

**A job half done and half abandoned:
New Labour's National Strategy for Neighbourhood Renewal 1999 – 2009**

John Houghton

Introduction

This article analyses New Labour's programme to renew the poorest neighbourhoods in England, which it initiated in 1999, closed down in 2009 and spent almost £6billion in direct funding alone trying to deliver.

It argues that the pledge to "narrow the gap" between the poorest neighbourhoods and the rest of the country within a generation was New Labour's most radical anti-poverty commitment. The government demonstrated solid early progress toward that goal, but too quickly abandoned the long-term and holistic focus of the neighbourhood renewal programme. Eventually, under Gordon Brown, the government switched to a flawed 'economics first' approach to tackling deprivation, which ministers had initially rejected as too limited to make a meaningful difference to the poorest places.

The story of neighbourhood renewal under New Labour divides into three distinct parts. The first period of early ambition stretched from 1999 to 2004, during which time the government formulated and began to implement a surprisingly radical package of measures through the National Strategy for Neighbourhood Renewal.

The second period of review and uncertainty ran between the 2004 and 2007 Comprehensive Spending Reviews. During this phase, the government remained formally committed to the National Strategy but began to question and overhaul some of its key elements. This uncertainty mirrors the period of divided leadership in the transition from the Prime Minister Tony Blair to his successor Gordon Brown.

The third phase, the return to regeneration, lasted between 2007 and 2009. In this period, the new Brown administration rapidly jettisoned the goals and approach laid out in the National Strategy. It was replaced with the Regeneration Framework, which prescribed a more traditional and narrowly defined emphasis on promoting employment and enterprise in deprived areas.

The article follows this chronology and along the way tries to answer three key questions. First, why did the government abandon the National Strategy and return to the 'economics first' approach which it had initially rejected? Second, what are the key lessons we should learn from the government's successes and failures? Third, if the last ten years were "as good it gets" in terms of money and commitment, what if anything will drive neighbourhood renewal in the radically changed economic and political landscape of the next ten years?

Early ambition

Tony Blair announced his intention to tackle the problem of deprived areas within weeks of entering Number 10, although it would take another two years for the money to start flowing. For his first speech as Prime Minister outside the halls of Westminster, Blair chose the Aylesbury estate, a large and severely deprived neighbourhood in Peckham, South London.

Keen to demonstrate that New Labour still cared for its traditional voters after an election campaign focused on swing voters in places far away in every sense from

places like the Aylesbury, Blair gave a well-received speech in which he made the famous commitment that there would be “no forgotten people” in his new Britain. But it was another, much less noticed phrase that really surprised. Blair argued that just as there should be no no-go areas for new Labour electorally, there would be “no no-hope areas”. This was surprising because no-one knew where Tony Blair or the senior people within New Labour stood on the problem of deprived places, including Tony Blair and the senior people within New Labour.

The problem facing the government was stark and well-documented, as symbolised by the Aylesbury. Of the 11,000 residents living in forty-four blocks on the estate, almost two-thirds claimed at least one form of benefit. Levels of crime, ill health and drug use were high. Without major intervention these problems were likely to worsen: 78% of seventeen year olds on the estate had already left school with few or no qualifications. The *Guardian*'s Polly Toynbee described it simply as a “great urban wasteland”.¹

The Aylesbury was only one place among many. As we shall see, the government's new Social Exclusion Unit estimated in 1998 that there were 2,000 severely deprived neighbourhoods across England in which millions of people lived. In Birmingham, Manchester, Liverpool, Tower Hamlets, Newham and Hackney, a third or more of the population lived in seriously deprived neighbourhoods.

On virtually every indicator of economic and social well-being – school exam results, employment, life expectancy, housing quality – the residents of the poorest neighbourhoods were falling further behind the rest of the country. By the late 1990s, people living in the poorest 10% of neighbourhoods were dying, on average, eight years younger than those in the richest 10%. 40% of all crimes were committed in the poorest 10%, where a quarter of all children also left school without a single GCSE. The further one went down the urban hierarchy, the bleaker the picture became. There were over two and half times the number of children living in poverty in the 5% most deprived wards compared to the rest of England.

