



Wales Centre for Public Policy
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Poverty and social exclusion: review of international evidence on neighbourhood environment

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Contents

Summary	4
Background	5
Introduction	6
Policy context	6
Evidence of policy effectiveness	11
Challenges and facilitating factors	19
Conclusion	20
References	22
Annex: Methodology	31
Acknowledgements	35

Summary

- Geographical concentration of disadvantage can lead to concentrated exclusion. Place-based policies have an important role to play, affecting a range of quality-of-life dimensions and experiences of economic, social and civic participation.
- These types of localised solutions are limited in relation to poverty reduction, suggesting they should not be considered in isolation of complementary national and regional policy around, for instance, housing, employment, education and social security.
- To make sure those who are disadvantaged benefit from local regeneration policies, clear equity and social inclusion objectives need to be set, together with adequate forms of evaluation and monitoring – growth and prosperity cannot be expected to organically ‘trickle down’.
- There are connections between neighbourhood environment and policy areas covered in other reviews, for instance:
 - **Digital exclusion:** Many strategies for urban regeneration have recently focused on leveraging the potential benefits of digitalisation. Strategies that support digital inclusion are required to reduce the risk of reinforcing existing inequalities.
 - **Household debt; Food insecurity; Fuel poverty:** Regeneration strategies can disrupt informal support networks (families, friends, neighbours) which play a critical role in mitigating vulnerability experienced by poor households.
- We conclude the review with some promising actions identified in the international literature, namely:
 - **Setting clear objectives in relation to poverty and social exclusion reduction** is important for regeneration efforts to make sure benefits reach the most disadvantaged and to avoid gentrification.
 - This calls for evaluations to be planned alongside interventions which **focus on distributional outcomes**, not only processes and outputs. Realistic timeframes and estimates of ‘social value’ should also be included.
 - **Community-led approaches** can mitigate the risks of gentrification but require proactive engagement of disadvantaged citizens in the community.

Background

The Wales Centre for Public Policy (WCPP) was commissioned by the Welsh Government to conduct a review of international poverty and social exclusion strategies, programmes and interventions. As part of this work, the Centre for Analysis of Social Exclusion (CASE)¹ at the LSE was commissioned to conduct a review of the international evidence on promising policies and programmes designed to reduce poverty and social exclusion across twelve key policy areas. This report focuses on neighbourhood environment.

The key questions addressed in each of the twelve policy reviews are:

- What effective international poverty alleviation policies, programmes and interventions exist?
- What are the key or common characteristics/standards and features of these different approaches?

The questions are addressed by providing:

- The Welsh context of each policy area and main initiatives being undertaken by the Welsh Government;
- Detailed information on the relationship between the policy area and poverty and social exclusion;
- A summary of evidence of lived experience, which could help to understand how people may experience and respond to policy interventions;
- An overview of the international evidence of policy effectiveness (including case studies); and
- Challenges and facilitating factors associated with policy implementation.

In addition to the twelve policy reviews, we have produced an overview report which summarises the key evidence from each of the individual reviews, highlights connections between different policy areas and reflects on all the evidence to make a number of policy recommendations, or promising actions, within each of the twelve

¹ The Centre for Analysis of Social Exclusion (CASE) at the London School of Economics and Political Science (LSE) was established in 1997. It is a multi-disciplinary research centre exploring social disadvantage and the role of social and public policies in preventing, mitigating or exacerbating it. Researchers at CASE have extensive experience in conducting policy reviews covering evidence in the UK and international literature.

areas. Please refer to the Annex for detail on methodology, including how the twelve policy areas of focus were chosen.

This work forms part of a suite of reports produced by WCPP as part of its work on poverty and social exclusion for the Welsh Government. As well as this work by CASE, there are two reports on the nature, scale and trajectory of poverty and social exclusion in Wales – one focusing on quantitative data and evidence, and a second focusing on lived experience evidence (Carter, 2022a; 2022b). WCPP also commissioned the New Policy Institute to conduct a review of international poverty alleviation strategies (Kenway et al., 2022) which examines overarching governmental approaches to tackling poverty.

Introduction

This review examines the international evidence on the effectiveness of neighbourhood environment interventions to tackle poverty and social exclusion. In particular, it focuses on area-based social and economic regeneration policies which often involve a combination of social initiatives, physical renewal (including housing renewal), local economic development strategies and community engagement.

