cost-benefit studies have found a return of up to five times the initial investment. There was a particularly strong benefit for mental health indicators, and local satisfaction with the area (3).

Most spending had a low cost 'per head' relative to other policies, with care taken to reduce waste and inefficiency. Central funding was often supplemented or matched by private companies, the voluntary sector, or local authorities – a 'crowding in' effect to get a good deal for the taxpayer.

Participants were also dismissive of the critique that NSNR didn't deliver hard economic outcomes. It's true that deep-seated problems like unemployment proved remarkably hard to affect in many neighbourhoods. But this argument is simplistic; economic development is directly linked to long-term improvements in things like health, crime, local pride and people's sense of community, all of which were helped by the NSNR.

So what about the failures? Although disparities narrowed in many places, not a single neighbourhood managed to 'close the gap' entirely to reach the national average. Where living standards did improve, it has been hard to attribute cause and effect – some progress may have been linked to general economic growth rather than targeted spatial policies. And participants conceded that the NSNR was limited by several factors in its design and implementation.

In the era of new public management, too much top-down control and too many reporting expectations led to an overly bureaucratic system. The strategy did not engage the market enough, and despite match funding it was heavily reliant on central public money. The government also struggled to manage expectations; perceptions of failure were increased by an initial anticipation that the NSNR would solve problems that had taken decades to develop and could not realistically be solved in a few years.

Looking back at the strategy 25 years on, it's hard to say whether neighbourhood ventures were in place long enough to be effective. The financial crisis of 2008 and the change of government in 2010 drastically disrupted things. Austerity and funding cuts reversed countless initial improvements. Subsequent governments ignored many of the lessons of the NSNR. Effective policies like the Sure Start programme were cancelled.

A new theory of change took hold based around community action independent from state support. Consultation participants noted that the new agenda had little concept of the UK's economic geography behind it and little intention to prioritise the most deprived places and regions. Austerity fundamentally contradicted a spatial approach, eroding local authorities' capacity for community regeneration.

Since 2019, the government's most recent spatial agenda – **to 'level up' the UK** – has brought place-based policy back into the spotlight. This may prove short-lived, however, and plans have been criticised for being unambitious in scope and scale. A fundamental problem is the reliance on competitive funding pots, which have been shown to benefit areas already comparatively better resourced and able to compete, with an existing foundation of local leadership and civic capacity (2).

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# What makes a neighbourhood policy work for people on the ground?

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Research and evaluations of neighbourhood programmes give us an overview of their success. But the consultation also heard from people involved in on-the-ground delivery of regeneration efforts, who reported several critical success factors.

First, participants strongly felt that before core funding is released, neighbourhood ventures need a lead-in time – a ‘year zero’ – during which the effort can be publicised, people can be found to take part, and local buy-in can be secured ahead of any spending and reporting.

To work, participants also agreed that neighbourhood programmes need an initial layer of capacity building. Without this, ventures can take a while to get up and running – delayed action can quickly dampen ambitions, and community groups become talking shops. One way to mitigate this is to make programmes visible through early events and activities.

Capacity building can also mean training community workers and residents in the skills needed for local organising, or developing the social infrastructure for this work to take place. People emphasised the importance of early communication to build a sense of local identity.

The role of physical community spaces and assets was frequently mentioned as a feature of community regeneration. Having somewhere for local people to gather is the bedrock of community resilience and social infrastructure. This might be a community hall, a library or a local park. In many cases communities already have assets that can be used for regeneration activities, but in others buildings need to be acquired or refurbished with some upfront investment.

A big challenge is finding the right people. Managing a programme on the ground means constantly recruiting and supporting volunteers, and avoiding having an unchanging ‘clique’ at the centre, which can damage the programme’s image. It was observed that the most successful community groups are those in which members have good relationships with each other. An energetic and enterprising board or partnership must also be able to refresh its strategy over time, to make sure it is responsive to what the community wants.



In any neighbourhood programme, the role of the local authority is critical, even when a voluntary effort is not governed by local authorities. Under the New Deal for Communities, the 56 NDC areas began as the responsibility of the local authority, but the scheme had an option for residents to oversee the process themselves. This proved fractious, with local authorities often reluctant to cede power. The most successful programmes were those in which residents had a bigger say, and did not rely on an overly-bureaucratic model of governance led by a council.

Local authorities are vital partners, but they cannot depend on a one-size-fits-all framework for interacting with communities. Success also depends on making links with other services like police and health services. Schools and educational leaders can similarly be useful for making links within a community.

