



Tenure and change in deprived areas  
**Evidence from the New Deal for Communities areas**





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February 2010

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The findings and recommendations in this report are those of the authors and do not necessarily represent the views of the Department for Communities and Local Government.

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# Key points

## Social housing and 'residential sorting'

Individuals who live in social housing nationally tend to be more disadvantaged than those in other tenures. There is a greater propensity to be out of work, on low incomes, in poor health and have fewer qualifications. This is not unexpected given the greater likelihood that households in these circumstances are more likely to experience housing need and priority through social housing allocations systems. Therefore there is an element of 'self-selection' into social housing.

New Deal for Communities (NDC) areas contain a greater proportion of the total social housing stock than might be expected given the size of the population in these areas. This impacts on processes of residential sorting.<sup>1</sup> Greater numbers of individuals with characteristics of disadvantage are located in deprived areas because these areas contain greater concentrations of social housing stock. People living in social housing in deprived areas, although having many similar characteristics to those living in the sector as a whole, tend to be more disadvantaged.

## Concentrations of social housing and deprivation in NDC areas

The concentration of social housing in NDC areas is very varied. It ranges from just 30 per cent of the stock in some areas to over 80 per cent in others. The percentage of social housing in these areas is not however related to the extent of deprivation in the areas as measured by the Index of Multiple Deprivation (IMD). It is only related to the degree of people-based deprivation within the area (health, education and worklessness) and not the extent of place-based deprivation (crime, housing and the physical environment, and community). One implication of this is that if an NDC area had predominantly place-based issues to start with and prioritised these issues within their local Programme, gains in terms of improvements to place-based outcomes will not necessarily translate into improved IMD scores in later years.

An examination of tenure profiles in the NDC areas in relation to change achieved over the 2002–2008 period shows that no linear relationship exists. Therefore areas with greater social housing provision are not less likely to have achieved change than areas with a more mixed tenure profile. This is consistent for outcomes taken as a whole, by the people or place elements of the index, and by whether the concentration of social sector housing or owner occupation is considered at the beginning or end of the period.

<sup>1</sup> Processes which tend to segregate people by their capacity to pay for housing, leading to employed and workless people living in different places.

This would seem to suggest that there is no consistent or robust evidence that changing tenure mix in a deprived area is going to directly correspond to a greater improvement in the area if progress on 36 core indicators is considered as a whole. However, the analysis does provide a hint of a relationship in that some of the NDC areas that have achieved most change relative to their counterparts have also seen a diversification of tenure.

## Tenure and employment transitions

Statistical analyses based on a panel of NDC residents who have stayed in the area between 2002 and 2008 find no significant differences in the likelihood of moving into employment associated with tenure once other individual factors have been taken account of. Social renters, owner occupiers and private renters were equally as likely to have made a transition from non-employment to employment once age, health, qualifications etc are taken account of. There was also no evidence that concentrations of social housing in the area were a factor in the likelihood of a non-employed individual entering employment. There was however a link with the type of NDC area within which the individuals lived; NDC residents without work in more buoyant core cities were more likely to enter work than those in more northern industrial cities.

Longitudinal data does however show that there is a greater propensity for those in employment in 2002 to still be in employment in 2008 if they live in owner occupation rather than if they are within the social rented sector. Nine out of ten owner occupiers in work in 2002 were still in work in 2008. For social renters this falls to only three quarters still being in work by the end of the period.

Once individuals' characteristics such as age, qualifications, health and ethnicity are taken account of, the analysis shows the likelihood of making a transition from employment to non-employment did vary significantly by individual's tenure. Social renters are statistically significantly more likely to have moved out of employment over the period than owner occupiers; *ceteris paribus*.

Analyses based on decomposition models also highlight that making a transition from employment to non-employment is likely to be related to other factors which have not been captured by the individual characteristics included in the models. These might in part reflect a tenure or neighbourhood effect which is over and above the composition of the population in the area. However it could just as likely be related to other omitted variables in the model and these are as likely to do with individual characteristics related to the work history and the segment of the jobs market occupied by individuals in some tenures rather than others.

So, for a social housing tenant who loses or leaves his or her job, tenure may be a factor in whether this person returns to work or not. It may, for example, contribute towards his/her motivation to re-enter the work force especially if the alternative work available is poorly paid. However, social housing tenants in these circumstances are also more likely to have other characteristics of disadvantage such as previous spells of non-employment or more severe ill health which enabled them to access social housing in the first place.

# 1. Introduction

New Deal for Communities is a complex, holistic area-based initiative which aims to regenerate 39 very deprived neighbourhoods across England. A number of innovative features are included in the design of the Programme. Firstly, unlike many regeneration initiatives, this Programme provides a relatively long term and substantial funding stream to these areas over a ten year period. Each of the areas will have received approximately £50m which equates to approximately £450 per capita per year. Secondly, community engagement is at the heart of the design and delivery of an individual package of interventions relevant to each area. The delivery of the Programme is facilitated in each area by an NDC partnership. The design and management of the Programme is thus devolved to the local level. Each partnership includes local community representatives as well as regeneration professionals and members of local service providers. Thirdly, rather than tackle one element of local deprivation the Programme takes a multi-faceted approach which aims to improve a number of elements of peoples lives in these areas. These include place-based outcomes such as improving housing and the physical environment, reducing crime and enhancing the sense of local community. People-based outcomes are also addressed including reducing worklessness, improving health and education amongst residents in the area. The overall aim of the Programme is to reduce the gap between these areas and the national average and make these neighbourhoods better places to live in.

Although each of the NDC areas are very different from each other<sup>2</sup> all have a history of long-term, entrenched deprivation in common and it is the extent of particular types of problems evident in each area which varies greatly. In some areas their key focus may be reducing worklessness and re-engaging residents with the labour market. For others improving the fabric of the neighbourhood and reducing crime may be the focus. The outcome areas are in reality also related to each other. Therefore an improvement in skills and education may impact on an individual's ability to access work opportunities and in turn this may impact on their health. Improving the local housing stock, reducing vandalism, crime and increasing a sense of belonging will in turn help retain residents who may improve their circumstances and improve the sustainability of the community over time. Ultimately the design of the Programme means that although each area may intervene across the full six outcome areas covered by the Programme, the focus and balance of interventions implemented across the outcome areas is decided on by the local partnership.

One of the key differences apparent across partnership areas is the composition of the local housing stock. In many NDC areas large concentrations of social housing exist ranging from 30 per cent of the stock in Hartlepool (in 2008) to 82 per cent in Southwark. This has raised a number

<sup>2</sup> See CLG (2010) *NDC Evaluation Technical Report*. Chapter 1.4 which provides pen portraits of each of the Partnership areas and the range of circumstances on a number of indicators at the beginning of the Programme.

of questions over time as to what extent the composition of housing in these areas may constrain the ability of the areas to change.

Due to pressures on supply of social sector housing and allocation on the basis of needs, a process of 'residential sorting'<sup>3</sup> can occur resulting in high concentrations of residents with characteristics of entrenched multiple disadvantage living in deprived areas (Barker, 2004). Residents may face benefits traps or disincentives to improve their labour market circumstances as a consequence of the type of housing they live in. Differences may be more marked in areas such as London where there are intensified supply pressures and higher housing costs resulting in restricted labour market mobility (Barker, 2004).

Previous longitudinal modelling of the household survey data repeatedly highlighted significant differences in trajectories of outcomes between those residents living in the owner occupied sector and those in social housing.<sup>4</sup> This paper will attempt to understand the role that tenure plays in facilitating change within local areas. The relationship between concentrations of social housing, socio-demographic profiles of areas and achieving change across a range of key indicators will be explored.

The analysis draws upon the results from a large-scale NDC household survey which was carried out by Ipsos MORI. The survey covers residents aged 16 or over in all 39 NDC areas on a biennial basis between 2002 and 2008. Sample sizes range from 19,574 interviews in 2002 (or 500 per NDC area) to 15,840 in 2008 (or 400 per area). The survey includes both cross-sectional and longitudinal elements and gathers information across all outcome areas of the Programme. In addition, a smaller survey of deprived areas across the same local authorities was carried out using extensively the same questionnaire at the same points of time. The sample included three similarly deprived but non-contiguous wards to the NDC areas. Overall, 2,014 respondents were interviewed in 2002 and 3,100 respondents in 2008. The deprived areas survey data provides a useful benchmark or comparator against which to assess change occurring in NDC areas over time. The data used in this report utilises the subsequent cross-sectional or area-level data from both surveys. Fuller details of the survey design can be found in the *NDC Household Survey Technical report*<sup>5</sup> and an overview of the latest survey results can be seen in *An Overview of Cross-sectional Change Data 2002–2008: Evidence from the New Deal for Communities Programme*.<sup>6</sup>

In addition the analysis will look to develop the longitudinal and multilevel modelling which has already been undertaken as part of the evaluation. This will examine whether the differences in outcomes previously identified at an individual level really are differences by tenure type or whether in fact

<sup>3</sup> A process where households with similar incomes tend to become congregated in particular areas due to a combination of the nature of the local housing stock available, market forces and government policy. Berube, A. (2005) *Mixed communities in England: A US perspective on evidence and policy prospects*. [www.jrf.org.uk/sites/files/jrf/0295.pdf](http://www.jrf.org.uk/sites/files/jrf/0295.pdf)

<sup>4</sup> CLG (2009) *Four years of change? Understanding the experiences of the 2002–2006 New Deal for Communities Panel*. [www.communities.gov.uk/publications/communities/fouryearschangendcp](http://www.communities.gov.uk/publications/communities/fouryearschangendcp)

<sup>5</sup> Ipsos MORI (2006) *New Deal for Communities: Household Survey 2006 Technical Report*. [www.data-archive.ac.uk/doc/5299/mrdoc/pdf/5299ndc2006.pdf](http://www.data-archive.ac.uk/doc/5299/mrdoc/pdf/5299ndc2006.pdf)

<sup>6</sup> CLG (2009a) *An Overview of Cross-sectional Change Data 2002–2008: Evidence from the New Deal for Communities Programme*. [www.communities.gov.uk/publications/communities/crosssectiondatandcp](http://www.communities.gov.uk/publications/communities/crosssectiondatandcp)

'tenure' is just a proxy for the underlying socio-economic characteristics of residents within certain types of housing. Lessons from a major study undertaken by CRESR for the Department for Work and Pensions (DWP) on Social Tenants and Worklessness<sup>7</sup> on the interaction of tenure, the benefits system and multiple barriers to work will be drawn upon.