Policy context

Area- and place-based policies have a long been part of UK policy making, and under Labour in the 1990s neighbourhood environment initiatives gained political priority. This period saw an increase in the scale of activity and funding for neighbourhood renewal, which became a mainstream, cross-departmental concern of the UK government (Lupton, 2013). Such policies were directly connected to an explicit commitment to tackle social exclusion (SEU, 1998).

In Wales, targeted area-based economic development activities (e.g. in areas such as Cardiff Bay, Barry Waterfront, the Valleys and North Wales) have a long history dating back to the 1980s. Communities First, a community-focused programme supporting the Welsh Tackling Poverty Action Plan, included a focus on neighbourhood renewal, and ran from 2001 to 2017. Welsh planning policy has more recently been centred around the idea of ‘Achieving Well-being Through Placemaking’ (Welsh Government, 2021). In line with the requirement of the Socio-Economic Duty, which came into force in March 2021, the planning policy recognises the need to consider reducing inequalities that lead to socio-economic disadvantage. Redressing economic disadvantage is understood as entailing an enhancement of

local employment opportunities, upgrading of the environment, and aligning jobs and services with housing and sustainable transport infrastructure.

Interest in regeneration of town centres and high streets has been central to policy making in Wales in the past decade, and changes to the retail sector are key to these debates (NAW, 2012). The retail sector was not affected uniformly by the Coronavirus pandemic and while online sales across the sector saw a yearly growth of 51.6% by August 2020, not all businesses were able to maintain and grow their activities by shifting to e-commerce (Welsh Government, 2020a). In the UK, online sales were shown to increase with business size. Only 45% of micro businesses utilise a website at all, compared to 84% of business with ten or more employees (ONS, 2019). While the Coronavirus pandemic appears to have accelerated the shift to online sales, this was nevertheless an existing trend that in the past decade has put substantial pressure on high streets and town centres. In the face of a radical transformation of shopping habits, retailers have had to adapt in different ways, for instance by closing physical stores, adopting a multi-channel offering and restructuring their workforce.

As a recent HCLGC (2019) report underscores, while in the past civic and community functions had a larger role in UK high streets, retail has become the dominant activity, thus strengthening the link between high streets' fortunes and consumer and economic trends. Independent service retailers whose services cannot be obtained online (e.g. barbers, beauty salons, shoe repair shops) have been faring better, changing the make-up of high streets and town centres (HCLGC, 2019). The report identified four challenges for UK high streets:

1. Too much retail space – both in terms of area covered and shop sizes;
2. Fragmented ownership, which poses a barrier to a coordinated response;
3. High fixed costs (e.g. business rates and rents); and
4. Business taxation – as business rates are a property-based tax, it is widely seen as giving a competitive advantage to online retailers that tend to pay lower rent per square foot and at a lower rateable value.

In relation to the first challenge, there are now widely shared calls to shift the anchor of town centres and high streets to make them more 'activity-based' – making them hubs of cultural, leisure and community interest – while also increasing residential occupancy (HCLGC, 2019). This is a direction that can also be recognised in Wales. For instance, a recent Welsh Government Economy, Infrastructure and Skills Committee (EISC) evidence paper stresses that:

“Town centres can no longer simply be places to shop. Town centres need to become places where people come to learn, to access public services, to support active lifestyles, to live, and to relax.” (EISC, 2018, p.1)

This includes identifying appropriate live-work residential units and more generally promoting a mixture of housing, retail, public and green spaces (EISC, 2018). The Welsh Government has also been active in relation to business rates, introducing a number of rates relief schemes for small businesses, and specifically for high streets, since 2017.

Regenerating and revitalising town centres is central to Wales’s Coronavirus reconstruction plans (Welsh Government, 2020b), which, acknowledging challenges, also recognises that the pandemic has led to changes to working arrangements, a greater focus on the local environment, and a sense of community, which can present opportunities to reenergise local economies and communities. A £110 million ‘Transforming Towns package’ and a ‘Town Centre First’ agenda prioritise measures to increase footfall by making sure the public sector locates services in town centre locations; repurposing vacant buildings and land; promoting green spaces; and improving digital connectivity. A number of grants have also been provided as ‘placemaking funding packages’, focused on the regeneration of town centres and allowing local authorities to decide flexibly on the most appropriate mix of interventions.

