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**The Distribution of SRB Challenge Fund Expenditure**  
**in relation to**  
**Local Area Needs in England**

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Prepared by

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**for the**  
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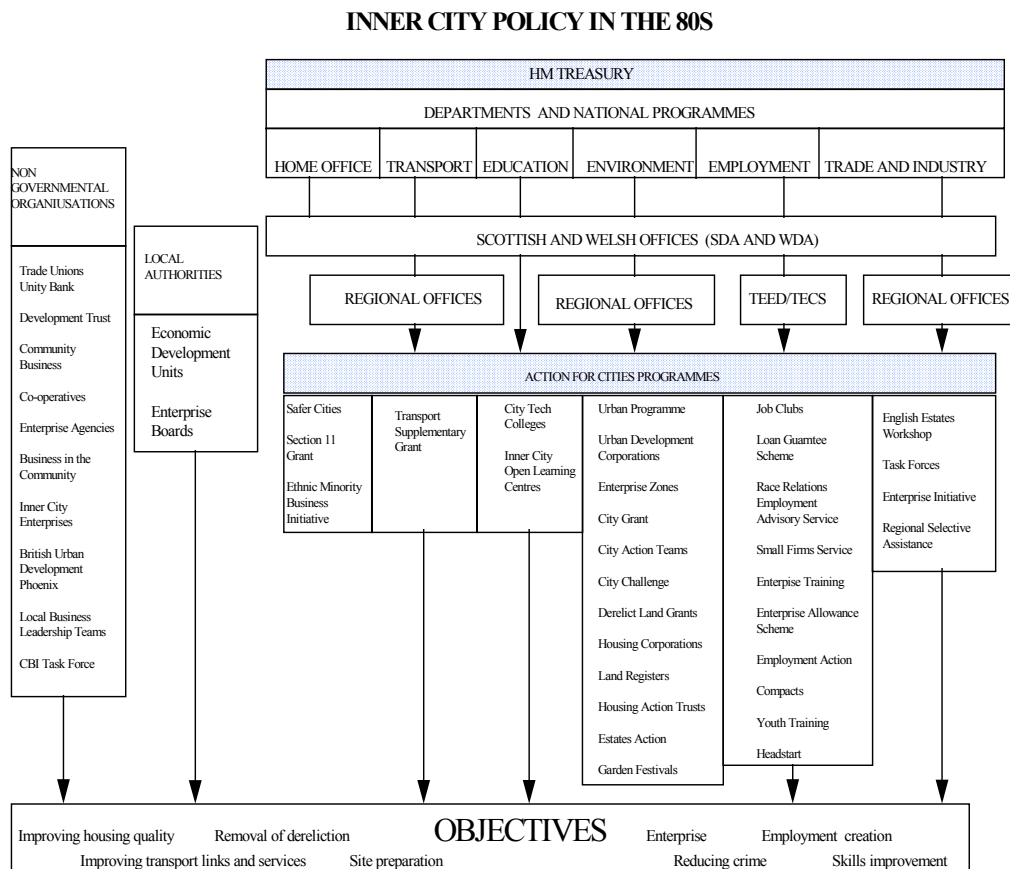
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**Introduction: aims and method.**

During the 1980s and the 1990s there were a number of policy initiatives designed to tackle the problems of the urban areas in the United Kingdom. By the early 1990s these initiatives represented the commitment of over £1 billion of public expenditure each year. The initiatives encompassed ‘area’ based approaches like Enterprise Zones and Urban Development Corporations at one extreme through to more ‘people’ orientated project led approaches as in the case of the Task Force Initiative. Figure 1 provides an indication of the breadth of the policy package.

**Figure 1 The regeneration policy trail**



Source: Moore, “Taking on the Inner Cities”, 1992

In 1994 the organisation of local area regeneration policy was changed radically. Some twenty independently operated regeneration programmes were brought together into a single regeneration budget (SRB) to be run by a single Department, in this case what has now become the Department for the Environment, Transport and the Regions (DETR). Table 1 summarises the pattern of expenditure and how it changed.

**Table 1            Regeneration expenditure**

	<b>1994-95 outturn</b>	<b>1995-96 outturn</b>	<b>1996-97 est outturn</b>	<b>1997-98 plans</b>
<b><i>Single Regeneration Budget</i></b>				
UDCs <sup>1</sup>	258.0	217.9	193.8	168.0
Docklands Light Railway	29.1	37.1	20.7	33.9
English Partnerships (URA) <sup>2</sup>	191.7	211.1	229.6	209.6
Housing Action Trusts	92.0	92.5	87.7	88.7
Challenge Fund		136.4	264.9	481.6
Estate Action	372.6	315.9	256.7	169.9
City Challenge <sup>3</sup>	233.6	226.8	230.1	143.0
<b><i>Other SRB<sup>4</sup></i></b>				
Urban Programme	67.8	}	}	}
Task Forces	15.7	}	}	}
Business Start-up Scheme	63.8	}	}	}
Local Initiative Fund	34.5	}	}	}
Compacts	5.2	}	}	}
Teacher Placement	3.3	}	}	}
Education Business Partnerships	2.5	}	}	}
TEC Challenge	3.5	}	}	}
Programme Development Fund	3.1	}117.9	}65.5	}21.2
Regional Enterprise Grants	11.8	}	}	}
Section 11 (part)	65.3	}	}	}
Ethnic Minorities Grant	5.7	}	}	}
Safer Cities	1.9	}	}	}
Ethnic Minority Business Initiative	0.6	}	}	}
GEST 19	4.2	}	}	}
City Action Teams	0.2	}	}	}
CFERs <sup>5</sup>	-7.8	}	}	}
<b>Total SRB</b>	<b>1,458.2</b>	<b>1,355.5</b>	<b>1,348.9</b>	<b>1,315.5</b>