Finally, the extent and consequences on outcomes of changing tenure profiles of areas will be considered. In particular, the analysis will explore potential links with the attributes of long-term and shorter-term residents, patterns of mobility and rates of satisfaction.

<sup>7</sup> Fletcher, D., Gore, T., Reeve, K. and Robinson, D. (2008) *Social housing and worklessness: Key policy messages*. DWP Research Report No 482.

## 2. Tenure profile of NDC areas

### 2.1. Overview

National trends in tenure are well documented from sources such as the Survey of English Housing (SEH).<sup>8</sup> Population growth coupled with a decline in the average household size has led to a considerable rise in the total number of households over the past two decades. Owner occupation grew rapidly in the 1980s. By the early 1990s 68 per cent of the population lived in this tenure, rising to 69 per cent for the second half of the decade and consistently around 70 to 71 per cent since the turn of the century. The SEH data for the last few years has begun to suggest that the proportion living in owner occupation has fallen slightly and by 2008 was at 68 per cent of the population. The social housing sector peaked in 1979 and, with the advent of 'Right to Buy' in the 1980s, saw a decrease of 11 percentage points from 1981 levels to 21 per cent of the population living in this sector by 1997. The sector continued to shrink slowly but since 2003 the figure has remained consistent at 18 per cent of the population. Approximately one in ten of the population has been housed in the private rented sector throughout the 1980s and 1990s. Since 2000 the sector has gradually grown year on year until by 2008 14 per cent of the population were private renters.

The high concentration of social sector housing within NDC areas is in stark contrast to the national profile of housing stock. Table 1 indicates that over half of all residents aged 16 and over in NDC areas live in social sector housing. The proportion has fallen only slightly over the 2002–2008 period from 57 per cent to 55 per cent. The concentration of social renters in NDC areas is far higher than seen nationally where just under one in five of the population live in this tenure. The deprived areas survey indicates that although sampled on the basis of being similarly deprived to NDC areas (on the basis of the 2000 Index of Multiple Deprivation), these areas tend not to have quite as high concentrations of social sector housing; 42 per cent of residents in both 2002 and 2008.

Table 1 also shows the wide range of circumstances apparent across individual NDC areas. In the early stages of the Programme 90 per cent of residents in Southwark are within this sector, the equivalent figure for Hartlepool is 27 per cent, a difference of 63 percentage points. By 2008 seven NDC areas had experienced significant falls of more than seven percentage points since 2002 in the proportion of residents living in social sector housing; Nottingham, Knowsley, Birmingham Aston, Southwark, Hackney, Sheffield and Hull. This resulted in a slight convergence across the group with 52 percentage points between the areas with the highest

<sup>8</sup> CLG (2009b) *Survey of English Housing Preliminary Report: 2007–2008*.  
[www.communities.gov.uk/publications/corporate/statistics/sehprelimresults0708](http://www.communities.gov.uk/publications/corporate/statistics/sehprelimresults0708)

and lowest concentrations in 2008, 11 percentage points less than at the beginning of the period.

<b>Table 1: Percentage of residents in social sector housing, 2002–2008</b>			
	2002	2008	Change 2002–2008
Southwark	90	82	–8
Coventry	82	80	–2
Hull	82	74	–8
Brent	78	79	1
Hackney	77	69	–8
Islington	75	75	0
Plymouth	74	69	–5
Knowsley	73	62	–11
Tower Hamlets	68	67	–1
Leicester	67	61	–6
Birmingham – Kings Norton	66	63	–3
Norwich	65	61	–4
Nottingham	64	52	–12
Manchester	63	65	2
Newcastle	62	60	–2
Brighton	61	62	1
Fulham	60	64	4
Lewisham	59	55	–4
Lambeth	57	60	3
Newham	57	54	–3
Haringey	55	60	5
Sheffield	55	47	–8
Southampton	55	51	–4
Luton	54	51	–3
Walsall	50	48	–2
Sunderland	49	49	0
Bristol	48	43	–5
Salford	48	48	0
Birmingham – Aston	46	37	–9
Derby	46	40	–6
Rochdale	45	44	–1
Oldham	44	43	–1
Middlesbrough	43	36	–7
Liverpool	40	35	–5
Sandwell	39	35	–4
Doncaster	37	44	7
Bradford	36	39	3
Wolverhampton	35	33	–2
Hartlepool	27	30	3
<b>NDC</b>	<b>57</b>	<b>55</b>	<b>–2</b>
<b>Comparator</b>	<b>42</b>	<b>42</b>	<b>0</b>
<b>National</b>	<b>19</b>	<b>18</b>	<b>–1</b>

Source: Ipsos MORI NDC household survey, Survey of English Housing 2001/02, 2007/08

As would be expected given the high level of social sector renting within NDC areas, a far lower level of owner occupation exists than nationally. In 2008 33 per cent of NDC residents were in owner occupation compared to 47 per cent in the comparator areas and 68 per cent nationally. Although only a small increase on the 32 per cent in owner occupation in 2002 this is actually in the opposite direction to national trends which saw a percentage point fall over the same period.

The proportion of private renters is relatively similar and stable across NDC areas and comparator areas over the 2002 to 2008 period with increases from 10 to 12 per cent and 10 to 11 per cent respectively. Nationally the proportion rose from 10 per cent to 14 per cent over the same six-year period.

## 2.2. Demography of NDC residents by tenure

This section will first consider the extent to which the characteristics of people living within NDC areas vary by tenure. The profile of NDC residents will also be compared to those living in the same tenures but in a selection of similarly deprived non-NDC areas within the same local authority districts. Finally, the national profile of residents by tenure will be considered to gauge whether the types of people who live in social sector housing in NDC or deprived areas are similar to those within the sector as a whole. The Hills report highlights that in general:

*“Tenants have high rates of disability, are more likely than others to be lone parents or single people, and to be aged over 60. More than a quarter (27 per cent) of all black or minority ethnic householders are social tenants (including around half of Bangladeshi and 43 per cent of black Caribbean and black African householders), compared to 17 per cent of white householders” (Hills, 2007, pp. 2–3).*

Table 2 presents the demographic characteristics of NDC residents by tenure and indicates that:

- the age profile of residents in owner occupation and the social rented sector is similar; there are however slightly more residents aged under 25 in the social rented sector and slightly more residents aged 55 or older in owner occupation
- private renters tend to be noticeably younger with nearly three quarters aged under 35 and only one in twenty aged over 55
- whereas the male to female ratio of residents in owner occupation is relatively evenly split (52:48) in the private rented sector tenants are more likely to be male than female (60:40)
- in the social rented sector the ratio is reversed (44:56) and tenants are more likely to be women reflecting the concentrations of primarily female-headed lone parent families in this sector

- 70 per cent of all residents are white and this is similar across all three tenures; of the non-white population social sector renters are more likely to be black and owner occupiers and private renters are more likely to be Asian
- only 58 per cent of private rented tenants state English is their first language, far lower than the other two sectors; there is also a higher proportion of men and a younger age profile
- differences in household composition by tenure are apparent including a higher proportion of lone parent families and single person households in the social rented sector, couples without dependent children more prevalent in owner occupation and greater numbers of large adult households in the private rented sector.

**Table 2: Demographic characteristics of residents in NDC areas by tenure, 2008**

	Owner occupier	Social sector renter	Private renter	All
<b>Sex</b>				
Male	52	44	60	49
Female	48	56	40	51
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Age</b>				
16–24	12	17	35	18
25–34	19	20	38	22
35–54	37	38	22	35
55–64	14	10	3	10
65+	18	16	3	15
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Ethnicity</b>				
White	72	70	68	70
Black	8	18	10	14
Asian	19	8	17	13
Other	1	3	5	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>English your first language</b>				
Yes	84	80	58	78
No	16	20	42	22
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Household composition</b>				
Couple with dependent children	22	16	14	18
Couple without dependent children	32	13	14	19
Lone parent	5	21	14	15
Large adult	15	13	30	15
Single person	27	37	28	33
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Ipsos MORI NDC household survey

When the demographic characteristics for NDC residents by tenure are compared to those living in other deprived areas within the same local authorities then in the majority of instances there are few notable differences. Overall the comparator sample has slightly more white residents (74 per cent; NDC areas 70 per cent), English is the first language of slightly more residents (82 per cent; NDC areas 78 per cent), a slightly older age profile (15 per cent aged 16–24, 30 per cent aged 55+; NDC areas 18 per cent and 25 per cent respectively). These differences tend to be reflected across the tenure types. A full breakdown of comparable data for comparator areas is included in Appendix 1 for reference.

The differences that are more notable between the similarly deprived areas within the same local authorities and NDC areas are primarily in relation to tenants in the private rented sector:

- the male female ratio for tenants is more evenly split in comparator areas 53:47 compared to the 60:40 ratio in NDC areas (significant at 5 per cent level)
- English is not the first language of 33 per cent of the private rented tenants in comparator areas compared to 42 per cent in NDC areas (significant at the 1 per cent level); the broad ethnic breakdown for private rented tenants in both areas is however relatively similar
- the proportion of white residents who classify themselves as white but not British or Irish in the private rented sectors is high in both NDC and comparator areas (21 per cent and 17 per cent respectively, significant at 10 per cent level); this is much higher than the population as a whole across the areas which is 6 per cent in both
- there are fewer large adult households in the comparator areas, 22 per cent compared to 30 per cent in NDC areas
- these four factors combined suggest greater concentration of younger, male, immigrants living within houses of multiple occupation in NDC areas compared to other deprived areas within these local authorities<sup>9</sup>
- all other categories within the demographic breakdown for NDC versus comparator areas are within 4 percentage points of each other with the vast majority showing differences of less than two percentage points.

Overall the evidence indicates that, for the social and owner occupied sectors, broadly similar types of people can be found living in these sectors in NDC areas as in other deprived areas within their local authorities. The one exception is the private rented sector which is providing housing to a greater number of people for whom English is not a first language in NDC areas than in other deprived neighbourhoods within the same geographic localities.

<sup>9</sup> Recent research on new immigrant populations in the West Midlands (Green et al., 2007a; Green et al., 2007b; Green, 2007) confirms these as common characteristics of in-migrant populations; predominantly young with 80 per cent under 35 years of age, in work and living in private rented accommodation.

Appendix 2 provides a third version of Table 2 populated with data for England taken from the Labour Force Survey for 2008. Whereas the demography of NDC owner occupiers, social renters and private renters are similar to their counterparts in other similarly deprived areas, as might be expected there are more noticeable differences when the national population within each type of tenure is considered. Overall NDC areas tend to have a younger population structure, a larger BME population and more lone parent families than nationally.