The approach is congruent with that supported in earlier schemes such as the Welsh Government’s Vibrant and Viable Places initiative (2013-2017), which provided the main framework for regeneration policy and focused on deprived town centres, coastal communities and Communities First clusters. European funds complemented and supported activities in this area – for instance through the European Structural and Investment Funds allocated to the Rural Development Programme. The Shared Prosperity Fund will, in part, replace European Structural Funds in 2022 but as it will be operated through a single UK-wide framework administered by the UK government, there is a much more limited role for the devolved administrations (Nice, Paun and Hall, 2021). Under the European Structural Fund more money was sent to the devolved nations than to England, and devolved administrations determined how and where to spend their allocations (Nice, Paun and Hall, 2021). Additionally, Welsh local authorities will also receive 5% of the first round of funding from the UK Levelling Up Fund, which includes £125,000 capacity funding per local authority to invest in local infrastructure, upgrade local transport, and invest in cultural and heritage assets (UK Government, 2021).

Relationship to poverty and social exclusion

Some areas see high concentrations of poverty, and the process of geographical concentration has been shown to have increased in Britain since the 1970s (Fahmy et al., 2011; Glennerster et al., 1999). This has been driven in part by economic restructuring and decline in key industries which interact with processes of residential segregation to generate 'spirals of decline'. In these scenarios decreasing area popularity and attractiveness coincide with growing environmental neglect, increases in crime and anti-social behaviour, and withdrawal of public and private services.

The geographical dimension of social exclusion has long been recognised, with a number of different possible measures, for instance:

- **'Width' of exclusion**, which refers to the number of people in a place experiencing deprivation in relation to at least one indicator;
- **'Depth' of exclusion**, which refers to the number of people in a place experiencing multiple forms of deprivation; and
- **'Concentrated exclusion'**, which refers to the concentration of disadvantages in particular geographical areas (Miliband, 2006; Levitas et al., 2007).

Planning policy has a key role to play because of the geographical distribution of opportunities and barriers that can exacerbate forms of exclusion (Turok et al., 1999). Within the Bristol Social Exclusion Matrix (B-SEM; Levitas et al., 2007), regeneration policies fall within the living environment domain, but are closely connected to others:

- By creating employment opportunities, they can foster **economic participation**.
- By investing in infrastructure, community and leisure activities they can **improve access to services and support social participation as well as boost social resources** (e.g. strengthening and expanding social networks that are narrowed by spatial segregation).
- Regeneration can further tackle other undesirable qualities associated with deprived or segregated areas (e.g. high crime rates, pollution), thus **contributing to quality of life** more broadly.

See the Annex for information on the B-SEM and its domains.

This is not to say that area-based strategies to tackle poverty do not face criticism. Long ago Peter Townsend criticised the whole idea of area-based strategies as

overlooking the structural national drivers of poverty and the role of broader macro-economic changes that localised strategies cannot address (Glennerster et al., 1999). Moreover, evidence of so-called ‘area/neighbourhood effects’ – the negative effects of living in deprived areas on residents’ life chances over and above the effect of their individual characteristics – is at best mixed (Bradshaw, 2004; Galster, 2012).

At the same time, as inequality has grown sharply in Britain and numerous scholars have pointed to increasing geographical segregation (Glennerster et al., 1999; Dorling and Pritchard, 2010), it has become clear that growth and prosperity are not equally shared and do not necessarily aid the most disadvantaged areas. Recently, the effects of territorial polarisation, especially between places that are thriving and capturing growth, and others that are experiencing decline and are caught in ‘development traps’, have been linked to political instability and the erosion of social cohesion and trust in democratic institutions (Rodriguez-Pose, 2020). These dynamics suggest that localised, place-sensitive investment and territorially differentiated interventions have an important role to play in relation to a range of dimensions of social exclusion.

Relationship to lived experience of poverty and social exclusion

Attachment to a local area is something that many studies focusing on the lived experience of residents in deprived neighbourhoods recognise. Despite the hardship and disadvantages associated with these areas, a sense of belonging and identity, local and familiar social resources and support networks are all important factors that prevent people from leaving (Batty et al., 2011; Corcoran, 2002). While processes of change, including greater residential mobility or diversity, are shown to decrease this sense of attachment (Livingston et al., 2010), regeneration projects which are removed from residents’ needs and fail to engage local communities may not only objectively erode necessary services and utilities (Foord, 2010) but also produce in residents an acute subjective sense of loss (Batty et al., 2010).