Fortunately, Ministers and their officials had two years to formulate a response to the problem and come up with proposals that would give meaning to the “no no-hope areas” pledge. The campaign commitment to stick to Conservative spending plans until 1999, designed to allay voters' nervousness about a return to the ‘tax and spend’ approach of old Labour, trumped all other promises. Things could only get better, but not quite yet.

A New Deal for Communities

The government's first spending commitment to neighbourhood renewal was the New Deal for Communities (NDC). The first round of the programme, which would eventually cover 39 neighbourhoods and cost £2bn, was launched in 1999 with the Deputy Prime Minister John Prescott excitedly declaring it the first salvo in a new “war on poverty” (although this phrase was never used again).

As the name suggests, the NDC was designed to showcase a new and very different approach to tackling deprivation. Ministers had used the two-year spending delay to instigate a programme of policy review and consultation rarely seen in Whitehall. Led by the Social Exclusion Unit, which reported directly to the Prime Minister who in turn hailed its mission as “the defining difference between New Labour and the

¹ *Did Things Get Better? An Audit of Labour's successes and failures*, Polly Toynbee and David Walker, London, Penguin, 2001, p. 10

Conservatives”, departments across Whitehall supported 18 Policy Action Teams. Bringing together academics, experts and community activists, the Teams examined the multiple aspects of deprivation and came up with a series of guiding principles which would become the basis of the National Strategy for Neighbourhood Renewal.

The Policy Action Teams’ detailed reports argued that previous governments had contributed to the problem of deprivation because their responses had been too short-term; too narrowly-focused, usually on getting people into jobs or delivering physical improvement; and too often imposed from the ‘top down’ i.e. forced on people by outside experts and professionals, without giving local communities a say in what was happening.

The NDC therefore was long-term. Communities in the selected neighbourhoods were given ten years and around £50m each to implement a comprehensive programme of renewal. It was holistic. The programme was designed to include measures to improve health, education, crime and community cohesion, as well jobs and housing. And it was ‘bottom up’. Decisions would be taken by a board on which elected local people would hold the majority and have the final say over priorities and spending decisions.

Alongside the NDC, the government launched a whole series of other area-based programmes, including Sure Start, Health Action Zones and Education Action Zones, and committed to further rounds of the Single Regeneration Budget area programme which it had inherited from the Conservatives. The ethos of local control, joined-up action and long-term change ran through each of these “expensive leaps of faith”.²

The majority of NDC partnerships would go on to deliver substantial improvements, but the early years of the programme were a crash course in the difficulties that lay ahead. Some partnerships froze and struggled to spend any money, while others collapsed amid community and political tensions. Many of the public services in NDC areas didn’t respond with the vigour that Ministers had envisaged. Some didn’t get involved, and others decided that because the NDC area had received government money it had been ‘taken care of’ and should no longer be a priority – the exact opposite of what Ministers had hoped.

These lessons were learned within government, with mixed consequences. The trauma of the early years of the NDC led to a greater recognition of the need for preparation time and ‘capacity building’ to help communities and public services do things differently. It also reinforced the deeply engrained suspicion within Whitehall of the kind of messy, bottom-up approach which the Social Exclusion Unit and the Policy Action Teams had promoted. In time, as we shall see, the doubters would win out.

The launch of the National Strategy for Neighbourhood Renewal

Building on the work of the Policy Action Teams and a further period of consultation and policy refinement, the government launched the National Strategy for Neighbourhood Renewal in January 2001. Despite the mixed results from the NDC programme, the National Strategy set out with even more force a bold approach to tackling deprivation in the poorest places. Even the phrase ‘neighbourhood renewal’ was a deliberate rejoinder to ‘regeneration’, which had become associated with top-

² “New Labour and unequal neighbourhoods”, Anne Power in *Toward a more equal society? Poverty, inequality and policy since 1997*, Editors John Hills, Tom Sefton and Kitty Stewart, Policy Press, Bristol, 2009, p. 116

down physical redevelopment programmes of the type critiqued by the Social Exclusion Unit.