The slightly younger age profile can be seen amongst owner occupiers in NDC areas; 19 per cent in NDC areas are aged 25–34 compared to 13 per cent nationally. Conversely 32 per cent of NDC owner occupiers are aged over 55 compared to 38 per cent nationally. This age structure may in part reflect a greater ability for younger people to enter the property market in these areas due to relatively lower house prices achieved compared to other less deprived neighbourhoods in the districts.

A younger age profile for those who rent their homes in NDC areas can also be seen. An additional 11 per cent of social renters in NDC areas are aged 25–54 compared to nationally. The figures are even more skewed towards the younger age groups for private renters with 40 per cent in NDC areas aged under 35 years old compared to 36 per cent in the comparator areas noted earlier and 31 per cent nationally.

Given that the population in NDC areas as a whole is more ethnically diverse than nationally (13 per cent Asian and 14 per cent black); it is hardly surprising that this is reflected across tenure types. Nationally only 5 per cent of owner occupiers are Asian compared to 19 per cent in NDC areas. In contrast the proportion of social renters who are Asian (8 per cent) is relatively close to the National average of 5 per cent. The social rented sector in NDC areas does however have a far higher proportion of black residents compared to this type of housing nationally (18 per cent versus 6 per cent nationally). Asian residents in NDC areas are far more likely to rent within the private sector than from a local authority or RSL compared to the nationally; 17 per cent of private renters are Asian in NDC areas compared to 7 per cent in England.

### 2.3. Socio-economic characteristics of NDC residents by tenure

As is well documented in the Hills Report (2007) the reduction in the supply of social sector housing and allocation on the basis of needs has led to a changing profile of tenants nationally.

*“While post-War provision was aimed at households on a range of incomes, since the 1980s provision has become more tightly constrained and new lettings focussed on those in greatest need. As a result, the composition of tenants has changed, with tenants much more likely*

*to have low incomes and not to be in employment than in the past or than those in the other tenures. Seventy per cent of social tenants have incomes within the poorest two-fifths of the overall income distribution, and the proportion of social tenant householders in paid employment fell from 47 to 32 per cent between 1981 and 2006.” (Hills, 2007, pp. 2–3)*

The contraction of the sector has led to an element of ‘residential sorting’ affecting deprived areas since these areas tend to have higher concentrations of social sector housing than nationally. Data from the 2001 Census confirms this disproportionate concentration of social housing in NDC areas relative to the size of the population living within them. Nearly 80,000 of all the dwellings in NDC areas are social housing provision, which accounts for 2 per cent of the total social housing stock available nationally. However, less than 0.8 per cent of households in England are located in NDC areas. Consequently NDC residents in NDC areas are more than two and a half times more likely to live in social housing than the population as a whole due to the composition of the local housing stock available in these areas. The greater availability of social housing coupled with an allocations system based on need therefore leads to higher concentrations of residents with characteristics of entrenched multiple disadvantage in these areas.

Table 3 shows the differences in the socio-economic profile of NDC residents relative to the comparator areas and nationally for each tenure type. The socio-economic characteristics of owner occupiers and social sector renters in the comparator areas are almost identical to those in the same tenure in the NDC areas. So although as noted earlier there are marginal differences in the demographic profile of both sectors between NDC and comparator areas (NDC areas have slightly fewer white residents, fewer with English as a first language, slightly younger age profile) the types of people living in each type of housing in deprived areas are actually very similar in terms of economic status, health and educational attainment.

There are some notable differences in the economic status of residents in the private rented sector in NDC areas compared to the other deprived areas surveyed:

- the working age employment rate amongst private renters in NDC areas is 56 per cent somewhat lower than the 63 per cent in comparator areas (significant at 5 per cent level)
- an additional 5 per cent of working age private tenants are economically inactive in NDC areas
- 39 per cent of working age private renter households are workless in NDC areas compared to only 32 per cent in comparator areas.

**Table 3: Socio-economic characteristics of residents in NDC areas, comparator areas and nationally, by tenure, 2008**

	Owner occupier	Social sector renter	Private renter	All
<b>NDC AREAS</b>				
<b><i>Working age residents</i></b>				
In employment	73	42	56	54
Unemployed	4	13	9	10
Economically inactive	21	43	34	34
Workless household	13	51	39	37
No qualifications	20	37	21	29
<b><i>All residents</i></b>				
Receive any benefit (exc. CB) benefit)	50	74	36	60
Health not good	15	24	10	19
Limiting long term illness	20	32	12	25
Smoke	24	42	39	35
<b>COMPARATOR AREAS</b>				
<b><i>Working age residents</i></b>				
In employment	73	41	63	59
Unemployed	4	14	6	8
Economically inactive	22	43	29	31
Workless household	11	50	32	29
No qualifications	19	36	21	25
<b><i>All residents</i></b>				
Receive any benefit (exc CB) benefit)	48	76	41	57
Health not good	15	24	10	18
Limiting long term illness	21	31	13	23
Smoke	23	39	37	31
<b>ENGLAND</b>				
<b><i>Working age residents</i></b>				
In employment	82	48	70	75
Unemployed	3	11	6	4
Economically inactive	15	41	25	21
Workless household	7	45	20	16
No qualifications	9	28	11	12
<b><i>All residents</i></b>				
Receive any benefit (exc CB) benefit)	29	60	26	33
Health not good				12
Limiting long term illness				

Source: Ipsos MORI NDC household survey, Labour Force Survey (April–Jun 2008)

These differences cannot be explained by poorer health or greater numbers with no qualifications in NDC areas since these indicators are very similar to other deprived areas. Groups which tend to make greater use of lower cost private rented accommodation include new migrants and students, both of which would tend to have lower levels of labour market participation. One potential explanation may lie in the greater concentrations of NDC private renters for whom English is not their first language (42 per cent in NDC areas, 33 per cent in comparator areas).

Given that the private rented sector only houses approximately one in ten residents in either NDC or comparator areas then these differences are unlikely to lead to a large impact on the composition of the overall population in either area. Therefore, on the whole, people with similar characteristics live within each of the tenures in deprived areas in these localities. At an area or neighbourhood level, greater concentrations of particular types of housing stock will be reflected in the socio-economic profiles of areas.

The comparison of NDC residents, or for that matter the residents within other deprived areas of these districts, with England as a whole, shows that there are notable differences between people living within the same tenures. To some extent this is to be expected since the national figures will include housing across the country in affluent as well as deprived areas. The national figures will also cover a full range of geographic locations from rural areas to small towns and large cities. The NDC and comparator areas are however primarily located in large cities.

Owner occupiers in England are more likely to be in employment, less likely to be economically inactive, be in a workless household, be in receipt of benefits or have no qualifications than their counterparts in these deprived areas. Interestingly they are not significantly less likely to be unemployed (3 per cent of owner occupiers in England, 4 per cent in NDC or comparator areas).

Those within the private rented sector nationally also tend to be better placed on economic status variables than those within the sector in NDC areas. The earlier analysis has shown that private renters in NDC areas also tend to be more disadvantaged than those in the comparator areas. Again although the private rented sector is relatively small it is worth noting that there has been a significant change in the profile of these tenants in NDC areas during the course of the Programme. The proportion of private renters whose first language is not English has increased substantially from 25 per cent in 2002 to 42 per cent in 2008 in NDC areas. This 17 percentage point increase is more than double the eight percentage point change seen amongst private renters in the comparator areas over the time period. This is the case even though in 2002 the level for both sets of deprived areas was originally the same at 25 per cent. The trend for a greater number of tenants for whom English is not their first language amongst NDC private renters is not replicated for those living in other tenures. Amongst social sector tenants in NDC areas the rate of change between 2002 and 2008 was

five percentage points, similar to the four percentage points seen for social tenants in comparator areas. These in turn were on par with trends seen for all residents in England or NDC areas when taken as a whole (six percentage points for both).

The profile of social renters in deprived NDC and comparator areas, although closer to the profile of residents in the sector as a whole, still displays more entrenched economic deprivation than people in this sector nationally. So, although the allocations system leads to a concentration of deprived people throughout the social housing sector, this is particularly acute in deprived areas in these cities.

Overall this chapter has shown that there are generally higher concentrations of social housing in NDC areas as a whole than in similarly deprived areas in the same local authorities. People with similar characteristics of multiple disadvantage tend to live in this sector across deprived neighbourhoods. Therefore the composition of the housing stock within NDC areas leads to greater concentrations of deprived individuals living in these areas. That said the NDC areas are not a homogenous group in any sense, not least in terms of housing stock configurations. For some NDC areas social sector housing dominates the area, accounting for at least three-quarters of the stock in five NDC areas. In five others the sector accounts for only approximately a third of the total stock.

The role that the private rented sector plays in NDC areas has also been highlighted throughout the chapter. The composition of these tenants does seem to be different from those in similarly deprived areas. In some of the NDC areas located in University towns this may be due to large numbers of students living in these areas. In others recent in-migration may be playing a role. The size of the non-white population has grown over time and at a faster rate than in other tenures in these areas. There are also increasing numbers of tenants for whom English is not their first language, and this is over and above the growth seen in traditional black and minority ethnic populations.

## 3. Tenure mix and the composition of the area

The previous chapter has shown that NDC areas have a greater concentration of social housing than in other similarly deprived neighbourhoods in the same local authorities. Due to demand outstripping supply of social sector housing and an allocation system on the basis of needs, this leads to greater concentrations of individuals with multiple disadvantage living in NDC areas.

The Hills Report (2007, p.45) points out that, after adjusting for family size, it can be shown that a third of people in social housing were in the poorest fifth of the income distribution and 70 per cent were in the poorest two-fifths in 2004–05. Given that the previous chapter has shown that tenants in the social housing sector in NDC and comparator areas are more disadvantaged than the sector as a whole then this situation is likely to be magnified.

The low employment rates of social tenants have increasingly attracted the attention of policy makers. The Social Exclusion Unit (2004) *Jobs and enterprise in deprived areas* report showed that a half of the 16,000 concentrations of worklessness identified across England were areas of social housing. 'Residential sorting' in the housing market was identified as a key contributory factor. This tends to segregate people by their capacity to pay for housing and leads to employed and workless people living in different places. The Hills Report (2007) also observed that levels of worklessness in the sector were disproportionately high, even when taking into account the high levels of disadvantage apparent among the tenant base.