Even in cases characterised by forms of gentrification – the neighbourhood change which sees revitalisation processes in deprived areas resulting in the displacement of disadvantaged residents and local businesses – it is important to acknowledge that residents’ attitudes are often ambivalent: while forms of resistance are well documented, positive attitudes also exist, for instance recognising improved quality of amenities (Doucet, 2009). However, often underlying these positive attitudes among residents is a sense that area development was both not intended for them, nor that they were the prime beneficiaries of it (Doucet, 2009). Engagement with the

regeneration process is thus a key aspect that can in itself represent a form of social inclusion.

Evidence of policy effectiveness

Intervention	Strength of evidence	Effectiveness
Top-down, place-based approaches (e.g. planning and implementation related to housing development, business assistance, social service provision, workforce development)	Mixed (varying quality, seldom focused on effects on poverty)	Mixed (positive outcomes on a range of dimensions but also negative effects)
Bottom-up, community-led approaches	Generally weak evaluation	Effective

As outlined above, place-based regeneration strategies attempt to increase employment and educational opportunities for local people and improve a range of dimensions relating to quality of life (Galster, 2017). This can include the adoption of a wide range of activities and strategies, from economic and human development strategies, business assistance, social service provision and workforce development, to physical neighbourhood renewal. Some are small-scale neighbourhood projects and some are much larger multi-sectoral interventions involving a number of neighbourhoods and local areas. Programmes vary widely in terms of duration, funding levels and sources as well as governance structures. Most programmes are complex interventions unique to the targeted intervention area, based on multifaceted partnerships (Crimeen et al., 2017).

This review distinguishes between interventions that take a top-down approach (from the policy makers to the residents and the community) and a bottom-up approach (from the residents and the community to the policy makers). A top-down approach involves some level of centralised planning and implementation, often with direct involvement of governments or public institutions. A bottom-up approach would see a greater involvement of third sector and local community actors with a higher degree of decentralised planning and implementation. In practice, as the review will also illustrate, purely top-down or bottom-up approaches are rare, for instance because top-down interventions often try to build on multi-stakeholder partnerships and local

engagement, while bottom-up approaches rely on continued support from the government. Nevertheless, this distinction is useful to identify specific outcomes and challenges associated with each approach.

Top-down, place-based approaches

A number of studies review top-down place-based policies, predominantly from Europe and North America (Neumark and Simpson, 2014; Foell and Pitzer, 2020; What Works Centre for Local Economic Growth, 2016; Dobson et al., 2019). Such initiatives largely focus on improving employment and welfare outcomes in deprived areas, operating at different scales – examples are, for instance, enterprise zones, university-led regeneration, and initiatives resulting from discretionary grants (e.g. European Union Structural Funds).

In a recent systematic review of the US literature, Foell and Pitzer (2020) found that workforce and economic development interventions are generally more robustly evaluated compared to interventions focused on housing renewal or redevelopment, while more comprehensive (e.g. multi-component) initiatives are shown to be the least robustly evaluated. Overall, the review portrays a mixed picture in relation to different outcomes:

- **Poverty:** Less than a third of examined studies reported outcomes related to poverty, with largely non-significant effects. Some reported a reduction in poverty rates, while in some poverty was found to have increased.
- **Housing outcomes** (e.g. effects on property values, vacancy rates, homeownership rates, rental rates and prices): The literature consistently finds increases in property values but mixed evidence or non-significant effects in relation to other outcomes. Notably, this can be problematic in relation to poverty and social exclusion: on the one hand because of consequences on housing affordability (especially in the absence of boosts to employment outcomes for residents), but also because, if resources spent in these areas end up being capitalised via increased land values, benefits will accrue to landowners in targeted areas rather than to poor community residents (Kline and Moretti, 2014).
- **Employment outcomes:** A mixed picture emerges in relation to employment outcomes, with most studies reporting that interventions did not affect employment trends in target areas, largely failing to produce increases in employment. With regards to job creation, impacts were largely not significant, with some positive effects on new openings in target areas.
- **Income and earnings:** The picture is also mixed when looking at income and earnings, largely showing interventions to be ineffective at increasing incomes.

Foell and Pitzer (2020) found that half of the studies included in their review reported non-significant effects, and around a third found positive effects, with greater increases in relation to earnings and wages than incomes.

- **Other outcomes:** Population effects show increases in the percentage of long-term residents who remained in target areas, but there is also evidence of increases in higher educated, higher income and white residents and decreases of ethnic minority residents.