Three key innovations marked out the National Strategy. The first was the introduction of ‘floor targets’; basic standards of provision covering the poorest neighbourhoods which no public service should fall below. The floor targets covered health, crime, education, worklessness, housing and liveability and included specific targets on reducing theft, burglary and violent crimes, raising GCSE scores and reducing deaths from serious illnesses.

The floor targets mattered because they meant that government departments – such as the Home Office and Department for Health – and the local services which they funded – like the police and Primary Care Trusts – would be measured and held accountable for raising the quality of outcomes in the poorest places, rather than be judged on their average performance. As one senior official involved in delivering the National Strategy put it, “for the first time, mainstream Whitehall targets, and targets attached to supplementary regeneration funding, have been the same”.³ The Deputy Prime Minister John Prescott described them simply as the “social equivalent of the Minimum Wage, guaranteeing a decent minimum for everyone in society”.⁴

The second innovation was the creation of a flexible Neighbourhood Renewal Fund that could be spent on locally determined priorities in a way that enabled local public services to meet the floor targets. The innovative aspect of the Fund was that it was not attached solely to traditional jobs and houses outcomes and could be spent on a wide range of projects. The Fund was allocated on a sliding scale to the 88 local authorities that contained the highest proportions of deprived neighbourhoods.

Although the Fund was worth over half a billion pounds per year, policy makers were at pains to stress that it couldn’t do the work of neighbourhood renewal alone. Compared to the many billions that were ploughed into every poor neighbourhood every year through mainstream services and benefits, the Neighbourhood Renewal Fund was tiny. It should be used, the government explained, to attract additional investment and encourage services to ‘mainstream’ a focus on deprived neighbourhoods in their work.

The third and most radical innovation was the overall focus of the National Strategy on “narrowing the gap” between the poorest neighbourhoods and the rest of the country, to such an extent that “within 10 to 20 years, nobody should be seriously disadvantaged by where they live”.⁵

The National Strategy was never New Labour’s most high-profile anti-poverty commitment. In fact, as we shall see, its relative obscurity contributed to its eventual deletion from the list of government priorities. But the focus on “narrowing the gap” made it the most radical. Never before, or since, had the government made reducing inequality an explicit goal. Challenged on this point, Blair had famously argued that David Beckham’s multi-million pound salary was not a concern – the task was to pull up the poor, not drag down the rich.

³ “Testing time for local renewal strategy”, *Regeneration and Renewal*, November 2007

⁴ “Why the SEU is crucial to government policy”, John Prescott, *The Guardian*, 16 January 2002

⁵ *A New Commitment to Neighbourhood Renewal – A National Strategy Action Plan*, Cabinet Office, 2001, p. 8

Every other anti-poverty measure was therefore premised on bringing the poor up to a basic minimum, either in terms of income, through mechanisms like the Minimum Wage and the Minimum Income Guarantee for Pensioners, or living standard, through programmes like the Decent Homes Standard for council houses.

Yet in a strategy document that had billions of pounds attached to it and Blair's signature on the front page, the government made a commitment to reducing the gap between the poorest neighbourhoods and the rest. And to such an extent that people in the poorest neighbourhoods wouldn't notice the difference. The commitment was dropped long before the 20-year deadline but the government made a surprising level of progress.

In addition to the Neighbourhood Renewal Fund, the government launched a series of local neighbourhood-based initiatives including the neighbourhood management and neighbourhood wardens programmes, and invested in community capacity building and engagement through the Community Empowerment Fund and Community Chests. The National Strategy would be delivered by a newly created body, the Neighbourhood Renewal Unit, based in the Department for the Environment, Transport and the Regions, with the Social Exclusion Unit focused on monitoring progress and reviewing policy.

Review and uncertainty

The second phase of neighbourhood renewal, which ran between 2004 and 2007, is book-ended by two Comprehensive Spending Reviews and filled with political uncertainty and administrative drift. The government remained formally committed to the National Strategy, and actually started to narrow the gap, but ministers and officials also began to lose faith in its long-term, holistic focus. This was due in part to the imminent transition of power from Tony Blair to Gordon Brown, who had a quite different programme for tackling deprivation.