### 3.1. Do tenure effects exist?

The Hills Report (2007) identifies positive as well as negative potential tenure effects of social housing e.g. sub-market rents, sympathetic and flexible attitude of social landlords and the stability provided by security of tenure. These potential positive effects of social housing were examined as part of a DWP funded study undertaken by CRESR to identify barriers, operating in isolation or combination, that help to explain the relatively high levels of worklessness apparent within the social rented sector (Fletcher, et al., 2008). The study involved in-depth interviews of over 100 social tenants and 30 private tenants in eight neighbourhoods located in four local authority districts. The study also considered the potential negative effects on employment prospects of living in the social rented sector which might expose people to area effects that serve to distance them from work. It also looked at whether difficulties moving within the sector for work-related reasons restricted job opportunities available to tenants. The interaction that the current benefits and tax credits system may have on distancing social

tenants from work was also examined and whether these effects are more pronounced than in the private rented sector.

Fletcher et al. (2008) found that sub-market rents, sympathetic and flexible attitudes of social landlords and the stability provided by security of tenure were identified as work incentives by some social tenants. These incentives were however less readily recognised by people who were not named tenants, had no experience of other tenures, or people more distant from the labour market. (Living in private rented housing was however seen as presenting numerous barriers to work. These included relatively high entry costs and rent levels, insecurity, linked to both tenancy conditions and the unsympathetic attitude of landlords to financial problems encountered on entering or losing work.) The study suggests that levels of worklessness are high because any incentives are outweighed by the breadth and depth of concerns that social tenants have about the financial viability and risks associated with entering low paid, often insecure work.

Negative tenure effects may arise if residents face benefits traps or disincentives to improve their labour market circumstances and this may be connected with the type of housing they live in. This raises a number of questions as to what extent the composition of housing in the areas may constrain the ability of the areas to change. Alternatively it may be the composition and the individual characteristics of the population rather than the tenure mix which is the key factor in the extent to which change can be achieved. As van Hamm and Manley (2009) point out:

*“Those living in predominantly socially rented neighbourhoods might be more likely to be unemployed, but this does not mean that the neighbourhood has anything to do with their employment status. It is more likely that those who are unemployed select themselves in to these neighbourhoods.”* (p.1)

This is likely to be the case in NDC areas; the unemployed, lone parents, sickness-related benefit claimants, the homeless are all more likely to have greater access to social housing via the allocations system. NDC areas with greater concentrations of social housing are therefore going to have higher concentrations of people with these characteristics.

Tenure mix within NDC areas is however of particular relevance to the National Evaluation of New Deal for Communities for a number of reasons. Firstly, it is interesting to explore the relationships between tenure and outcomes across the 39 partnership areas to see if this helps us understand why some NDC areas might achieve more change than others.

Secondly, one of the notable differences between the NDC areas and comparator areas is the greater proportion of social housing in NDC areas compared to comparator areas (57 per cent versus 42 per cent). It is therefore useful to know if this will constrain the ability of NDC areas to improve to a greater extent than the comparator areas. As already noted, there is more social housing in NDC than comparator areas but on key socio-economic indicators the areas are similar. In addition, the characteristics of

people within the social rented sector is ostensibly the same in both NDC and comparator areas. Therefore, if tenure is controlled for in any modelling exercises undertaken this should take account of differences in tenure profile.

Thirdly, mixed tenure is one approach often proposed to transform the prospects of places and which receives significant policy and academic attention. The rationale behind mixed tenure approaches is premised on the notion that concentrations of social housing result in negative area effects for residents. These can take the form of low aspirations and cultures of benefit dependency (Tunstall and Fenton, 2006). For proponents of mixed tenure approaches, the suggested remedy to deprived neighbourhoods is ensuring a mix of tenures and incomes within a neighbourhood. This is deemed to have knock-on effects in terms of sustainability, cohesion and the transmission of aspiration and 'know-how' that deprived residents can learn from (Buck, 2001; Hills, 2007). The NDC data therefore offers a chance to investigate if there is evidence of neighbourhood or tenure effects and whether mixed tenure initiatives might offer a solution to transforming such neighbourhoods.

This chapter will therefore examine area-level relationships between tenure profiles and the extent of deprivation in NDC areas at the start of the Programme. The relationship between the concentration of social housing and change achieved across a range of key outcomes will also be explored. The analysis will utilise the Composite Index of Relative Change (CIRC). This index combines change data across all outcomes areas covered by the Programme and gives a useful guide as to how much progress each of the NDC areas has made relative to each other and in relation to similarly deprived areas.

The analysis will also be taken one step further by utilising individual-level data available via the longitudinal household survey data. The differences in transitions experienced by individuals living in different tenures in NDC areas will be examined whilst controlling for individual socio-demographic characteristics. For example, is a social housing tenant of a given age, sex, ethnicity, health, with a certain level of qualifications and living in a workless household as likely to achieve a positive given outcome compared to a person who is similar in all these aspects except that they are an owner occupier? The models will also control for which NDC area the individuals live in. This should take account of area effects such as the context of the wider area within which they are located as well as the tenure mix within the area.

A series of decomposition models will also be used to identify whether there is evidence of a specific 'tenure' effect. These models help identify if there is a compounding tenure (or neighbourhood effect) which might be due to the concentration of social housing in the area. These models separate out the factors associated with positive outcomes that may be a consequence of the composition of the population with certain individual characteristics and whether there is an additional unexplained effect which may in part be due to the tenure mix they live within.

## 3.2. Neighbourhood effects and tenure

Area level deprivation is primarily a reflection of the composition of the local population. To a certain extent in areas with high concentrations of social housing this will be determined by who can access such provision. Potentially there may be a 'neighbourhood effect' which compounds these issues further. If this was the case then individuals in NDC areas which have high concentrations of social housing may find it more difficult to achieve positive outcomes than their counterparts in more mixed areas.

There has been much written around 'neighbourhood effects' and the extent to which concentrations of deprivation in an area can lead to problems which are greater than the sum of parts (McCulloch, 2001). Atkinson and Kintrea define area effects as:

*'the net change in the contribution to life-chances made by living in one area rather than another. In this sense area effects can be positive and negative'* (2001, p.2279)

It is proposed that it is not just the characteristics of individual deprivation such as low incomes, unemployment, poor health or lack of qualifications which alone determine outcomes achieved. Instead the theory goes that there is an additional area-level or neighbourhood effect which compounds these issues. For instance, evidence suggests that local deprivation can endure despite relatively strong national economic performance and that residents living in deprived neighbourhoods fair worse on employment measures than those with similar characteristics in 'better areas' (Atkinson and Kintrea, 2001). Therefore the social networks you have with the people who live in your neighbourhood may contribute to your own chance of improving your life. These area effects may be associated with a 'culture of worklessness' (Pemberton, 2008), a 'culture of poverty' (Wilson, 1987), the absence of positive role models and a culture of benefit dependency (Tunstall and Fenton, 2006). Area effects have also been shown to manifest in residents suffering postcode discrimination in the labour market (Rosenbaum, et al., 2002) with some authors suggesting that residents cannot escape the effects of residing in a problem area (Atkinson and Kintrea, 2001).

The Fletcher et al (2008) study of social tenants and worklessness found evidence of area effects in a few case study areas. They were more prevalent in communities suffering from persistent worklessness and poverty; displaying a strong sense of 'local identity'; with low levels of residential mobility; and exhibiting high levels of social contact between residents. The main effects were about 'people' and included: reported experiences of postcode discrimination; social norms and routines that result in peer influences resistant to formal paid work; and the narrow spatial horizons of some residents which serve to restrict the geographical extent of jobsearch and travel to work.

Residents in neighbourhoods where such effects were most pronounced were, however, embedded in locally-concentrated social networks which

help them to 'get by'. Family and wider social networks provided a range of support including childcare, financial help, transport and job leads. It would be a mistake to conclude that area effects are inevitably associated with, and likely to influence, levels of worklessness in areas of social housing.

The Fletcher et al (2008) study found no consistent evidence for the existence of cultures of worklessness in the case study areas. Residents have been affected by economic and social change in various ways. Some have never worked, others have had stable employment histories transformed by redundancy. Many others were caught in a 'revolving door' of low paid work and worklessness. However, economic marginality and poverty were common to all.

## 4. Deprivation and tenure

Key measures of area-level deprivation such as the Index of Multiple Deprivation (IMD) are however based on a 'compositional' meaning of area deprivation *"an area is considered to be deprived if it contains a large number or proportion of deprived people"* (Noble, et al., 2004, p.12). Therefore although IMD is a measure used to depict area level deprivation it is based on individuals within the area and their experience of deprivation. It is the individuals who are deprived not the area per se.

The balance of indicators within the IMD is also predominantly about 'people'-based deprivation not 'place'-based deprivation. Nearly three quarters of the final weighting for the indicators used in the IMD2004 and IMD2007 are based on factors concerning the human capital of individuals within an area: low income, lack of employment, health and disability and education (Noble, et al., 2008, p.33). Only 27 per cent of the final index is weighted towards place-based deprivation capturing issues around barriers to housing and services, crime and aspects of the living environment.

### 4.1. To what extent then is deprivation, as measured by the IMD, related to the tenure profile of NDC areas?

An exploration of the relationship between the percentage of social housing at the beginning of the period in 2002 and the IMD 2004 indicates that there is no relationship between the two (correlation coefficient of  $-0.14$ ). This at first appears to be contrary to what you might expect. The amount of social housing stock varies considerably across NDC areas. Given tenants in social housing tend to be more disadvantaged than those in other forms of tenure then you therefore might expect a greater compositional effect in areas with such housing provision and therefore a higher IMD score.

There are a number of potential explanations for the lack of a relationship. The relationship between concentrations of social housing and deprivation is unlikely to be linear (van Hamm and Manley, 2009; Galster, 2007). Graham, et al (2009) found significant disadvantage for wards with more than 60 per cent social renting and more favourable condition in wards with less than 30 per cent social housing.

Secondly, all NDC areas are very deprived rather than spread across the entire range of the IMD. The 39 areas are concentrated in the bottom deciles of the IMD scores; 28 in worst decile, 10 in second worst decile and one in the third worst decile. Therefore there may not be not enough gradation across all IMD scores to pick up such a relationship with social housing. However, that said, Knowsley NDC is ranked equivalent to the 117th worst LSOA in

England out of a potential 32,482 LSOAs. This compares with Fulham NDC which is ranked equivalent to 6,913th. Therefore there is evidence of a range of circumstances being picked up by this measure of deprivation.

Thirdly, the wider economic context within which NDC areas are located may have a bearing on the lack of an apparent relationship between social housing and the IMD. Nine of the eleven NDC areas which are not in the worst decile for IMD are located in London, the East of England or the South East. However, the London NDC areas often cover large social housing estates and tend to have the highest proportion of social housing; five of the eight NDCs with more than 70 per cent social housing are London NDCs. Social renters in London are less likely to be as deprived and more likely to be in work and in social housing because of problems of affordability of owner occupation than in other parts of England. So it is not entirely surprising that the relationship does not hold across our 39 areas.