These findings resonate with those emerging from the vast academic literature on **enterprise zones** – the US and France being among the countries presenting the most significant body of evidence (Neumark and Yung, 2019; Reynolds and Ronin; Briant et al., 2019; Mayer et al., 2017; Ham et al., 2011; Busso et al., 2013; Neumark and Simpson, 2014; Freedman, 2013). Enterprise zones programmes target deprived urban and rural areas and neighbourhoods with interventions such as tax subsidies, public investments, or special rules and regulations attracting businesses or increasing incentives to hire local workers, with the aim of supporting social and economic regeneration.

Evidence of their effectiveness in relation to poverty and social exclusion is at best mixed, with many studies highlighting displacement effects (Freedman, 2012). Recent work has shown problems with the few studies that found positive results in relation to poverty reduction and employment benefits (e.g. Ham, 2011; Busso, 2013) with the selection of comparators, overestimating positive outcomes (Neumark and Young, 2019). There is evidence from enterprise zones in the US and initiatives resulting from EU structural funds that benefits often accrue to those who are better-off, higher-skilled or better educated (Reynolds and Ronin, 2015; Mohl and Hagen, 2011).

These are worrying findings in relation to the potential of these policies to reduce poverty and social exclusion, as increased property values and displacement of disadvantaged groups are associated with processes of gentrification. Detrimental gentrifying effects exacerbate social exclusion and are widely reported in connection to urban renewal policies, often effectively undermining efforts to benefit disadvantaged communities in deprived areas (Lees et al., 2008; Atkinson, 2004; Bridge et al., 2012).

Beyond economic participation and poverty, there is evidence of **positive effects of place-based interventions on other social exclusion outcomes**, such as improved access to services (e.g. in terms of availability but also in terms of awareness and engagement), and reduction in crime and harm (Hohl, 2019; Foell and Pitzer, 2019; Crew, 2020; Moore et al., 2014; Dobson et al., 2019; Crisp et al., 2016).

A number of factors impact the effectiveness of top-down interventions. These include **spillover effects**, where positive effects (e.g. in terms of employment, job creation) in targeted locations come at the expense of other locations (Hanson and Rohlin, 2013; Mayer, 2017). These policies are also shown to affect **different industries and employment sectors** differently, for instance because of varying job mobility across different sectors (Freedman, 2013). Mobility also matters to understand how **variability in effectiveness also depends on location**: higher levels of mobility and more elastic local labour supply (e.g. neighbourhoods within well-connected urban areas) are more likely to see higher rates of job creation and the establishment of new businesses, but this does not often lead to increases in earnings and come at the expense of displacement of existing firms and workers. By comparison, more isolated areas may not see similar levels of job creation but also see less displacement effects and lower increases in earnings (Briant et al., 2015).

A number of **challenges associated with the evaluation of place-based programmes** have been highlighted (Baum-Snow and Ferreira, 2015). For instance, when many deprived neighbourhoods are targeted by different initiatives (which is often the case), estimating the net impact of individual programmes becomes difficult. In assessing cost-effectiveness, multi-strand programmes often lack both information on the distribution of actual expenditures and specific evaluations of each strand of expenditure (What Works Centre for Local Economic Growth, 2016).

Bottom up, community-led approaches

Next we examine interventions that adopt a bottom-up approach and seek some level of participatory engagement with communities – not as mere recipients but as key, active stakeholders in place-based policy making. Emphasis on engagement of local stakeholders and community-led development has grown in popularity as this type of intervention is seen as having the potential to ameliorate challenges explored above in achieving equity and inclusion.

Firstly, it should be noted that many studies assessing these types of interventions produce descriptive assessments and case study reviews of initiatives (Burstein and Tolley, 2011; Crimeen et al., 2017, Kelly, 2016). In general, these studies do not focus on the effects of initiatives on poverty per se, and they seldom include an analysis of distributional outcomes (differential outcomes refer to the differential impacts on various disadvantaged groups e.g. people on low incomes, people with disabilities, people from ethnic minority backgrounds). Instead, studies often focus on identifying best practices; providing information regarding investment activities and programme outputs; describing experiences in partnership building; and detailing the history of how positive results were achieved.