For readers unfamiliar with Comprehensive Spending Reviews, it's worth explaining what they are and why they matter to this story. Introduced by Gordon Brown while at the Treasury, the Comprehensive Spending Review exercise is a stock-take of everything the government has been spending money on, and a priority-setting exercise for the future. The process is overseen by the ever-dominant Treasury, and occurs every three years. In the British administrative tradition, it is a mixture of cool Weberian analysis and argument, and desperate grappling between Ministers and officials fighting to get the best for "their department".

The 2004 Comprehensive Spending Review was kind to neighbourhood renewal. All of the programmes and spending commitments announced in the 2001 Comprehensive Spending Review were "rolled forward" to 2007 and the Neighbourhood Renewal Fund was slightly increased.

The floor targets were re-affirmed and in several cases tightened up, with a greater emphasis on improvement in the very poorest neighbourhoods. This was a response to feedback from the ground that some services were focusing on the people or places nearest to the target, rather than those in most need. The overall goal of "narrowing the gap" was also retained as a Public Service Agreement target, the official name for the small number of cross-department priorities that guide everything the government does.

The settlement was generous to neighbourhood renewal for a few simple reasons. The Neighbourhood Renewal Unit had done enough to convince the Treasury that it

was spending its money well enough, and was able to do so through all the all-powerful medium of Microsoft PowerPoint. Brown's team at the Treasury were more than happy to continue funding a programme that burnished the Chancellor's image as the progressive heart of the Blair government. And there was obvious benefit for the government as a whole in supporting a programme that benefitted many Labour-held constituencies a year before the anticipated general election. Yet the programme very quickly ran into trouble, caused by a combination of frustration at the pace of delivery and shifting political priorities.

Changing priorities

In January 2005 the Prime Minister's Strategy Unit – a kind of in-house consultancy and policy review body – published *Improving the prospects of people living in areas of multiple deprivation in England*. The report was the conclusion of a detailed policy review commissioned by the Prime Minister a year earlier to “assess the initial success” of the National Strategy.⁶ The report was published alongside the Neighbourhood Renewal Unit's *Making it happen in neighbourhoods – The national strategy for neighbourhood renewal – four years on* which noted demonstrable, if not dramatic, progress in narrowing the gaps in education, employment and crime.

The Strategy Unit broadly reinforced the National Strategy, formally re-iterated the commitment that “by 2021 no-one should be seriously disadvantaged by where they live”,⁷ and noted the successes detailed in *Making it happen*. But it was not a ringing endorsement of the approach laid out by the Social Exclusion Unit. It recommend a stronger focus on three areas where there had been insufficient progress: tackling persistent concentrations of unemployment and economic inactivity; fixing unstable neighbourhoods caused by weak housing markets and poor local management; and speeding up the pace of public service reform to get the big players to prioritise the poorest places.

The underlying message was clear, and made unmistakably clear within government – hurry up, do something about the worst estates, get people into jobs, and don't let local bureaucracies fob you off.

From this point on, the neighbourhood renewal programme became wrapped up in wider policy and public service reform agendas within Whitehall. In particular, it was pushed more closely into the housing reform and tackling worklessness programmes. This was not necessarily detrimental. The aim was always to get the main players to focus on the poorest places, so that extra money and special projects would no longer be needed. But it did mean that the framework established by the National Strategy, and still only four years into a twenty-year commitment, became confused. The example of the ‘mixed communities’ programme shows how this happened.

The mixed communities initiative was designed by the Office of the Deputy Prime Minister (the successor department to the Department for the Environment, Transport and the Regions, which retained responsibility for neighbourhood renewal under the leadership of the Deputy Prime Minister John Prescott) as a response to all three of criticisms made by the Delivery Unit. It would showcase a more muscular and sped-up version of neighbourhood renewal.

⁶ *Improving the prospects of people living in areas of multiple deprivation in England*, Cabinet Office, January 2005, p. 8

⁷ *Ibid*, p. 9

Modelled very broadly on the HOPE VI programme implemented in the US, the 12 mixed communities pilots would break up the concentration of poor social housing and out-of-work households in the poorest neighbourhoods through extensive physical transformation.