As mentioned earlier the IMD is primarily focused on 'people'-based deprivation around labour market status, health education etc. Whilst all NDC areas are relatively deprived the nature of the deprivation varies considerably. For some the issues are primarily around 'people'-based deprivation – high unemployment, large numbers of people on inactive benefits, poor educational attainment and poor health. For others it is 'place'-based deprivation which is the key issue – high levels of crime, lawlessness and dereliction, poor housing and physical environment and community cohesion.

It is therefore preferable to consider a measure of local deprivation which captures both people and place-based outcomes given that these are given equal importance as key outcomes targeted by the Programme. It is possible to measure the degree and type of problems evident in NDC areas at the beginning of the evaluation by combining data on the 36 core indicators used by the National Evaluation.

The 36 core indicators are evenly spread across the six key outcomes typically addressed by partnerships. The outcomes and associated indicators have been selected on the basis that partnerships might plausibly impact upon them during the life of the Programme. They were chosen in consultation with CLG and the NDC Partnership Reference Group. The indicators are primarily taken from the 2002 and 2008 Ipsos MORI household surveys households but also include a smaller number of indicators from administrative data sources. A full list of the indicators within the index is provided in Appendix 3.

Combined data for the initial circumstances<sup>10</sup> in the NDC areas on these 36 indicators is strongly correlated with the IMD score for each area (0.7, significant at the 1 per cent level). So, areas which are more deprived on the 36 core indicators also tend to be amongst the more deprived on the IMD.

<sup>10</sup> The level on each core indicator in 2002 (1999 for JSA and IB/SDA rates), standardised and combined.

However, if the index is split into two component parts, one based on the 18 indicators reflecting 'people' based deprivation and the other using the 18 indicators on place-based deprivation then divergence in the relationship with IMD occurs. The relationship between the beginning position on the 18 people-based measures and the IMD score is even stronger (0.88, significant at the 1 per cent level). This reflects the emphasis on individual 'people'-based deprivation within the IMD.

However, there is virtually no correlation (0.02) between the 18 place-based measures and the IMD score. This is potentially an issue for those areas which predominantly have place-based issues. These areas may focus their efforts on improving the fabric of the local neighbourhood and may make substantial improvements. However, at the end of the National Evaluation it is likely that survey data for the specific NDC areas will no longer be available. It will only be possible to create small area estimates utilising limited secondary and administrative data such as benefits data or measures such as the IMD when considering long term trajectories of such areas. If place-based deprivation is the key focus of a partnership's attention then they may not actually impact much on these secondary and administrative measures substantially. They are for instance unlikely to have moved up much on the ranks for indicators such as the IMD. This will not mean that they may have not improved the local neighbourhoods or the lives of the individuals who live within these areas.

If the tenure mix in each of the NDC areas is considered against the initial position on the 36 indicators then, as with the IMD score, no linear relationship is found. This holds for the people or place-based components of the index. Tenure profiles of an area are therefore not a key determinant in extent of the problems within these areas.

## 4.2. Change achieved and tenure

Just as the 36 core indicators can be combined to illuminate the extent of problems in NDC areas at the start of the Programme, change data for each indicator can also be considered over time. An analytical tool based on such change data is used extensively throughout the Evaluation: the Combined Index of Relative Change (CIRC).

A detailed description of CIRC and an analysis of partnership-level data is available in the NDC National Evaluation Technical Report.<sup>11</sup> In brief CIRC measures, standardises and compiles change data on the 36 indicators for every partnership. The index can be considered as a whole or subdivided in to sub groups of indices which measure change for people or place-based outcomes. It allows a comparison of progress achieved in each partnership in relation to each other and **benchmarked** against a sample of deprived

<sup>11</sup> See CLG (2010) *NDC Evaluation Technical Report*. Chapter 6.

areas<sup>12</sup> in the same local authorities which have not received NDC funding. This helps identify the net NDC effect over and above change that might be occurring as a consequence of the national or regional trends.

An initial examination of **tenure profiles in the NDC areas in relation to change achieved over the 2002–2008 period shows that no linear relationship exists**. This is consistent for outcomes taken as a whole, by the people or place elements of the index, and by whether the concentration of social sector housing or owner occupation is considered at the beginning or end of the period.

If the sub period for 2002–2006 is considered a weak, but significant correlation does emerge. This indicates that areas with a greater concentration of social housing at the beginning of the Programme were more likely to have performed well relative to other NDC areas and comparator areas on the first four years of change data (correlation 0.39, significant at the 5 per cent level). Since this pattern is not consistent with the other periods (2002–2004 and 2002–2008) it is difficult to interpret this finding. It may potentially be spurious. Alternatively it may be that some of the areas with larger social housing provision may have undertaken projects which came to fruition or had a notable or visible impact during the first four year period but that the areas were overtaken by other partnerships in later years.

Although the concentration of social housing may not be a key determinant of how NDC areas do relative to their counterparts, changing tenure profiles may be an issue. There is a suggestion that areas with greater decline in the proportion of social sector housing in an area may see greater overall improvements. For the full 2002–2008 period then a negative correlation of  $-0.27$  emerges between percentage point change in residents living in social sector housing and overall CIRC score. This correlation coefficient is neither strong nor significant (it would need to be at least  $-0.32$  to be significant at the 5 per cent level). However, if change achieved in the earlier 2002–2006 sub-period alone is considered then a correlation of  $-0.34$  exists with overall CIRC and  $-0.31$  if the people element alone is examined.

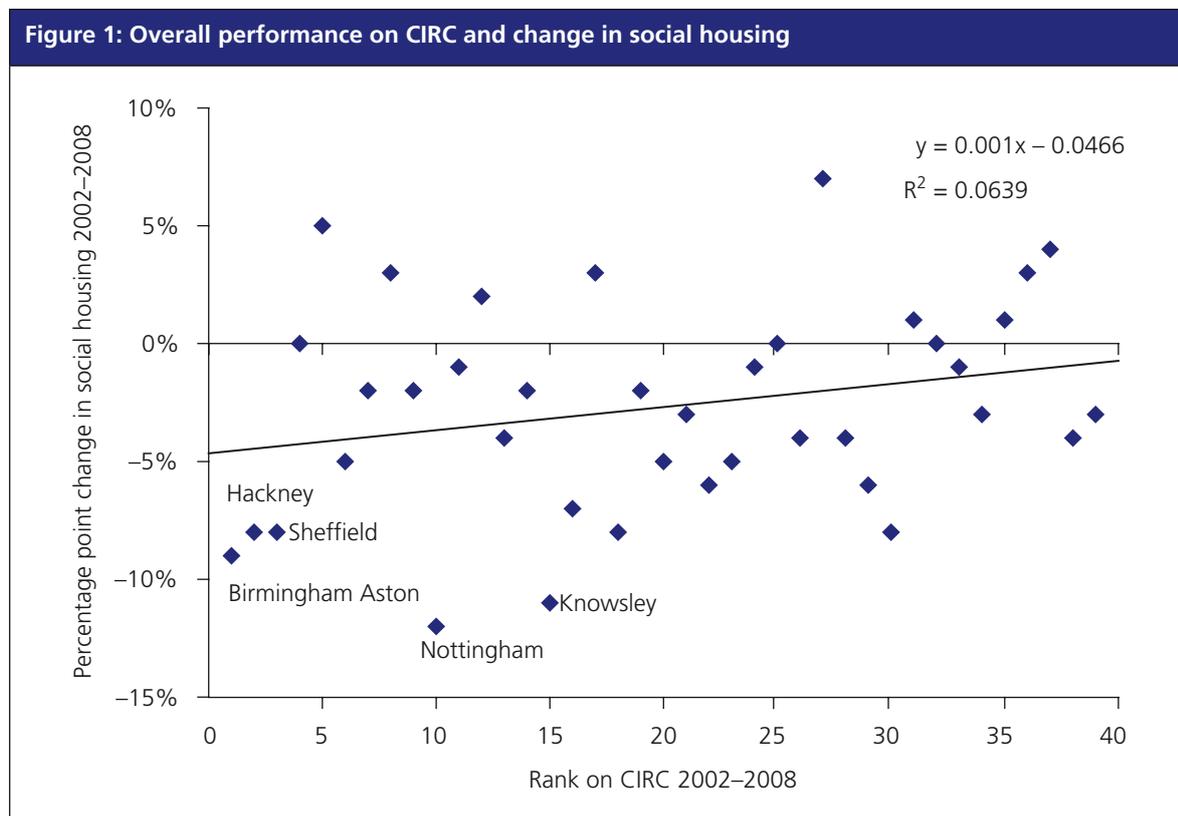
Although these correlations are not very strong, and only just significant in some instances, if partnership-level scores on CIRC are considered for areas which have achieved most change, these also point towards a link between changing tenure profiles and performance. This relationship is not consistent across all partnerships and hence the linear relationship does not come through that strongly when correlation coefficients are considered.

To illustrate this point Figure 1 plots partnerships on the basis of their rank on the CIRC (1st indicates the greatest relative change achieved and 39th is the lowest) against the change in the residents living in social housing in the areas between 2002 and 2008. The weak relationship between the two

<sup>12</sup> Due to sample sizes available via the household survey in similarly deprived areas individual NDC-level benchmarks are not available. Instead pooled comparator data is used on the basis of a five-fold typology of similarity of NDC areas at the beginning of the programme on the 36 core indicators. A full explanation of the typology of Partnerships is included in: CLG (2008) *New Deal for Communities: a synthesis of new Programme-wide evidence: 2006–07, Research Report 39*. [www.neighbourhood.gov.uk/publications.asp?did=1930](http://www.neighbourhood.gov.uk/publications.asp?did=1930). Membership of each area included in each pooled comparator is included in Appendix 1 of the report.

is depicted by an  $R^2$  of only 0.06 which indicates that only 6 per cent of the variation in how well partnerships have done can be explained by changes in housing composition in the area.

The top three NDC areas on the basis of their CIRC score, Birmingham Aston, Hackney and Sheffield, all recorded significant decreases in the percentage of residents living in social sector housing between 2002 and 2008.<sup>13</sup> These areas, along with Nottingham and Knowsley which also saw significant decreases, are the top performing NDC areas within each of four of the five clusters on the basis of the NDC typology. These are the majority (five out of only seven) NDC areas which recorded a significant change in tenure between 2002 and 2008. The '*stable and homogenous*' group of partnerships was the only cluster where no members experienced a significant decline in social sector housing. This was also the cluster which scored worse overall compared to the other clusters.