Individual leaders also play an important role. They strongly influence the culture of a decision-making body, and an inspiring leader can make a significant difference to the success of a programme. That said, participants noted that schemes that rely on a single person can be hard to scale. Ideally leadership should be spread out.

Good leaders are those who genuinely know what their area needs and tailor solutions accordingly. People already known to the neighbourhood are more trusted by communities – once they set a record of delivery, they can inspire further trust from both outside organisations and within the community itself.

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# What have we learned about getting neighbourhood intervention right?

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Three big themes emerged from our discussions. Policymakers should consider these important constraints on the effectiveness of any future policies: how politics works, how the civil service works, and how the public thinks.

## 1. How politics works

Politicians have an electoral imperative to get credit for policy initiatives. They therefore tend to favour **big and visible projects that can be easily marketed** in speeches and election leaflets as proof that they can get things done.

This can create a bias towards short-term efforts and results that are easy to measure. Sustained, long-term change is both harder to achieve and harder to sell to voters, especially when the focus is on a small number of deprived areas (even if these places have a knock-on effect for the country as a whole).

Tony Blair conceived of neighbourhoods as the epicentres of national problems, and this remains a potent analysis today. Neighbourhood regeneration as a flagship political programme has the merit of being relatively low cost with a relatively high impact – the bigger task of linking public service delivery to place would require changes to central government working.

Ideally, we need the introduction of a central **Neighbourhoods Unit** with a cross-departmental remit to support neighbourhood regeneration and ensure public services are delivering for our most deprived neighbourhoods. Building on the example of the Social Exclusion Unit, this team could sit in the Cabinet Office and work across Whitehall to coordinate action and investment between departments.

Policymakers can also build on the recent acceptance of the importance of social infrastructure. It has entered the political vernacular, though it has not yet translated into government policy. Some important recent work, such as that by Frontier Economics (4), proves that places with fewer institutions, and less social infrastructure, are **costly for the state**.

History teaches us that the surest route to community regeneration is not necessarily through doing or building specific types of things, but rather by creating **foundational community institutions** that have the capacity to enable wider change and advocate for their own area.

## 2. How the civil service works

Civil servants want uniformity and legibility in the programmes they are obliged to deliver. They like assurance frameworks that control risk and guide governance. In short, they want something that they can account for easily if called in front of a select committee to explain it.

Resident-led regeneration therefore poses a problem. Participants in our consultation were firmly against discretionary schemes controlled by central government, such as the current model of 'levelling up' funding pots. These rely on people bidding for money, and assume a base level of local organising capacity that disqualifies many of the places most in need.

Change is more effective when it is community-led, but it is legislatively difficult to passport money into non-state organisations – although precedents do exist, including NESTA and Big Local.

Devolution has helped. Mayoral combined authorities have recognisable, standardised and accountable structures, which meet the uniformity requirement of state thinking. But for this to translate into community-led regeneration, devolution needs to go further.

The system of organising everything under a single local authority harks back to the 1980s, and ignores the partnership and resident-led models that worked so effectively under New Labour. Lessons from neighbourhood regeneration programmes show that success is associated with community leadership and community capacity, rather than a municipal authority.

One solution is a partnership model spending structure, similar to the Single Regeneration Budget of 1994 – 2002. This allows a local authority to be involved without having to carry all the responsibility. Another precedent is the NSNR attempt to 'bend the spend' – i.e. deploying the budget of mainstream services to target certain areas.

This is recognised as an effective way to move spatial policy forward, while working within the norms and expectations of a central government administration. The big mainstream departments like education, health and employment can also be integrated into a spatial policy framework with the creation of a cross-government unit, such as a designated **Neighbourhoods Unit** as noted above.

## 3. How the public thinks

Public opinion – as gauged by polls and focus groups – shows that voters care more about the ends of policy than the means. They want safer streets, better schools and better high streets, but favour results in the short-term and are sceptical about improvements that they are told will take a long time. Slow change is frustrating. It is seen as a way for politicians to dodge accountability, or a sign of the government's inability to get things done.

This can be a problem for long-term capacity building efforts, which take time. Community confidence can't be restored overnight. Policies designed to improve certain areas can also be divisive; people tend to prefer results they can see in their immediate proximity, rather than those targeted elsewhere (even if they have a wider benefit).



An effective spatial policy therefore needs to come with a narrative that will appeal to the general public. It should reassure people, highlighting efforts to tackle crime and anti-social behaviour. And it should empower people, showing that they will have control over their local areas. Visibility on the ground was mentioned as an effective way to show that a programme was working.

The NSNR recruited neighbourhood wardens, for example – representatives that people could point to as a visible symbol of a wider, invisible change. Environmental programmes, litter picking and cleaning up local environments also work well for this reason.