The language of community empowerment and long-term, holistic change was conspicuously absent from the mixed communities initiative, and the emphasis on rapid physical change was widely perceived as a partial renunciation of the earlier approach.

The lack of any new policy announcements on neighbourhood renewal and the heavily advertised shift in policy away from national targets to local priorities cast the future of the programme further into doubt. The main spending programmes were still funded, but they became increasingly localised and disjointed initiatives. Crucially, they lacked the over-arching policy framework and political will that was apparent at the launch of the National Strategy.

Michael Barber, the head of the Prime Minister's Delivery Unit between 2001 and 2005, offers in his memoirs an even blunter summary: "The New Deal for Communities, Neighbourhood Renewal and other initiatives each had their moment in the sun and then disappeared from sight, though the money kept being spent".⁸

By 2006, the Neighbourhood Renewal Unit had also been split up and its component parts merged into the mainstream units of the Department for Communities and Local Government, the successor to the Office of the Deputy Prime Minister.

Return to regeneration

Gordon Brown became Prime Minister in June 2007 and his new teams of ministers and advisers quickly jettisoned the neighbourhood renewal programme and replaced it with an 'economics first' approach to regeneration. Their emphasis was clear from the start, and had been prefigured by the Strategy Unit's analysis, but took a number of years to be articulated formally.

The 2007 Comprehensive Spending Review, which was delayed until October to allow Brown to lead the process from No. 10, sounded the death knell of the neighbourhood renewal programme. The key targets, policy mechanisms and funding streams were either dropped or fundamentally reformulated.

The floor targets, which only a few years before had been described by the Deputy Prime Minister as the equivalent of the Minimum Wage, were the first to go. Despite the evidence that they were having an impact, last-ditch lobbying by officials in the Neighbourhood Renewal Unit and smoke-signals that the Treasury were prepared to stick with them, they did not appear in any form in the Spending Review settlement.

When questioned, officials in the Department for Communities and Local Government argued that national targets were inappropriate in the new era of localism and devolution: "rather than top-down targets, we're going to be talking to local authorities about what their priorities are".⁹

⁸ *Instruction to Deliver: Tony Blair, Public Services and the challenge of achieving targets*, Politico's, London, 2007, p. 277

⁹ "Minimum service goals for poor areas ditched", *Regeneration and Renewal*, 19 October 2007

There was a logic to the localism argument, but a weak and inconsistent one that wasn't backed up with action. The government re-asserted a whole set of "top-down" targets through the Comprehensive Spending Review, including many which were unpopular with local authorities such as house-building targets. And more importantly in practical terms, the target of narrowing the gap between neighbourhoods didn't feature in the suite of nearly 200 priorities which the government proposed to negotiate with individual local authorities.

A few months after the Spending Review announcement, the government wound up the Neighbourhood Renewal Fund and re-directed the money into a new Working Neighbourhoods Fund. As the rather unsubtle re-branding suggests, this was the first clear signal that the Brownite approach to tackling deprivation would be based on 'economics first' – attract businesses into poor areas, get people into work and the rest would take care of itself.

This shift in emphasis was quickly opposed by many of the local and national community groups which had rallied to the neighbourhood renewal agenda, precisely because it put an emphasis on empowerment and holistic change over short-term work-based solutions which had excluded the most deprived. In an article for *New Start* magazine the journalist Barry McCarthy captured the significance of the change: "If, as some commentators warn, the losers in this new funding regime turn out to be the most socially excluded and vulnerable, the end of the NRF may well be looked back on as the time Labour abandoned its drive to close the gap between rich and poor".¹⁰

The third major change was the most significant: the abandonment of the commitment to "narrow the gap". The 30 Public Service Agreement targets that resulted from the 2007 Comprehensive Spending Review did not include the commitment. In its place was a new objective to "build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation".¹¹ This was an admirable statement of intent, but nothing like as ambitious or meaningful as the commitment it replaced.

Ministers insisted that the commitment was still 'live'. But this was true only in the most technical sense. Between 2001 and 2007, the commitment to narrow the gap was a binding, cross-government Public Service Agreement target – one of a small number of national priorities against which the government would judge itself.