Source: Ipsos MORI NDC household survey

This evidence would seem to suggest that there is no consistent or robust evidence that changing tenure mix in a deprived area is going to directly correspond to a greater improvement in the area if progress on the 36 core indicators is considered as a whole. However, some of the NDC areas that have achieved most change relative to their counterparts have also have seen a diversification of tenure.

<sup>13</sup> To be able to say that partnership-level change on an indicator from the household survey is significant and not due to sampling variation a change of least seven percentage points needs to be recorded.

## 5. Tenure and individual outcomes

A paper by van Hamm and Manley (2009) covers extensively many studies which investigate the relationships between tenure mix and outcomes such as unemployment. The authors highlight that the majority of studies take an ecological approach as in the previous chapter. That is they explore the relationships which exist at an area level. For example, the percentage of social housing correlated with the unemployment rate. Whilst such analyses can illuminate where relationships exist, it cannot identify the direction of causality.

The van Hamm and Manley (2009) study takes the analysis one step further. They illustrate the benefits of utilising longitudinal data in identifying if any 'neighbourhood effects' might exist. Their key question was whether there is a housing tenure mix effect at the neighbourhood level on labour market outcomes (across all Scottish Output Areas). Importantly their study found that individual level characteristics provide more explanation of employment outcomes than area level characteristics. However, they did find evidence that if those living in 'mono social renting neighbourhoods' (80 per cent social housing or more) were less likely to make a transition into employment than those in areas with more mixed tenure profiles. There was also evidence that area deprivation has a stronger effect at a low geographical scale than when measured on a larger geographical scale.

Given the data available to the National Evaluation of NDC includes a substantial longitudinal sample<sup>14</sup> within the main household survey this approach seems potentially useful for understanding the role that tenure might play in residents' outcomes over the spell of the Programme.

In the first instance the longitudinal data is used to track transitions for a number of indicators over the 2002–2008 period. It is possible to cross-tabulate what proportion of residents who had a negative response on a particular measure in 2002 have moved to a positive response in 2008. Table 4 presents these transitions for residents in owner occupation or social housing.

The first two rows in the table indicates that of those working-age residents who were not in employment in 2002, owner occupiers were slightly more likely to be in employment by 2008 than those in social housing. However, the differences are not particularly large (32 per cent versus 26 per cent). The differences are also what we might expect given the earlier cross sectional analysis which showed those in social housing are likely to be less well qualified, in poorer health etc.

<sup>14</sup> This paper draws on the pure 2002–2008 panel of residents who were followed up at each of the four waves of the survey. This includes 3,554 people. If sub-samples of working age residents are considered these are based on 2,151 residents.

<b>Table 4: Individual transitions for selected outcomes, 2002–2008</b>			
Status 2002	Status 2008	Tenure in 2002	
		Owner occupier	Social renter
<b>Not in employment</b>	Not in employment	68	74
	In employment	32	26
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>In employment</b>	In employment	90	76
	Not in employment	10	24
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Not high lawlessness and dereliction problems in the area</b>	Not high	95	94
	High	5	6
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>High lawlessness and dereliction problems in the area</b>	High	21	23
	Not high	79	77
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Not satisfied with area</b>	Not satisfied	41	41
	Satisfied	59	59
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Satisfied with area</b>	Satisfied	85	85
	Not satisfied	15	15
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Do not feel part of community</b>	Not part of the community	63	61
	Part of the community	37	39
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Feel part of community</b>	Part of the community	69	66
	Not part of the community	31	34
	<b>Total</b>	<b>100</b>	<b>100</b>

Source: Ipsos MORI NDC household survey

The next two lines of the table are more interesting due to the greater differences between tenure groups. There is a greater propensity for those in employment in 2002 to still be in employment in 2008 if they live in owner occupation rather than if they are within the social rented sector. Nine out of ten owner occupiers in work in 2002 were still in work in 2008. For social renters this falls to only three quarters still being in work by the end of the period.

It needs to be remembered that this does not mean this employment has not been maintained throughout the period but that at the beginning and end of the period they were in employment.

So although there appear to be limited differences between tenures for the chances of moving into employment from non-employment over the period there does seem to be a greater impact on the ability of people to maintain employment. This may owe a lot to do with the segment of the labour market that social renters tend to occupy. They may be in low paid, low

skilled and insecure work. They may therefore be at higher risk to job loss than those in owner occupation due to the type of work that they may have.

The 2008 Fletcher et al study of social renters and worklessness found that it is often in this context that groups most distant from the labour market contrasted the insecurity of available labour market opportunities with the stability of benefit. Data from the NDC household survey backs up the differences in types of jobs held by social renters compared to owner occupiers. This found that whilst 19 per cent of owner occupiers in NDC areas were in managerial or professional occupations with a further 13 per cent in associate professional or technical occupations the corresponding figures for social renters were just nine and eight per cent respectively. Conversely 28 per cent of social renters were in elementary occupations compared to just 14 per cent of the owner occupiers.

These findings will be considered in more depth later. A series of longitudinal models will be used to help to identify how much of these differences by tenure might be to do with individual characteristics or how much might be to do with the tenure itself or the tenure mix within their local neighbourhood.

The rest of the indicators within Table 4 are more to do with resident's perceptions of the area rather than their individual circumstances. These in the main show very few differences in transitions made by residents in different tenure types. Approximately 95 per cent of all residents in any sector who did not have a high score on an index of problems associated with lawlessness and dereliction<sup>15</sup> in the area in 2002 were of the same opinion in 2008. A strong indication that in NDC areas this situation was not deteriorating.

Owner occupiers and social renters are also very similar on the other two indicators included in the table concerning satisfaction with the area and feeling part of the community. Satisfaction with the area improved amongst 59 per cent of all residents who were originally dissatisfied with their area for these two tenures. There are small differences amongst the private renters compared to the owner occupiers and social renters but it should be noted that these are based on relatively small sample sizes.

## 5.1. The role that tenure has on explaining transitions

The analysis above is based on longitudinal data on individuals rather than cross-sectional area-level data. However the simple transitions cross-tabulations above do not take account of the differences noted earlier on the characteristics of those within each sector. This following section will build a

<sup>15</sup> Problems in the area included in lawlessness and dereliction index: Run down or boarded up properties; Abandoned or burnt out cars; Vandalism, graffiti and other deliberate damage to property; People being attacked or harassed; Household burglary; Car crime (e.g. damage, theft and joyriding); Teenagers hanging around on the streets; Drug dealing and use; Property being set on fire; Disturbance from crowds or hooliganism.

series of models based on longitudinal data. These will consider two of the more interesting differences highlighted in Table 4:

- the likelihood of an individual moving into employment by the end of the period if not originally in employment in 2002
- the likelihood of moving out of employment by the end of the period if originally in employment in 2002.

The analysis uses logistic regression to identify the degree to which individual and area level characteristics are associated with working age NDC residents making a transition either into or out employment. These models therefore help explain why some **individuals** are more likely to enter employment or conversely leave employment.

Individual factors which may have a bearing on labour market status and are considered include qualifications, health and time since last job. As highlighted in the earlier literature, the tenure within which an individual lives may also have some bearing, perhaps due to 'dependency' on the welfare state or benefits traps associated with living within a particular type of housing. The 2008 Fletcher et al study of social renters and worklessness found that the effects of the tax and benefits system emerged as a significant issue for both social tenants and those in the private rented sector. Poor job quality is a significant labour market barrier for many residents with low human capital. Many interviewees highlighted the low paid, insecure nature of the available employment opportunities which meant that work did not pay.

The complexity of the tax and benefits system may act as a work disincentive to take work opportunities. Fletcher et al (2008) found it was clear that many had not got to grips with the complex interaction between earnings, tax credits and Housing Benefit. Many respondents raised concerns about the potential difficulties, in terms of both the inherent uncertainties and bureaucracy, of returning to benefits. Groups most distant from the labour market often contrasted the insecurity of available labour market opportunities with the stability of benefit. Although these factors in effect relate to the benefits system they may be associated with living in one type of tenure rather than another and hence be picked up in the models as a tenure effect.

Area-level factors considered include the tenure mix within the local area in case outcomes may not just be associated with living in a particular tenure but also a neighbourhood effect of being in an area with large concentrations of social housing. The type of wider area within which each NDC is located will also be considered as ultimately the strength of the wider economy is likely to be related to labour market outcomes.<sup>16</sup>

<sup>16</sup> CLG (2009c) *Understanding and Tackling Worklessness Volume 1: Worklessness, Employment and Enterprise: Patterns and Change: Evidence from the New Deal for Communities Programme*. [www.communities.gov.uk/publications/communities/worklessnessvol1](http://www.communities.gov.uk/publications/communities/worklessnessvol1)

Logistic regression modelling predicts the likelihood of an outcome occurring given a set of known explanatory values. Results can be expressed as odds ratios (ORs). These reflect the likelihood of a person with a known characteristic making a transition into or out of employment compared with someone who does not have the said characteristic, *all other things being equal*. An OR greater than 1 indicates that on average an individual has a greater probability of making a transition than someone who does not share the same characteristics and vice versa for an OR of less than 1.

For the two employment transition outcomes, three models have been run:

- the first includes only individual characteristics: age, gender, ethnicity, household composition, educational attainment, having a long standing limiting illness (LSLI), having not being in employment in the past two years in 2002 and tenure
- the second includes the individual characteristics in model 1 and also the concentration<sup>17</sup> of social housing in the area; this is to assess if there is evidence of a 'tenure mix effect'
- the final model includes individual characteristics, the proportion of social housing within each NDC area and the five-fold NDC typology; this additional variable can be used to identify if there is evidence of wider area effects related to the context within which the NDC is located.

## 5.2. Transition from not being in employment in 2002 to being in employment in 2008

The first set of models identifies factors associated with working age individuals making a transition from not being in employment in 2002 to being in employment in 2008.

Model 1 looked for associations with this outcome and a range of individual-level characteristics. Once we take into account differences in individual characteristics, are there differences in the likelihood of moving into employment associated with what type of housing tenure they occupy?