<sup>1</sup> All Urban Development Corporations (UDCs) due to wind-up by March 1998 as they complete their work. Leeds, Bristol and Central Manchester UDCs wound up on 31 March 1995, 31 December 1995 and March 31 1996 respectively. Figures include payments made by the Department in respect of UDC liabilities after wind-up.

<sup>2</sup> English Partnerships figures prior to 1994-95 include spending on City Grant, Derelict Land Grant and English Estates and associated administration costs.

<sup>3</sup> City Challenge figures include a contribution from the Housing Corporation.

<sup>4</sup> From 1995-96 total includes aggregated continuing commitments from the programmes brought together in the SRB

<sup>5</sup> Consolidated Fund Extra Receipts.

**Table 1      Regeneration expenditure (contd.)**

	<b>1994-95 outturn</b>	<b>1995-96 outturn</b>	<b>1996-97 est outturn</b>	<b>1997-98 plans</b>
<b><i>Other Regeneration</i></b>				
Manchester Regeneration	30.2	1.6	-	-
Coalfield Areas Fund	2.0	0.4	-	-
European Structural Funds	159.4	112.8	189.6	150.8
New Towns	-135.3	-125.0	-100.0	-105.0
Special Grants Programme	1.2	1.2	1.0	1.3
Local Investment Fund	1.0	-	-	-
Urban Development Grant	0.1	-	-	-
Publicity	0.3	0.3	0.3	0.3
Dearne Valley	0.8	0.8	0.8	0.3
Groundwork <sup>6</sup>	5.9	6.2	6.9	6.7
Manchester Bomb Fund			0.2	
CFERs <sup>5</sup>	0	0	-6.0	0
<b>Total Regeneration</b>	<b>1,517.0</b>	<b>1,347.7</b>	<b>1,434.9</b>	<b>1369.9</b>

Source: The Government's Expenditure Plans 1997-98 to 1999-2000 (Department of the Environment).

Not all twenty previous programmes were stopped overnight. Urban Development Corporations (UDCs) and Task Forces for instance are being phased out only when their tasks have been completed and their designated termination date has been reached.

The functions to be carried out by the Single Regeneration Budget are wide, compared with elsewhere in the United Kingdom and embrace a wide range of objectives which include land reclamation, site preparation, the provision of premises, grant assisted development, enhancing employment prospects, education and skills, sustainable economic growth and wealth creation, environmental improvement, housing conditions, initiatives for ethnic minorities, reducing crime and fear of crime and enhancing the quality of life including health, culture and sports facilities.

Whilst the whole responsibility for the SRB resides with the DETR there are two separate and distinct delivery mechanisms for different parts of the SRB. One part, with its own

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Groundwork was moved to Regeneration from the Countryside and Wildlife Division as of 1997-98. Therefore figures before 1996-97 do not contribute to the total line.

ring fenced portion of the SRB budget was delegated to an agency, namely English Partnerships (EP) which can operate pro-actively in any area of England but in practice focuses on the more needy inner city areas. Its functions are limited to land clearance and reclamation, the grant aiding of new and refurbished building and in the provision of premises. English Partnerships operate pro-actively to tackle large areas of dereliction via area based regeneration projects in conjunction with the private sector and other public sector partners as well as having grant schemes for which applications are received and appraised on a common set of criteria. EP operates several regional offices to assess local needs and control and implement projects. A strong central top down approach determining funding and strategy is combined with strong EP implementation skills within a partnership approach at the local level.

The organisation and mechanisms for delivering the remainder and much the larger part of the Single Regeneration Budget is known as the SRB Challenge fund. In this case the Challenge Fund is operated by the DETR in house without recourse to an agency. For the Challenge Fund DETR lays down the strategy and the ground rules and allocates funding. An allocation of aggregate funding is made for each English region according to relative deprivation and other needs indicators.

Within each region policy is administered by 10 Government offices for the Regions (GORs), each following the DoE central guidelines and within the regional budgetary allocation. GORs have a regional director at Assistant Secretary level and senior officers form all the main economic departments in Whitehall. GORs have considerable strength and capacity to administer the process of regeneration in their region. But the Challenge Fund is not pro-active. Instead it asks for competitive local area regeneration bids from local partnerships. These bids are appraised and evaluated by GORs and the higher quality bids are funded up to the region's budgetary allocation ceiling. In the first two years of the new competitive system, about half the bids were successful.

Any combination of local partners can submit Challenge Fund bids for any type or configuration of local area throughout England. There are no fixed policy boundaries. Bids can also vary from single objective thematic bids concerned with business support, or crime reduction or housing to multiple objective integrated regeneration bids concerned with a wide range of economic, social and environmental problems in a bad area. The target areas of bids range from a single housing estate to a whole region.