## The context

The next government will face bigger problems than New Labour did in 1997. It will have more to do and less money to do it with. Disparities in the UK have only grown bigger. We now need bold action at the neighbourhood level to address a series of overlapping crises:

- The economy is weak, and productivity remains stagnant.
- Public services have suffered from underinvestment to the point that they are beyond reasonable functionality and in danger of collapse.
- There are more fiscal constraints now. Inflation and the cost of living crisis have damaged the government's ability to raise money through taxes or borrowing, limiting their capacity to spend.
- Democratic decline means people have become disenchanted with politics, and trust in politicians is historically low.
- A culture war is driving divisions among the population and highlighting a severely frayed social fabric.

- War and economic protectionism threaten a previous consensus and trend towards global cooperation.
- Climate change risks our way of life and has proved insurmountably difficult to address.
- Covid and the risk of further pandemics pose enormous public health, social and economic risks.

Together, these problems mean that the next government will have to strike a balance between two opposing imperatives. On the one hand, people want change – they are looking for solutions commensurate with the scale of the issues we face.

On the other, the national economy is weak; the government will have limited spending power – at least for a while – and will largely have to work with money already in the system. The question is how to balance fiscal responsibility with the transformative ideas that give people a reason to believe that things will get better.

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# What should the next government do?

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Participants in our consultation agreed that a neighbourhood policy is now necessary to help the communities most likely to be impacted by these crises. They have local effects and are felt by residents in their own communities. Neighbourhood policy can work as a programme of transformation because it works from the bottom-up, giving people a sense of agency over their own lives.

Neighbourhood ventures are also proven to be good value for money, using existing assets without the expensive bureaucracy of everything being led by the state. A central unit within government to support and foster neighbourhood regeneration needn't cost a lot; any programme that will save money while delivering improved results will be politically attractive.

Participants in the consultation highlighted the importance of community funding as a long-term statutory expectation with a guaranteed annual budget, in the style of health or education. This could be combined with some form of 'double devolution' where power is devolved both to regions and local authorities, and further to communities.

Experience has shown that community buy-in to regeneration is greater when community control is greater, and that greater community control leads to better outcomes.

There is also an opportunity to tie neighbourhood policy more explicitly to Labour's five missions. Health policy is a good example. The most recent round of reforms in the NHS were intended to make the service more responsive to public health, putting a greater focus

on community and places. Public health is a big spending area and social care especially is already widely recognised as benefitting from holistic, community-based approaches.

The new Integrated Care Boards are intended to allow local partners, including councils and the voluntary sector, to link more easily with the NHS. Though it was said that ICB's have not yet been as successful at working with neighbourhoods as they might be participants agreed that bringing health and social care professionals and policymakers together around neighbourhood policy would be an important next step in building consensus and securing allies.

The real lesson of this consultation is that the best way to turn around places that are far from the centre of power and lacking in resources is to support them to organise themselves. The forces of progress – better housing, transport, education and jobs – are all predicated on a base layer of local agency: physical spaces and community groups who can bid for projects, apply for grants and advocate for the places they live. Rebuild these, and regeneration follows.

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# Conclusions and next steps

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## What's needed

Participants agreed that a number of things are needed:

1. Evidence to make an even stronger case for the protective effect of community social infrastructure, demonstrating its potential to prevent problems arising in the first place and save public money.
2. A central Neighbourhoods Unit in government charged with working across departments and the different layers of government to secure the regeneration of the most deprived neighbourhoods, ensuring they receive their fair share of available resources and attention.
3. A commitment to build on the lessons from past efforts. Too often the wheel is reinvented but we know what works – community leadership, the building of local civic institutions and an emphasis on local wealth creation. All neighbourhoods have assets and the key is to identify and sweat them for community benefit.
4. Training for community workers and appropriate support for community leaders to develop a pipeline of talent for the future.
5. A strong narrative based on the importance of a strong community to people's sense of security, social stability, belonging and hope.

In the next couple of years – as it comes to the end of its mandate – Local Trust will explore and develop the agenda considered at the event and promote the value of neighbourhood regeneration, by:

1. Hosting a series of seminars with policymakers to share learning from community and neighbourhood based initiatives.
2. Make the case for a Neighbourhoods Unit in central government.
3. Promote closer collaboration between communities and health and local authorities.
4. And commissioning research exploring:
  - the importance of targeting the most deprived neighbourhoods
  - the positive outcomes and value for money of community-led programmes
  - the impact of capacity building/ developing social infrastructure in the most deprived neighbourhoods to plans for national renewal.



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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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