After 2007, the commitment was one in a 'basket' of 48 indicators, which would be used to measure the 6 'Departmental Strategic Objectives' which applied only to Department for Communities and Local Government. Narrowing the gap was still a priority only in so far as an ageing and palsied pet banished to live in the garage is still an important part of the family.

Explaining the change in direction

As we reach the end of the neighbourhood renewal story, we need to address the first question posed in the introduction: why did the government abandon the National Strategy and return to the 'economics first' approach which it had initially rejected?

¹⁰ "Occupational hazards", *New Start*, Vol. 10, No. 416, January 2008

¹¹ http://www.hm-treasury.gov.uk/pbr_csr07_psaindex.htm, last accessed September 2009

The new administration's rejection of the neighbourhood renewal agenda was perhaps surprising. Brown had assiduously presented himself as the progressive half of the Blair/Brown duopoly, with a deeper commitment to fairness and social justice. He was famously a policy wonk, with a Clintonesque obsession with administrative detail and evidence of 'what works'. And at the Treasury he had approved generous funding settlements for neighbourhood renewal programmes.

Yet within a year of his arrival at No. 10, the neighbourhood renewal programme had been abandoned and, as we shall, Brown had squandered his progressive credentials. The change is not all that astonishing, for three reasons.

The first is simple political expediency. The palms that are laid before new leaders when they make noble commitments to tackling poverty turn very quickly into stinking banana skins. Of all the government's complex and costly anti-poverty commitments, neighbourhood renewal was by far the least well-known and therefore the easiest to discard. It never had the emotional appeal of the child poverty pledge or the vocal and electorally powerful lobby that campaigned on pensioner poverty. Only a very few well-known journalists and commentators, such as Polly Toynbee, took the time to engage with, explain and challenge the agenda.

Second, Brown's new team were desperate to free up cash and clear the policy agenda for new priorities, including the construction of new houses. Even before the collapse of Northern Rock, the government was desperate to show that it could drive up the construction of new homes to keep down prices and head off tensions over the allocation of social housing.

The third and most powerful reason was ideological. Brown and his team of ministerial allies and advisors understood deprivation as primarily an economic problem which required economic solutions. From this perspective, the basic cause of neighbourhood decline was the low rate of business activity and job creation. Yes, education, health and crime mattered but they could only be fixed by getting the economics right first. Yes, public services mattered, but without a vibrant local economy, they were simply shifting money from one form of state dependency to another.

The neighbourhood focus of the original National Strategy and its reliance on public service reform was therefore judged to be too parochial and too contingent on a Blairite agenda that was out of favour.

The rejection of neighbourhood renewal was part of a wider programme to re-focus Whitehall's housing, planning and regeneration policies on the 'economics first' agenda. This was led by Gordon Brown and organised by the junior minister John Healey. In his first re-shuffle, Brown moved Healey from his position as Financial Secretary to the Treasury to the role of Under Secretary of State at the Department for Communities and Local Government.

At the Treasury, Healey had led on the low profile but very significant "Sub-National Review of Economic Development and Regeneration". One of Healey's first jobs in his new role was to receive and consider the findings of the review. Unsurprisingly, he found little with which he disagreed and endorsed its drive to put regeneration on a firmer economic footing. To give teeth to this recommendation, the Treasury mandated the Department for Communities and Local Government to produce a new 'Framework for Regeneration', setting out the government's new approach to promoting prosperity and tackling deprivation.

After a very long period of policy development and consultation, the government produced *Transforming places, changing lives – Taking forward the regeneration framework* in May 2009. The document set out a “new approach”, in which “economic outcomes are key” and the starting points would be “creating the right conditions for economic transformation” and “helping people prepare for work and compete for a job”.¹² It recognised that some respondents to the draft consultation framework had argued for more attention to be paid to social issues alongside economic factors, but was clear that action in future would be “more tightly focused on economic outcomes and worklessness”.¹³

The scale of intervention would also change, away from neighbourhoods to the “right spatial level” to drive economic development, which usually means at the city or sub-regional level. Some of the language on community empowerment was repeated, but decisions in future would be taken only “as close to communities as is practicable”.¹⁴

It doesn't take much to find the problems with the ‘economics first’ approach to tackling deprivation, because the government did the research and made the argument over many years prior to 2007. The Social Exclusion Unit's original analysis had concluded that “the wide gap between poor neighbourhoods and the rest results from a complex combination of factors. Some of the factors are social and economic changes...when these combine they create a complex and fast-moving vicious cycle”.¹⁵ The problem for individuals and families wasn't solely material deprivation but the problems created by social collapse and government failure; “poor services in deprived neighbourhoods compound the misery of living on a low income”.