Such a radical change to the Challenge Fund competitive system was only possible because there are strong local partners in parts of England - notably the local authorities and Training and Enterprise Councils (TECs) which have been prominent in preparing most of the successful larger bids. Many of the local authorities in particular had developed regeneration expertise because of their heavy involvement in the previous twenty regeneration programmes and in European Structural Funds Partnerships. The capacity of community groups in England is however markedly weaker and the Challenge funds is going to great lengths to involve the community sector in Challenge Fund bids and to increase their regeneration capacities. Also it is not at all clear that early expectations of a strong private sector involvement in local partnership bids are being fully realised.

Whatever the merits of the radical Challenge Fund approach in terms of local involvement and value for money turn out to be, there could be draw-backs to a competitive system and these have attracted considerable attention (see Mawson, J., et al). Even after allowing for the fact that a central allocation of regional funding overrides the pure competitive principle and the fully pro-active EP agency is retained, there is no automatic presumption that a competitive challenge fund regime will lead to an allocation of regeneration resources which reflects closely the distribution of deprivation and the relative needs of each local area. Highly deprived local areas may not prepare bids or may have them rejected, whilst less deprived areas might be particularly effective in putting forward successful schemes. Even so, it is possible that the administration of a competitive system over a number of years does give rise to a resource allocation commensurate with local needs.

The issue can be resolved empirically by examining, ex post, how SRB Challenge Fund expenditure has been allocated geographically and how this distribution relates to the geographical distribution of deprivation and the pattern of local needs. Three rounds of the Challenge Fund have now taken place, and whilst it would not be expected that any one round would allocate resources according to relative need, an examination over three rounds should provide a fair test of whether the process is responsive to needs. The objective of this paper is to examine this issue.

To carry out such a test requires data for both SRB spend and local needs which is consistent in terms of local geographical areas. Data on local needs are the more readily available. For many years the Department of the Environment, Transport and the Regions have prepared deprivation indices covering a range of spatial areas. The current

Index of Local Conditions is based, among other things, on 1991 data and combines a number of indicators into a single deprivation score for each area. The Index has been produced at three spatial scales - local authority district, ward and census enumeration district. The Index includes 6 indicators at the ED scale, 7 at the Ward scale and 13 for local authority districts which include 6 non-census based indicators.

At the LA district level, which is the spatial scale most feasible for this exercise, three deprivation measures are derived for each district:

- the average LA district score, covering the whole area
- the proportion which is a "deprived area(s)" i.e. EDs within the most deprived 7% in England and
- the severity of deprivation in the worst parts (i.e. the average score of the three worst wards).

These are seen as measuring the degree, extent and intensity of deprivation respectively in each LA district. The 366 LA Districts in England can then be ranked (1 equals most deprived) to provide three indicators of relative deprivation. The Index effectively identifies the most deprived districts - it does not claim to measure small differences in deprivation score for the large number of relatively prosperous areas where the deprivation score is low or near to zero which should all be taken as non-deprived.

The data problems are more severe with respect to the measurement of SRB spend because successful SRB scheme's target areas are not defined systematically by any form of area categorisation such as EDs, Wards or Districts. Indeed most scheme target areas do not coincide with any of these but rather have boundaries which include parts of EDs, Wards and Districts. To obtain precise definitions of target areas would require detailed analysis on about 500 local schemes in the three rounds of SRB and even if this were undertaken the defined areas could not be matched to any standard areas for which the Index of Local Conditions is calculated. For this reason this research has been carried-out at the level of the local authority district spatial level where it is possible to measure both SRB spend within Districts and the Index of Local Conditions. This is not ideal in the sense that it provides only average SRB spend for the District and does not tell us how far SRB spend within the District has been targeted towards the District's most deprived localities.

The preparation of a data base of SRB spend for each District has been very time consuming and is problematic. Although there were some computerised records for rounds one and two of the SRB Challenge Fund, no such records existed for Round three

and this had to be assembled from scratch from basic source documents. For all rounds it was necessary to link SRB schemes with the relevant LA District, to cater for the fact that some LA Districts have several SRB schemes within them even in any one round, and the fact that some schemes are geographically broad and cover several LA Districts. Where a scheme covered more than one district the SRB resources were distributed across the relevant districts according to population since this seemed the best way to reflect how the outcomes of an SRB scheme would be taken-up. Some bids to the Government office for London are "London-wide" and cover all London Boroughs without determining how much expenditure will take place in each Borough (District) and in these cases a population based allocation has been necessary. In spite of these difficulties the measures of average SRB spend per District are likely to be as robust as the measures of local needs as reflected in the Index of Local Conditions.

There was one further aspect of the data assembly which caused some problems. This was that the information relating to the SRB spend for each scheme related to that identified from the bid document and of course this did change in some schemes by the time that the final scheme document was approved. In order to allow for the effects of this the analysis was undertaken on the basis of the bid documentation since this was the only actual documentation which could be gathered together from existing systems. The information from the bid documents was then subsequently sent to the GORs concerned for comment in the light of any more up-to-date records they had on the funding of the actual scheme.