Ultimately, this first model **finds no significant differences across the three tenure groupings once other individual factors have been taken account of**. Social renters, owner occupiers and private renters were equally as likely to have made a transition from non-employment to employment once age, health, qualifications etc are taken account of. Significant differences were identified with a number of these individual level characteristics. All other things being equal, on average:

- those that had a long-standing limiting illness (LSLI) at either point of time were significantly less likely to have moved into employment than those who had not reported a LSLI

<sup>17</sup> This variable was banded into areas with less than 40 per cent social housing, 40–50%, 60–70% and 70%+

- respondents with qualifications equivalent to NVQ 2 or above were significantly more likely to make a move into employment than those with no qualifications
- females were less likely to move into employment than men
- respondents aged between 60 and pensionable age were significantly less likely to have moved into employment compared to those aged 16 to 24 or 25 to 49
- and Asian respondents were significantly less likely compared to white respondents to have moved into employment.

Model 2 advanced the first model by including the proportion of social renting in each NDC area. **The likelihood of an individual making a transition into employment was not found to be significantly different across individuals living in NDCs with differing concentrations of social renting once individual factors were taken account of.** The associations between moving into employment and individual characteristics identified in Model 1 remained.

In Model 3, **NDC 'type'** was also included as a possible explanation for differences in likelihood of moving from not being in employment to being in employment. **Here a significant difference was identified.** Individuals living in the cluster 1 characterised as 'disadvantaged and socialised'<sup>18</sup> were significantly more likely to have moved into employment than those residing in cluster 5 'entrenched disadvantage'<sup>19</sup> group. This potentially provides some evidence of an area effect but is not related to tenure mix.

The NDC typology is based on the circumstances evident in the NDC areas at the beginning of the programme. Cluster 1 partnerships also tend to be based in large more northern industrial cities often experiencing difficulties associated with poorer performing labour markets. These NDC areas had by far the most entrenched problems at the beginning of the Programme related to both 'people' and 'place' based deprivation. Cluster 5 NDC areas on the other hand, although presenting serious issues associated with 'people'-based deprivation, reflected less problems associated with 'place'. These areas were also predominantly located in the relatively buoyant large core cities. This wider context associated with cluster 5 is likely to have had a positive effect on individual's opportunities to enter employment.

That said, individual characteristics appear to offer the main explanation for differences in likelihood of entering employment. The associations identified in model 1 remained across the three models. Overall neither the tenure that people live in nor the tenure mix of the area they live in seem to add to the explanation of whether they make a successful move into employment. The type of area may however be a more significant factor.

<sup>18</sup> Cluster 1 'entrenched disadvantage': Liverpool, Nottingham, Knowsley, Doncaster, Coventry.

<sup>19</sup> Cluster 5 'disadvantaged and socialised': Newcastle, Hull, Manchester, Sunderland, Sheffield, Plymouth.

### 5.3. Transition from being in employment in 2002 to not being in employment in 2008

The second part of this analysis now considers whether tenure has any effect on the likelihood of staying in employment. The early cross-tabulations of the transitions data highlighted some more notable differences across tenure type.

Again three sets of models were run. The first based solely on individual characteristics including tenure, the second also includes the tenure mix of the area and the third set introduces the type of NDC area they are located in.

The models this time focus on factors associated with sustaining employment in 2002 and 2008. As before, the first model looks for associations with a range of individual level characteristics. **The analysis shows the likelihood of making a transition from employment to non-employment did vary significantly by individual's tenure.** This is the first evidence that over and above individual socio-demographic characteristics, being in social housing might be negatively associated with labour market outcomes.

Social renters are therefore statistically significantly more likely to have moved out of employment over the period than owner occupiers; *ceteris paribus*. Certain individual characteristics were also found to be significant predictors for making this transition. On average, all other things being equal:

- those that had a LSLI at either point of time were significantly more likely to have moved out of employment than those who had at neither point in time reported a LSLI
- Asian respondents were significantly more likely compared to white respondents to have moved out of employment.

The findings from this first model based on individual characteristics are interesting on a number of levels. Qualifications, age and gender are not significant predictors of moving from employment to non-employment. This perhaps is not as might be expected. Those with limited qualifications or older workers might be expected to be more disadvantaged in the workforce.

**Tenure, however, is shown to be significantly associated with an individual being less likely to be in employment at both the beginning and end period.** The question arises, is this as a direct consequence of the tenure itself or is it to do with certain other characteristics of social housing tenants which we have not included in the model which might also be related to factors such as qualifications and age.

One possible explanation is that tenants in social housing might occupy a different segment of the labour market. Although we have controlled for qualifications there may be additional factors to do with their skill base or work experience. You potentially could have two individuals with no formal

qualifications, but one may have a skilled trade, have steady employment and command decent wages, whilst the other may be employed in low skill, low pay, irregular, service sector employment. One type of employment may be far more unstable than another. The risk of losing your job may therefore be higher for the low skill individual than the skilled individual. The variables included in the model will not differentiate individuals on this basis. If there are more low skilled, low paid workers with greater health problems etc living in social housing then this exposure to a greater risk of less stable, low pay work might be picked up by the tenure variable in the models. There may ultimately be more people living in social housing who are at the front of the queue when job loss occurs. The 2008 Fletcher et al study found that poor job quality is a significant labour market barrier for many residents with low human capital. Many interviewees highlighted the low paid, insecure nature of the available employment opportunities which meant that work did not pay.

For low-skilled or low-paid workers faced with job loss, replacement work realistically available may also be not very well paid or might involve monotonous or unpleasant work. Job opportunities may also be incompatible with other issues such as poor health, caring responsibilities or skills sets. These factors might make the alternative employment opportunities appear less attractive. Job loss may then result in entry to and reliance upon the benefits system. It may then be hard to gauge whether they will be any better off in work. For those in social housing and dependent on the welfare system, knowing that Housing Benefit will cover the rent and work replacement benefits may in reality be similar to take home pay available, then these factors may act as a disincentive to take another poorly paid job. The evidence stated earlier from the qualitative study of social tenants and worklessness (Fletcher, et al., 2008) highlighted the lack of knowledge of the tax and benefits system and issues of difficulty of making a repeat claim as barriers to re-turning to work.

This especially may be the case for those who are looking for part-time work (Beatty, et al., 2009). There may be an added element of 'risk aversion' to taking up another job upon job loss if individuals have health problems and are able to access benefits such as Incapacity Benefit (Beatty, et al., 2009). Incapacity Benefit, in the main, is not means tested and previously not subject to job activation polices. For these claimants taking a job when there are doubts as to whether it will have a negative impact on their health condition may seem like a big risk. If the claimant does not manage to sustain the employment then they are back to square one, having to re-apply for a benefit with increasingly restrictive entry requirements, increasing aspects of conditionality and the loss of high payments accrued over time.

Alternatively, for an owner occupier the loss of a job may have different consequences than for a social housing tenant. Potentially they may be able to access a greater array of available work if they were skilled workers. Even if alternative work available may not be the optimum they are looking for, there may be no element of choice as to whether they consider such work or not. For an owner occupier with a mortgage, not meeting interest

payments can potentially result in the loss of their home. Assistance with mortgage payments is not available for a substantial period after entering the benefits system. A mortgagee would need to be able to cover the mortgage payments for up to a year before they could access such help. This may prove a greater incentive to accept work opportunities available even if they are low paid.

Model 1 therefore indicates that the type of tenure an individual lives within is a significant indicator of whether or not they remained in employment by the end of the period. Model 2 however, shows that **the addition of the proportion of social renting in NDC area was not associated with the likelihood of moving out of employment when the 0.05 level of significance is considered**. Therefore individual tenure might be associated with dependency on the safety net provided by the welfare system after job loss, or be an indication of risk averse behaviour, but at first glance living in areas of large concentrations of social housing does not seem to add imply an added 'culture of worklessness'. Rather in certain places historical evidence shows that concentrations of worklessness are best explained by macro economic changes i.e. changes in the nature of work combined with 'residential sorting' (Fletcher, 2007).

However, if a weaker 0.1 significance level is considered in relation to concentrations of social housing in an area, residents in NDCs with the highest concentrations of social renting (70 per cent or higher) were found to be significantly more likely to have moved out of employment compared to residents in NDCs with the lowest concentrations of social renters (20 per cent up to 40 per cent). Given sample sizes involved it is worth considering these wider confidence intervals. However, this finding at the 0.1 significance level does not necessarily firmly back up a 'culture of worklessness' theory. Given the majority of NDC areas with more than 70 per cent social housing are in London this might once more relate to high rent levels in London and issues around making work pay.

Model 3 includes NDC typology into the framework of the analysis. This was found to be not significantly associated with the likelihood of an individual making a transition out of employment. This might mean that those who face the greatest risk of losing their jobs are those with most characteristics of disadvantage – in poor health, older workers, manual workers and the least able (Beatty and Fothergill, 2007). These are the same workers who will be at most risk whichever labour market conditions might prevail in the wider area.

However, it is worth noting that having NDC typology as an explanatory variable in the model, though not significant, meant that the proportion of social renting at the NDC-level was also now not significant even at a 0.1 significance level. This may indicate some sort of interaction with location of NDC area and concentrations of social housing. For example, the relationship highlighted above between London NDCs, high rents and large concentrations of social housing. It does seem to indicate that the

relationship identified in Model 2 with concentrations of social housing in the area does not seem particularly robust and should be treated with caution.

Overall this set of models looking at **transitions from employment to non-employment do identify that an individual's tenure is a significant factor over and above other individual characteristics**. The tenure mix in the area they live in is potentially playing a role but this is not consistent enough to produce identification of a firm association.

## 5.4. Disentangling tenure effects

The evidence from the models above is therefore slightly mixed. Individual characteristics are the main explanation for making an entry into employment and tenure, or tenure mix of the neighbourhood, does not seem to be of importance. However, for those who were in employment in 2002 then the tenure within which they live does seem to play a role in the likelihood as to whether they are still in employment in 2008.

Another way to consider potential tenure effects is to use decomposition models. These models try to understand the differences in the amount of change seen by each group of residents within a particular tenure. The decomposition models separate out the amount that can be explained by the composition of each group in terms of their individual characteristics. The models also identify the amount which remains unexplained by these individual factors and therefore may be due to the tenure itself. The differences in mean outcome change between tenure groups are decomposed according to the Oaxaca-Blinder procedure (Oaxaca, 1973; Blinder, 1973). This procedure is often used in analysis of gender differentials in observed wage gaps. In pay differential literature, the 'unexplained' component is seen as a measure of discrimination.

This analysis looks to develop the understanding of how and why differences in outcomes exist between tenure groups:

- the extent to which 'tenure' is in effect just a proxy for concentrations of individuals with given characteristics such as worklessness, no qualifications, poor health etc and that it is these compositional characteristics that explain outcome differences
- whether there is a 'pure tenure effect' at hand that contributes towards differences in outcomes achieved
- in reality, do both features co-exist.