The task therefore wasn't just to get people into jobs or raise income, but to deal with ill health, failing schools, high crime rates and the other symptoms of decline which keep businesses away and people out of work to begin with. “It's the economy, stupid” is a great campaign slogan, but a woefully inadequate prescription for tackling deprivation.

These changes were of course overshadowed by the general collapse in Gordon Brown's popularity, following the ‘cancelled election’, and his seeming inability to articulate and act upon a progressive vision for his government. A key part of that disappointment, especially for his erstwhile followers, was the failure to construct a clear anti-poverty agenda. The abolition of the 10p tax rate and the increase in the inheritance tax threshold shattered Brown's image as a man on the side of the poor.

Polly Toynbee had charted the government's anti-poverty agenda and closely followed her local New Deal for Communities programme. Her judgement by the summer of 2008 was clear: “The Labour idealism that saved Clapham Park is dead”.¹⁶

¹² *Transforming places, changing lives – Taking forward the regeneration framework*, Department for Communities and Local Government, May 2009, pp. 2 – 3

¹³ *Ibid*, p. 5

¹⁴ *Ibid*, p. 5

¹⁵ *A New Commitment to Neighbourhood Renewal – A National Strategy Action Plan*, Cabinet Office, 2001, p. 8

¹⁶ “The idealism that saved Clapham Park is dead”, *The Guardian*, 12 July 2008

Progress and key lessons

Having tracked the policy and politics of neighbourhood renewal, we need to look at the government's overall progress in order to answer the second question set out at the start: what are the key lessons we should learn from the government's successes and failures?

The data lag makes it impossible to provide entirely solid and up-to-date evidence on change in the most deprived neighbourhoods. The recession will have undone some of the progress. Nevertheless, it's possible to make some assessment of the cumulative impact of the government's neighbourhood renewal programme.

According to government data and analysis carried out by the Centre for the Analysis of Social Exclusion, the gap has narrowed on all key indicators except exam results at Key Stage 2 (the educational level up to 11 years of age) and the standard mortality rate (the average age at which people in an area die). The gap was even narrowed on employment, at a time when more people were in jobs than ever before.

We then need to question whether the improvements were due to the neighbourhood renewal programme, or the by-product of general prosperity and increases in government spending.

The latest findings from the independent evaluation of the National Strategy show a clear link between neighbourhood renewal intervention and improvements across most of the floor targets. Improvements in key indicators, including school exam results, employment, crime and environmental quality, were significantly more rapid in neighbourhood renewal areas than anywhere else. As Power argues, "somewhat to the surprise of sceptics, these overarching efforts have had greater impacts in poorer areas, thereby in reality closing the gap in conditions, as the government set out to do".¹⁷

There are two important caveats to these figures. The first is that the gap proved more difficult to close in London and the south east, where there are wider extremes of wealth. The second is that improvement in the very poorest neighbourhoods was not as fast as that measured across local authority areas. The 'local gap' between the most deprived places and surrounding neighbourhoods was not narrowing as quickly as the national gap between local authorities.

This disparity between local authority and neighbourhood-level performance points to the first key lesson from the neighbourhood renewal programme: the importance of local focus. As Power goes on to argue, "programme evaluations confirm that targeted resources, local delivery, locally prioritised improvements in services and conditions and direct participation by residents can work together to change area conditions and 'narrow the gap'".¹⁸ Action at a wider area can reinforce but can never replace localised delivery and engagement.