Although analysis has been undertaken separately for the 3 SRB rounds we believe that the geographical distribution of funds for any one Round or differences in results between Rounds should not be considered as particularly significant. The critical test for the SRB process should be results for all three rounds taken together.

Three approaches are followed to relate District SRB spend per District to the Index of Local Conditions for each District. The first is a straight correlation analysis in which a coefficient approaching 1 indicates a very close relationship between SRB spend and local needs whilst a coefficient closer to zero implies a very weak relationship. The second approach is to take the most deprived 20, 56 and 99 districts respectively and calculate the proportion of SRB spend which has been allocated to these highly disadvantaged areas. The third correlates SRB spend by all 366 Districts with 13 indicators of local need in order to establish whether particular categories of need appear to be better targeted than others.



## Overall findings

The key headline results of the analysis are presented in tables 2 and 3. Table 2 shows the distribution of SRB funding to blocks of deprived and less deprived districts along with their population. The third column shows the amount of SRB spending per head (rounds 1, 2 and 3 combined) for each group of Districts.

The 20 most deprived Districts, as measured by the Index of Local Conditions, were awarded £953.6m of SRB funding. Their resident population is almost 5½ million which gives a figure of SRB spend per capita of £174.9.

The 56 most deprived Districts (including the 'top 20') were allocated £138 of SRB resources per head of population (where the “population” is the population for the whole district), whilst the 99 most deprived districts (including the 'top 56') received £122.5 of funding per capita.

The remaining 267 Districts which are non-deprived in the sense that levels of deprivation overall are close to or better than the English average (but which may contain pockets of deprivation) received only £21.3 of SRB funding per capita which is about one third of the all-England-average of £64.

**Table 2 SRB expenditure and expenditure per head of population for most deprived Local Authority Districts in England.**

	(Round 1, 2 and 3 of SRB combined)		
	SRB Spend (£m) <sup>1</sup>	Population (000s)	SRB spend/head (£s)
20 most deprived districts	953.6	5451	174.9
56 most deprived districts	1989.3	14410	138.1
99 most deprived districts	2529.3	20643	122.5
267 non-deprived districts <sup>2</sup>	602.8	28260	21.3
Total 366 districts	3132.1	48903	64.1

(<sup>1</sup>) Excludes £404,259 which was allocated to the new unitary authority South Gloucestershire.

(<sup>2</sup>) Districts with deprivation around the English Average or less.

Table 3 presents the same information for the four groups of Districts but as a percentage of the English totals. Thus the 20 most deprived Districts (5.5% of all Districts) contain 11.1% of England's population but were awarded 30.4% of all SRB funding. The most deprived 56 Districts contain less than a third of England's population but received almost two-thirds of aggregate SRB funding - whilst the 99 most deprived Districts contain 42%

of England's population but received over 80% of SRB funding. By contrast the 267 less deprived and non-deprived districts account for 58% of England's population but received only 19.3% of total SRB funding.

The evidence is clear. The geographical distribution of SRB funding has in practice been responsive to local needs as measured at LA District level and that for groups of more or less deprived districts the amount of funding per head has been sensitive to the degree of relative need or deprivation. This result relates specifically to the first three SRB rounds taken together. For individual rounds the same kind of result emerges but the overall relationship between spend and needs is less systematic and weaker.

**Table 3      Percent of SRB expenditure in the most deprived districts relative to their share of population in England.**

	<b>% of SRB spend in England</b>	<b>% of England population</b>	<b>% of all Districts in England</b>
20 most deprived districts <sup>1</sup>	30.4	11.1	5.5
56 most deprived districts	63.5	29.5	15.3
99 most deprived districts <sup>2</sup>	80.7	42.2	27.0
267 non-deprived districts <sup>3</sup>	19.3	57.8	73.0
Total	100	100	100

<sup>(1)</sup> Using the Department of the Environment, Transport and the Regions Index of Local Conditions which measures degree of deprivation for the District.

<sup>(2)</sup> Hounslow is ranked 99, whilst Bolsover in Derbyshire has a rank of 100

<sup>(3)</sup> Districts with deprivation around the English Average or less.

However the result presented above for groups of Districts is not universally held for each individual District within these groups. There is a wide range of spending per head in Districts within the groups. For example in the top 20 the most deprived District of all, namely Newham, also has the highest SRB spend per capita. But Birmingham which is ranked number 5 in needs has an SRB spend per capita very much lower than Newham (Birmingham at £81 and Newham at £343). Both Birmingham and Newham received about the same amount of SRB funding but Birmingham has a population which is four times larger than that of Newham.

Correlation analysis was undertaken which related SRB spend per capita to the extent of deprivation by individual District (as measured by the value rather than the ranking in the Index of Local Conditions). Separate correlation coefficients were obtained for :

	Correlation coefficient
All Districts (366)	0.75
200 most deprived Districts	0.66
120 most deprived Districts	0.58
99 most deprived Districts	0.51
56 most deprived Districts	0.44

The correlation coefficient for the reduced numbers of Districts may be the more meaningful because it cuts off the long tail of less deprived and non-deprived Districts which have almost identical deprivation values but show some variation in SRB funds per capita successfully bid for under the Challenge Fund.