The models estimate whether, if the composition of the population within each of the main tenure group were equivalent, and residents had similar individual characteristics, then would differences still exist in outcomes.

It is very important to make clear that although the models are used to identify if there is evidence of a 'tenure effect', in reality this component of

the decomposition model is attributable to the amount of variation which is **unexplained by the individual characteristics** which are included in the model. There may also be other omitted variables in the model which may be part of the unexplained variation observed. So the 'unexplained' component of the model may be picking up a tenure effect, but it may also pick up other 'neighbourhood effects' or individual characteristics that we either do not have data on or have not been included in the model. For example, see the earlier discussion on the segment of the labour market that residents in social housing might occupy.

Tenure differences in the likelihood of a respondent having moved from employment to non-employment have been decomposed; since this was the only outcome where a significant difference in likelihood associated with tenure was observed.

Two sets of analysis were undertaken decomposing the difference in likelihood between:

- social renters and both owner occupiers and private renters
- and owner occupiers and both social renters and private renters.

In both cases only 2 per cent of difference in likelihood of making a transition from employment to non-employment can be explained by differences in the included characteristics of residents in the respective tenures. This was not significant at a 0.05 level. This implies that even if both tenures had the same composition of individuals in terms of age, sex, having an LSLI and qualifications then a significant difference would still exist between their likelihood of moving out of employment.

This leaves 98 per cent of the difference in likelihood remaining unexplained. Potentially this is a consequence of a tenure effect but it is also likely that factors not included in the model such as a neighbourhood effect or wider area effect may be at play. Omitted variables on other individual characteristics are also likely to contribute too. Again these may be related to factors such as the type of jobs held by individuals, levels of pay or types of job available, jobs stability, their need for part-time rather than full-time work, having dependent children or a working partner.

Potentially, individuals with stronger labour market characteristics to start with, may be more likely to have been in a position to have bought their own home in the first place. These may be individuals with more stable employment, with better paid jobs or in a household with a working partner. Although some may have issues such as an LSLI this may not be to such a degree that it prevents them from working. Again, they may have no formal qualifications but have extensive skills, training or experience. Therefore, that the decomposition analysis shows that a large proportion of the variation is still unexplained and potentially related to tenure or factors associated with the characteristics of people who occupy particular tenures, is not entirely surprising.

Decomposition models run on other outcome measures such as satisfaction with the area or being in employment at a particular point of time, rather than making a change in employment status over time, do not find such extreme results. The balance between the components explained by the individual characteristics and the unexplained potential tenure effect with other omitted variables is more in favour of the explained individual effects. This indicates that tenure is not the cause of people being non-employed; it is their ability to compete in the labour market which explains their employment status. This is the case for both those in social housing and in owner occupation.

However, if you lose your job and you live in social housing then your tenure may be a factor which contributes towards your motivation to re-enter the work force especially if the alternative work available to you is poorly paid. You are also more likely to have other characteristics of disadvantage such as previous spells of non-employment which enabled you to access social housing in the first place.

## 6. An assessment

This analysis helps get behind some of the issues associated with the ability of areas with large concentrations of social housing to achieve change. As van Hamm and Manley (2009) have previously demonstrated the ability to analyse longitudinal data on individuals, rather than a primarily ecological analysis of area-level associations, provided a useful insight to processes taking place. Disentangling the extent to which outcomes might be explained by the circumstances of individuals themselves, including their tenure, rather than area effects which might be associated with having large concentrations of deprived individuals in a particular neighbourhood helps suggest potential solutions which might or might not be beneficial to improving people's lives.

Primarily the composition of deprived areas, in terms of the characteristics of the individuals who live within it, is to a great extent dictated to by the operation of the social housing allocations system. Residential sorting takes place and in some communities with large concentrations of housing stock this has been concentrating the most disadvantaged for a long time. The result can be very highly residualised and stigmatised residential communities.

The majority of the evidence supports the view that it is the characteristics of the individuals which primarily explains their outcomes. Improving an individual's outcomes on place-based measures such as satisfaction with the area or feeling there is less lawlessness and dereliction is just as likely to occur to a social renter as to an owner occupier.

The tenure within which an individual lives is however likely to be associated with some labour market outcomes. There are no discernable differences in moving into employment from non-employment by tenure once individual differences such as age, sex, qualifications, ethnicity and health have been taken into account. However, living in social housing is associated with a lower chance of staying in employment over the 2002–2008 period even after individual characteristics such as these are taken into account.

However, although part of the issue may lie in something to do with the tenure itself, such as perhaps a perverse disincentive to have to take any low-paid job because of the safety net that social housing and the benefits system may provide, this is unlikely to be wholly the answer. There may be a whole gamut of additional individual factors which are associated with people in this tenure but not directly a cause of it. These may be issues around residualisation of the least able to compete in the modern labour market within social housing. These people may have the least skills, least experience, poorest health and be the most detached from the labour market. They may at best only be able to compete for the lowest paid, least secure and least rewarding jobs. The perception that you may be only marginally better off, if at all, by taking such a job opportunity, may add to the lack of motivation to participate in the workforce. Accepting the status quo of knowing where you are with the benefits and social housing you have

may seem like a far better survival strategy than risking entry into a low paid irregular job which might not work out and potentially leave you having to go through the complex process of re-applying for all your benefits.

Living in an area with large concentrations of social housing is however unlikely to change your life chances per se. The analysis would seem to suggest it is the type of marginalised individuals in social housing that face the most serious barriers to work and this is not likely to be very different whether they live in an area where the majority of their neighbours are in the same situation or not. Their life chances will not improve solely by living next door to an owner-occupier. Likewise the owner occupier is likely to be better equipped in life than the social renter whether or not they live in an area of mixed or mono tenure. The evidence would seem to suggest that all that encouraging mixed tenure will do is dilute the concentrations of worklessness in a particular area not improve the life chances of the workless or disadvantaged individual themselves.

*“It is very likely that those most likely to be unemployed select themselves into deprived neighbourhoods. If this is the case, it can not be concluded that deprived neighbourhood effect employment chances.” (van Hamm and Manley, 2009, p.10)*

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# Appendix 1: Additional tables for comparator areas

<b>Table 1: Demographic characteristics of residents in comparator areas by tenure, 2008</b>				
	Owner occupier	Social sector renter	Private renter	All
<b>Sex</b>				
Male	51	42	53	48
Female	49	58	47	52
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Age</b>				
16–24	12	14	32	15
25–34	17	20	37	21
35–54	38	35	22	35
55–64	14	10	4	12
65+	19	20	5	18
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Ethnicity</b>				
White	75	73	69	74
Black	6	15	11	10
Asian	18	9	19	15
Other	1	2	1	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>English your first language</b>				
Yes	84	84	67	82
No	16	16	33	18
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Household composition</b>				
Couple with dependent children	24	14	19	19
Couple without dependent children	36	15	15	25
Lone parent	4	22	16	13
Large adult	11	12	22	13
Single person	24	38	28	30
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Ipsos MORI NDC household survey

# Appendix 2: Additional tables for England

<b>Table 1: Demographic characteristics of residents in England by tenure, 2008</b>				
	Owner occupier	Social sector renter	Private renter	All
<b>Sex</b>				
Male	49	45	52	49
Female	51	55	48	51
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Age</b>				
16–24	12	19	27	15
25–34	13	16	33	16
35–54	37	31	28	35
55–64	17	12	6	15
65+	21	22	6	19
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Ethnicity</b>				
White	92	84	82	89
Black	1	6	4	2
Asian	5	5	7	5
Mixed/Other	2	5	7	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>English your first language</b>				
Yes	96	92	80	94
No	4	8	20	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Household composition</b>				
Couple with dependent children	23	15	13	20
Couple without dependent children	41	17	20	33
Lone parent	4	17	8	7
Other	32	52	59	40
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Ipsos MORI NDC household survey

# Appendix 3: 36 indicators included in CIRC

INDICATORS	YEARS	SOURCE
<b>Education</b>		
Key Stage 2 English % reaching level 4	2002–2007	SDRC
Key Stage 3 English % reaching level 5	2002–2007	SDRC
Key Stage 4 – % with 5 or more GCSE's at A*-C level	2002–2007	SDRC
% of working age respondents with no qualifications	2002–2008	Ipsos MORI
% taking part in education/training in past year (exc. in f-t edu.)	2002–2008	Ipsos MORI MORI
% who need to improve basic skills	2002–2008	Ipsos MORI MORI
<b>Worklessness and finance</b>		
% unemployed	1999–2008	SDRC/CRESR
% work limiting illness	1999–2008	CRESR
% of households with income less than £200 per week	2002–2008	Ipsos MORI MORI
Employment rate (working age)	2002–2008	Ipsos MORI MORI
% receiving benefits	2002–2008	Ipsos MORI MORI
% workless households (working age)	2002–2008	Ipsos MORI MORI
<b>Health</b>		
% no physical activity for at least 20 minutes at a time	2002–2008	Ipsos MORI MORI
% residents who smoke	2002–2008	Ipsos MORI MORI
% residents feel own health not good	2002–2008	Ipsos MORI MORI
SF36 mental health well-being score	2002–2008	Ipsos MORI
% health worse over past year	2002–2008	Ipsos MORI
% satisfied with doctor	2002–2008	Ipsos MORI
<b>Crime</b>		
Burglary rate per 1000	2002–2008	Ipsos MORI
Criminal damage rate per 1000	2002–2008	Ipsos MORI
Crime rate per 1000	2002–2008	Ipsos MORI
Lawlessness and dereliction score	2002–2008	Ipsos MORI
% feel a bit/very unsafe after dark	2002–2008	Ipsos MORI MORI
Fear of crime score	2002–2008	Ipsos MORI MORI
<b>Housing and physical environment</b>		
% satisfied with area as a place to live	2002–2008	Ipsos MORI MORI
% 'trapped'	2002–2008	Ipsos MORI MORI
% want to move	2002–2008	Ipsos MORI MORI
% satisfied with accommodation	2002–2008	Ipsos MORI MORI
% think area has improved over past two years	2002–2008	Ipsos MORI MORI
Local environment score	2002–2008	Ipsos MORI MORI
<b>Community</b>		
% feel part of the community	2002–2008	Ipsos MORI MORI
% feel it is a place where neighbours look out for each other	2002–2008	Ipsos MORI MORI
% think NDC has improved the area	2002–2008	Ipsos MORI MORI
% feel good quality of life	2002–2008	Ipsos MORI MORI
% feel can influence decisions that affect the area	2002–2008	Ipsos MORI MORI
% involved with activities organised by NDC	2002–2008	Ipsos MORI MORI

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