The second key lesson is the importance of sustaining effort over the long haul. This was a clear message from the work of John Hills, Tom Sefton and Kitty Stewart in

¹⁷ "New Labour and unequal neighbourhoods", Anne Power in *Toward a more equal society? Poverty, inequality and policy since 1997*, Editors John Hills, Tom Sefton and Kitty Stewart, Policy Press, Bristol, 2009, p. 120

¹⁸ "New Labour and unequal neighbourhoods", Anne Power in *Toward a more equal society? Poverty, inequality and policy since 1997*, Editors John Hills, Tom Sefton and Kitty Stewart, Policy Press, Bristol, 2009, p. 122

their detailed review of anti-poverty policies from 1997.¹⁹ Right across the range of programmes they examined, policies had most impact when the government stuck by them long enough to make a real difference. This was particularly crucial to initiatives like neighbourhood renewal which involve organisational, behavioural and culture change across public services and local communities. When priorities or programmes were changed or attempts were made to 'mainstream' them too quickly, as was the case with Connexions, the impact was severely diluted.

The third lesson is the need to learn. Every aspect of the neighbourhood renewal programme was extensively evaluated, and the focus on community empowerment was designed to ensure that policy reflected knowledge on the ground. Yet the vast stock of evidence and experience that has been generated since 1999 is barely utilised, and some policy changes suggest a complete ignorance of its existence.

A job half done and half abandoned

To conclude, we need to address the third and final question: if the last ten years were "as good it gets" in terms of money and commitment, what if anything will drive neighbourhood renewal in the radically changed economic and political landscape of the next ten years?

In telling the story of neighbourhood renewal, we trace the arc of new Labour: an early radicalism that was inspiring but ideologically confused; solid but under-sold successes combined with confused leadership in the mid term; and the final abandonment under Gordon Brown of a clearly formulated social policy agenda. As in so many areas, Brown had spent so much of his energy punching the bruise of his resentment that the pitching arm he needed to put forward a coherent policy position had withered away.

At its launch, advocates of the National Strategy had hailed it as the best opportunity in generations to tackle deprivation in a meaningful and lasting way. And it will likely be decades before a similar opportunity arises. That's not to say that the work of neighbourhood renewal will stop. Local activists, passionate public servants and committed local councillors will push on, but it will be a while before the powers and resources of the state are put behind them in the way they were between 1999 and 2007.

A much tighter fiscal framework, a likely change in government and perhaps a less generous public attitude to tackling poverty all mean that any programme in the immediate future will look very different and will have to cost a lot less.

This shouldn't, however, be a cause for despair. Money is only ever one part of equation. As we've seen, the mid-term unravelling of the neighbourhood renewal programme was triggered not by a reduction in funding but by a loss of political focus and the precipitate dismantling of a national framework that was starting to deliver results. The key lessons we need to learn are not primarily financial. No public service should need an extra budget line or a fiscal incentive to focus on local areas, stick to agreed policies or learn from the achievements and failures of the past.

The essential task in deprived neighbourhoods is to empower people to change their own lives. Government agencies can be most effective when they recognise the

¹⁹ *Toward a more equal society? Poverty, inequality and policy since 1997*, Editors John Hills, Tom Sefton and Kitty Stewart, Policy Press, Bristol, 2009

limits of their own power and are prepared to tread lightly in order to support the efforts of local groups and activists.

It's worth remembering that the many examples of successful neighbourhood renewal which helped inspire the National Strategy, like the Eldonians in Liverpool and the Castle Vale Housing Action Trust in Birmingham, flourished in the 1980s – a period of equally dramatic political and economic upheaval.

Of course, there were many more areas which couldn't, or were not empowered, to conjure the local alchemy found in these places. But as we enter a period in which everyone will have to 'do more with less', we may find that the commitment and bottom-up ingenuity which are the hallmarks of successful neighbourhood renewal are in greater supply. Indeed, they may be the only resources we have left.

If future governments, whatever the colour of their politics or balance sheet, can tap into local energy and ensure local services respond to the needs and the potential of deprived communities, then the job which was started in 1999 can progress.

John Houghton is a writer and adviser on cities, neighbourhoods and regeneration, and a Principal Consultant at Shared Intelligence. Views are expressed here in a personal capacity.