The coefficients confirm - even at the level of individual Districts - that there is a strong and positive relationship between the degree of deprivation at the District level, and the amount of SRB spend per capita.

### **Analysis of SRB spend at the individual Government Office level**

A further dimension was added to the analysis by examining the distribution of SRB spend in relation to the degree of deprivation at the district level **within** each individual Government Office area. Table 4 provides a summary and it is to this which we now turn.

Comparison of column one with either column two or three reveals that there is not a very strong relation between the geographical distribution of SRB spend at the Government Office level and the distribution of population. This is hardly surprising since population itself is not a very good indicator of need. Column four presents the correlation between the geographic distribution and the local index of intensity of deprivation across the whole of England (0.75), as discussed earlier in this paper, but also now for each individual Government Office Region. Thus, what this column shows for each Government Office Region is how well the spend of SRB across the region concerned accorded with the geographic distribution of need across that region as proxied by the intensity of deprivation indicator (all analysis by District). It is most revealing.

In some regions there is an extremely high correlation with Merseyside and Yorkshire Humberside being amongst the highest at over 0.80. In other regions the correlation is far weaker at around 0.50. This broad finding is also reinforced if we adopt the somewhat different approach of ascertaining for each region how much of the total SRB spend in the region is in the top ten most deprived districts in the region (column 5).

**Table 4 The distribution in relation to the degree of deprivation by District within Government Office areas**

Govt Office	(1) % of all SRB spend in region <sup>7</sup>	(2) Breakdown of English pop by region <sup>8</sup>	(3) Breakdown of SRB pop by region <sup>9</sup>	(4) Correlation of SRB spend in GOR relative to Degree of Deprivation Index <sup>10</sup>	(5) Proportion regional SRB spend for 10 most deprived districts <sup>11</sup>	(6) Av spend per head in region <sup>12</sup>	(7) Av spend/head for 10 most deprived districts £ <sup>13</sup>
E Mids	4.49	8.19	8.09	-0.72	59.99	35.12	58.69
Eastern	2.44	10.99	8.99	-0.55	56.33	14.23	34.8
London	26.4	14.32	15.48	-0.57	58.66	118.04	229.54
Merseyside	6.64	2.92	3.16	-0.83	100	145.68	145.68
N East	12.21	5.33	5.76	-0.64	85.32	146.75	195.25
N West	11.97	11.2	11.43	-0.68	64.16	68.48	120.4
S East	5.94	16.04	13.58	-0.69	63.37	23.71	84.86
S West	3.02	9.88	10.68	-0.51	68.12	19.6	46.88
W Mids	11.46	10.85	11.73	-0.54	71.90	67.68	93.47
Yorks/Humb	15.42	10.29	11.12	-0.81	82.72	96.01	123.01
<b>England</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-0.75</b>	<b>-</b>	<b>64.05</b>	<b>-</b>

<sup>7</sup> % of SRB expenditure in England (1994-1997) by Government Office Region.

<sup>8</sup> Population as a % of all England total population, source Regional Trends.

<sup>9</sup> Total population in Government Office region which has now received SRB (1994-1997) as a proportion of total population receiving SRB in England (at District level).

<sup>10</sup> Correlation of SRB expenditure per capita against degree of deprivation index for districts in the Government Office Region.

<sup>11</sup> SRB expenditure (1994-1997) in the ten most deprived districts in the Government Office Regions as a proportion of all SRB expenditure in the Government Office Regions.

<sup>12</sup> All SRB expenditure in Government Office Region (1994-1997) as a proportion of **total** population in region.

<sup>13</sup> Average spend per head (1994-1997) by taking SRB expenditure in the ten most deprived districts in the Government Office region and dividing by the total population in the ten districts.

In Merseyside perhaps a not surprising result, all SRB spend is in the top ten since so much of the region has districts which are relatively deprived. At the other extreme the Eastern region has just over 50% of its total SRB spend in its ten most deprived districts. The West Midlands is similar and in that case reflects a very real redistribution of resources for regeneration from the traditional urban areas of need to more rural areas, like the Coalfields, where new need is gradually beginning to emerge.

Column six reveals that there have been considerable variations between regions in the average spend per head on SRB. It is noticeable that the more urban regions tend to have the higher spend perhaps reflecting in part the composition of SRB schemes supported with the urban areas having a bias to larger infrastructure projects (housing and environmental improvement) and the rural areas business support and training.

The average spend per head in just the ten most deprived districts in each region reveals this even more clearly (column seven).

A key issue is the allocation of resources by Government Regional offices to the most deprived Districts on the **national** scale and how the existence of highly deprived areas in a region has affected the distribution of resources in the region. This issue is addressed in table 5.

Table 5 shows the absolute expenditure and proportion of expenditure in each GOR devoted to the 10, 20, 56 and 99 most deprived Districts nationally - as well as total GOR expenditure and expenditure per head.

Hence London has a concentration of deprived District/Boroughs with 45% of its SRB spend devoted to the top 10 deprived Districts nationally, 67% to the 20 most deprived and 84% to the 99 nationally most deprived Districts. The equivalent figures for the only other two regions with representation the 10 most deprived Districts are Merseyside and the West Midlands. Merseyside GO spends 37% of its total SRB spend on the 10 most deprived Districts nationally, 54% on the 20 most deprived Districts and 100% on the 99 most deprived District.

By contrast Eastern Region has no representatives in the 56 most disadvantaged Districts nationally. It has only 32% of its expenditure devoted to the top 99 nationally deprived Districts compared with London's 84% and Merseyside's 100%.

**Table 5 Levels and proportions of SRB Challenge Fund Expenditure devoted to the most deprived areas on a national scale by Government Office for the Regions.**

	SRB Expenditure on nationally most deprived Districts (£m)				As % of total GOR SRB spend				GOR total spend <sup>1</sup> (£m)	GOR spend per hd (£s)
	Top 10	Top 20	Top 56	Top 99	Top 10	Top 20	Top 56	Top 99		
SE	0	0	59.4	116.7	0	0	32	63	186.0	23.7
Lon	371	554.9	647.0	698.1	45	67	78	84	826.8	117.4
East	0	0	0	24.1	0	0	0	32	76.5	14.2
SW	0	0	56.8	57.2	0	0	60	60	94.7	19.6
EM	0	0	37.4	65.1	0	0	27	46	140.7	35.1
WM	125.1	125.1	201.7	245.8	35	35	56	68	359.1	67.7
NW	0	67.5	219.6	280.4	0	18	59	75	374.9	68.5
ME	77.9	111.7	138.1	208.0	37	54	66	100	208.0	145.7
YH	0	0	340.3	462.9	0	0	70	96	483.0	96.0
NE	0	94.4	289.0	371.0	0	25	76	97	382.4	146.8
	<b>574.0</b>	<b>953.6</b>	<b>1989.3</b>	<b>2529.3</b>	<b>19</b>	<b>30</b>	<b>63</b>	<b>81</b>	<b>3132.1</b>	<b>69.2</b>

(<sup>1</sup>) Excludes £404,259 which was allocated to the new unitary authority South Gloucestershire.

Table 6 shows the share of each GO region SRB spend devoted to the 267 less deprived and non-deprived Districts. This ranges from 68% in the Eastern region to 0% in Merseyside.

**Table 6 SRB spend on less deprived Districts by GO (those ranked 100 to 366)**

	SRB spend £mn	Share of GO SRB spend
South East	69.3	37
London	128.8	16
Eastern	52.4	68
South West	37.5	40
East Midlands	75.6	54
West Midlands	113.2	32
North West	94.5	25
Merseyside	0	0
Yorkshire & Humberside	20.1	4
North East	11.5	3

### **SRB spend in relation to 13 indicators of need.**

If the data permitted it would be helpful to establish SRB spend by district for each SRB objective and then analyse how well spend by objective correlated with a particular indicator of need appropriate to each objective. The research team is in fact seeking to establish what analysis can be done in broad terms where it is possible to establish a lead objective but in most schemes there are multi-objectives and no real indication of the balance of spend across objective. To estimate a lead objective requires a considerable body of work for each of the 555 schemes.

However, as a third exercise it has been possible to correlate the distribution of SRB spend across Districts with 13 different indicators of relative need as summarised in diagram 1 in the appendix. The cross correlation matrix is shown because clearly there are significant correlations between indicators which it is important to be aware of. Relatively high correlations stand out between the distribution of SRB spend and the geographical incidence of unemployment and low earning households/income support.

### **SRB resource allocation across the 267 non deprived districts**

Further analysis was undertaken of the distribution of SRB spend across the 267 non deprived districts in relation to the distribution of need across these districts where need was assessed according to two measures:

1. Proportion of deprived EDs in the district
2. Intensity of deprivation in the worst three wards in the district

These measures are useful for picking up relatively small pockets of deprivation in what are otherwise relatively affluent areas. We are thus able to consider the distribution of SRB spend per head across the 267 non deprived districts in relation to these needs indicators. When this is done the correlation is 0.21 and 0.37 respectively and thus the SRB spend has not tended to be very tightly focused on non deprived districts with pockets of deprivation, although there are clearly many influences at play and in these circumstances the associations are perhaps more significant than one might expect given that many of the schemes to the less deprived areas are thematically based.

Given the relatively low but nonetheless positive correlation coefficients for the 267 less deprived Districts further exploration of these was undertaken. Table 7 shows the amounts of SRB funding awarded to the 267 less deprived Districts.

**Table 7 SRB Expenditure in 267 less deprived Districts**

SRB spend £mn	No of less deprived Districts
Over £20m	4
10-20	9
5-10	19
2-5	57
Less than 2	142
0	36
<b>602.7</b>	<b>267</b>

Over the first three rounds of SRB the 267 less deprived Districts attracted funding totalling £607.6 m - an average of £2.3 m per District. However, 36 District received nothing so the average SRB spend for beneficiary Districts was £2.6m. Of the beneficiary less deprived Districts, 61% received less than £2 m over the three rounds and a further 25% between £2m and £5m.

Some 32 less deprived Districts received more than £5 m of SRB spend and of these 12% less deprived Districts accounted for 55% of SRB expenditure on the less deprived Districts as a whole. These 32 larger spending non-deprived Districts were then examined individually with a view to identifying those for which there was clear evidence of pockets of serious deprivation. This was done by comparing each Districts' ranking position for the three indices of deprivation - average degree, extent, intensity. In cases where the Districts' ranking was much higher (closer to 1) on the "extent" and/or "intensity" indices than on the "average degree" index this was taken as indicating the presence of pockets of deprivation. The results are shown in table 8.

In 13 of the 32 Districts there is evidence of pockets of deprivation, in some cases quite serious. For example, Croydon which is 105th in the ranking of "average degree of deprivation" moves sharply up to 54th in the "extent" ranking and 40th in the intensity ranking. There are clearly deprivation problems in parts of Croydon which justify the substantial amount of SRB awarded. The 13 Districts with pockets of deprivation account for 44% of the total SRB spend of these larger spending non-deprived Districts.



**Table 8 Less deprived Districts with over £5m of SRB spend over the three rounds**

District	SRB Spend £m	Indices of Local Conditions		
		Degree	Extent	Intensity
Croydon	28.2	125	54	40*
Dudley MBC	24.5	142	103	99*
Hillingdon	24.4	156	172	183
Cannock	23.4	143	320	164
Merton	15.2	104	46	61*
Bromley	14.8	208	84	49*
Sutton & Cheam	13.6	183	110	147
Bexley	12.3	181	96	101*
Rossendale	12.0	108	320	211
Ellesmere Port/Neston	11.1	131	216	134
Pendle	10.6	103	181	127
Bolsover	10.0	100	320	180
Northampton	10.0	144	128	70*
Lichfield	8.5	251	225	218
Newcastle under Lyme	8.8	184	256	184
East Staffordshire	8.3	165	167	129
Luton	7.6	115	47	71*
Chester	7.3	198	106	109*
Havering	7.6	158	129	74*
Bury	6.6	161	108	138
Lewes	6.5	308	229	215
Stockport	5.5	213	131	98*
Havant	5.4	160	66	72
Nuneaton	5.8	141	170	140
Cleethorpes	7.1	134	136	154
Wrekin	6.2	133	179	171
Shepway	6.2	130	50	58*
Durham	5.4	123	320	187
Redbridge	5.4	120	93	67*
West Lancashire	5.8	116	320	175
Lancaster	6.1	111	48	56*
Copeland	5.4	101	219	160

Note: Districts which are starred \* are those in which there is clear evidence of pockets of deprivation

This leaves over half the less deprived Districts for which the evidence suggests no pockets of deprivation - in many cases quite the reverse. For example Rossendale received £12m of SRB funding but is ranked 108th (average degree), 320th (extent) and 211th (intensity) on the deprivation indices.

To explore this group of Districts further we considered a fruitful line of enquiry was to examine Districts on either side of the “99 District deprivation” threshold to see how different types of area were treated by the individual components of the “average degree” Index of Local Conditions and within that to see if some less deprived Districts on average had nevertheless individual components of deprivation which could be tackled by thematic SRB schemes.

The Index of Local Conditions is an average of 13 indications of deprivation some of which are economic, whilst others relate to housing conditions, social conditions, crime and education. Housing conditions, with 3 of the 13 indicators, carries a substantial weight particularly as SRB is not a mainstream provider of housing. These 13 indicators were grouped into 4 groups and the Index of Local Conditions scores for each group are shown in table 9 for selected “less deprived Districts” and Hounslow the 99th ranked District which qualifies as deprived.

**Table 9 Index of Local Conditions score groupings for selected “less deprived Districts”**

	<b>Hounslow</b> <i>(99)</i>	<b>Copeland</b> <i>(101)</i>	<b>Pendle</b> <i>(103)</i>	<b>Merton</b> <i>(104)</i>	<b>Hillingdon</b> <i>(156)</i>
Housing related indicators	9.53	-3.72	-2.88	5.20	2.32
Economic related indicators	-3.79	2.66	-0.01	-0.89	-7.90
Poverty/mortality related	-4.95	-0.77	-1.73	-5.50	-7.70
Education/crime related	-0.74	1.66	3.84	-0.32	-0.25
Average score	0.017	-0.151	-0.786	-1.523	-13.533

NB Positive figures denote high deprivation, whilst negative figures denote relatively favourable conditions.

Hounslow is ranked 99th, and therefore deprived, purely on account of housing related indices which are powerful enough to offset better than average conditions for economic, income, mortality, education and crime factors. By contrast Copeland and Pendle have

favourable housing conditions indices but have above average needs in relation to economic, education and crime factors.

Thus the “average degree” Index of Local Conditions is very much an average of many aspects of deprivation and is wholly appropriate for identifying those Districts with the most serious multiple deprivation. But it disguises aspects of disadvantage in overall less deprived Districts which are more thematic in character - as a consequence of the averaging process. But under a **single** regeneration budget challenge fund arrangement Copeland has as much right to bid for funds to address its economic and educational problems, as Hounslow has to address its housing related problems - even though they fall on either side of an arbitrary threshold of an average index. SRB awards thematic bids for those types of situation where the scheme is tackling a thematic aspect of disadvantage which is identified locally.

Examinations of individual bids/schemes for Districts included in table 8 suggest that they are thematic and address particular facets of disadvantage identified in the locality. Given these results relation to pockets of multiple deprivation and facets of thematic disadvantage there is merit in not having a strict “cut- off” of SRB funding at the 99th District as ranked by an “average based” index. Moreover, to do so would rule out SRB funding to most rural areas with their own thematic problems of peripherality and rural development which generally would not be ranked highly by the average degree Index of Local Conditions.

### **Schemes relating to more than one District**

This analysis has been conducted throughout by including schemes which relate to more than one District. In these schemes the SRB expenditure has been allocated to individual Districts on the basis of their population. Our analysis for the 267 less deprived Districts has also been carried out including only single District schemes. The broad conclusions are not materially affected. On this basis fewer of the less deprived Districts received more than £5m of SRB spend (20) but the proportion of these showing pockets of serious deprivation remained about the same at 55% (Table 10).

Schemes straddling more than one District are not tackling pockets of deprivation - almost by definition - but are invariably thematic. Some of them are quite specific and specialised and addressing a need which would not be directly measured by the Index of Local Conditions. A good example of this is the Lancashire Manufacturing Partnership

which specifically addresses business performance in the manufacturing sector. This scheme, which straddles 14 Districts of Lancashire is run by a partnership of Lancashire Enterprise Ltd and two TECs.

**Table 10 Less deprived Districts with over £5m of SRB spend over the three rounds (Single District schemes only)**

District	SRB spend £m	Indices of Local Conditions		
		Degree	Extent	Intensity
Dudley	24.2	142	103	99*
Hillingdon	21.4	156	172	183
Cannock	19.5	143	320	164
Bromley	14.1	208	84	49*
Ellesmere Port/Neston	11.1	131	216	134
Rossendale	11.0	108	320	211
Merton	10.2	104	46	61*
Northampton	10.0	144	128	70*
Pendle	9.3	103	181	127
Newcastle-under-Lyme	8.6	184	256	184
East Staffordshire	8.3	165	167	129
Croydon	7.7	125	54	40*
Chester	7.3	198	106	109*
Lewes	6.5	308	229	215
Bury	6.4	161	108	138
Shepway	6.1	130	50	58*
Wrekin	5.7	133	179	171
Bolsover	5.4	100	320	180
Stockport	5.2	213	131	98*
Bexley	5.0	181	96	101*

Note: Districts which are starred \* are those in which there is clear evidence of pockets of deprivation

We have examined a selection of individual SRB schemes for those Districts with relatively large SRB spend which do not fall within the 99 most deprived districts as measured by the 1991 Indices of Local Conditions. Many of these are tackling aspects of deprivation which would not be “picked up” by the Index of Local Conditions or have occurred since 1991. For example the Bolsover Scheme is tackling the specific problems of localised Coal mine closures which have occurred since 1991. The Cannock Scheme is essentially environmental and aims to revitalise the run down town centre - a regeneration need which is not possibly identified in a general index of relative

deprivation. Similarly part of the Hillingdon SRB spend is devoted to the Stockley transport model inter-change which would not feature in a general needs indicator. The Pendle scheme addresses manufacturing industry decline and low education attainment. The disaggregated Index of Local Conditions does indicate relatively high needs in these two areas but, in the average index, these are offset by relatively low housing related needs.

### **SRB funding in relation to local needs compared with previous urban policy initiatives.**

We have seen that SRB spending in its first three rounds taken together has been successfully targeted at the most severely deprived Local Authority Districts in England. All but 1 of the 99 most deprived districts (Harlow, number 83) received SRB funding and within this group the most severely deprived 20 districts (and 57 districts) received more SRB funding per head of population than the group with less severe deprivation. But SRB was also available to the 267 non-deprived districts in which overall deprivation was near to the English average or better. Many of these districts, although prosperous overall, have small pockets of deprivation or other special regeneration problems which need tackling. Small amounts of SRB spending has been successfully won by some of these districts. Only about 37 districts received no SRB funding over the three rounds taken together<sup>14</sup>.

In many respects therefore the SRB Challenge Fund has been highly responsive to the graduation of relative needs across the LA Districts of England. This contrasts with UDCs in which only 16 or so District Areas received funding, EZs in which perhaps 40 Districts were direct beneficiaries, City Challenge with less than 30 Districts affected and Urban Programme in which 57 Districts were assisted. In all these cases there were fixed boundaries so that only a small minority of Districts were designated for funding whilst all other Districts, irrespective of relative need, received nothing. The SRB regime appears to have been able to provide a flexible, responsive approach to tackling local area regeneration across the whole of England whilst, in broad terms, not compromising the targeting of resources in line with overall need.

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<sup>14</sup> These are Harlow, Cambridge, Wellingborough, Runnymede, Warrington, Vale Royal, Spelthorne, Sevenoaks, Crawley, Tandridge, Maldon, Rother, East Northants, Rochford, Mole Valley, Epsom & Ewell, Tonbridge & Malling, Reigate & Banstead, East Cambs, South Holland, Tunbridge Wells, Elmbridge, Castle point, Brentwood, Mid Beds, Colchester, Daventry, Horsham, Wealden, South Cambs, Uttlesford, Surrey Heath, Waverley, South Northants, Chelmsford, Huntingdonshire and Mid Sussex.

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