These outputs and process assessments can however form the basis of large, cross-country programmes, for instance, as part of knowledge exchange, as exemplified in Case Study 1. Robust quantitative evaluations are rare, while a general lack of evaluation planning and a lack of focus on measuring programme outcomes create challenges in assessing the impact of bottom-up, community-led approaches on poverty and social exclusion (Clapham, 2014). Moreover, the varied number of interventions subsumed under a single programme are often coupled with an array of outcome measures that vary across studies. This makes general assessment of what works, and how and why interventions may have worked, complicated beyond individual cases.

This sits within a broader, intrinsic difficulty of measuring or quantifying community development work (Pearce et al., 2020). It has been noted, including in relation to Welsh programmes such as Communities First, that emphasis on standard quantitative assessments of outcomes can be detrimental to the delivery of community development work, with a potentially negative impact on the sustainability of community projects and their underlying goals (Pearce et al., 2020). Beyond standard evaluations, estimating ‘social value’ seems particularly important for these projects (e.g. including both subjective outcomes emerging from the experiences of community residents but also objective outcomes in relation to a range of dimensions from health to community safety, from supportive social and community bonds to the voice and control afforded to residents). A number of frameworks have been recently developed to assist in the assessment of social value, but these are yet to be used widely and consistently in the evaluation of community-led regeneration initiatives (Provan and Power, 2019; Lee and Lim, 2018).

Case Study 1: City networks and knowledge-exchange in Europe

In the last decade a number of European initiatives have created exchange and learning programmes focused on developing networks of cities and towns to transfer and disseminate good practice related to sustainable, inclusive development. Programmes such as URBACT² support the sharing and implementation of approaches to city and town regeneration which are focused on sustainability and participatory design and delivery (URBACT, 2021).

Impact evaluations of the overall programme show that its predominant influence has been on improving the personal knowledge of stakeholders

² <https://urbact.eu/>

directly involved in projects. Around a third of stakeholders also stated that URBACT had helped to improve management, co-ordination and governance issues linked to the delivery and implementation of urban development activities (Ecorys, 2015). There is some evidence that the programme contributed to positive outcomes in relation to physical environment, crime, community capacity building initiatives, and job creation (Ecotec, 2010). Much less focus has been placed on assessing effects on poverty. Evaluations also note the contrast between relatively good output information and lack of strong data and 'hard evidence' on results and impacts. URBACT's impact largely appears to be related to how stakeholders approach urban development, for instance in relation to 'intangible benefits' such as improvements in how learning is applied or the creation of outputs such as toolkits, new methods of measurement, new practices and 'ways of doing' urban development (Ecorys, 2015).

These exchange programmes have highlighted increased interest in community or neighbourhood enterprises in Europe. These are forms of community-based entrepreneurial activities to contribute to neighbourhood regeneration, which are owned, organised and led by communities. They deliver a broad range of goods and services, such as local community centres, and community owned/ led affordable housing, property management and consultancy (Montgomery et al., 2012; Kleinhans, 2017). Crisp et al. (2016) found positive results in terms of creating jobs for local residents and increasing income in the local economy, while the evidence on job quality and whether employment is taken up by disadvantaged households is more mixed. Community ownership (e.g. of building and spaces) and management of assets can contribute to job creation and support community enterprise, but there is evidence that more affluent areas are more likely to take up and benefit from these schemes (Varady, 2015). Moreover, efforts are often undermined by complex relationships with local public institutions that call into question the extent to which these organisations are effectively able to design and deliver their services in practice (Kleinhans, 2017). Durability – the ability of community enterprises to keep business running without failing – has also been identified as a challenge, which is dependent on strong social ties and networks within the community, entrepreneurial leadership and support by key institutional players (van Meerkerk et al., 2018).

Overall, while there is much to gain for cities and towns participating in these collaborative initiatives, attention should be paid to evaluation.

Participatory policies and processes are also important for strategic renewal planning that **promotes inclusion and prevents displacement and gentrification**. While to this end practices like promoting a mix of tenure housing, regulating tourist dwellings, tenant protection, and protection of local business (e.g. through the encouragement of business diversity and action on business rates) are important urban strategies, community involvement can also foster inclusion of local citizens in planning and co-designing public spaces or participatory budgeting (Council of Europe, 2020; Ellen, 2018). **As poor and disadvantaged citizens are more likely to experience barriers to participation, effective engagement strategies** will need to take into consideration community composition and dynamics, as simply ‘opening up’ deliberative spaces can lead to an over-representation of powerful actors, thus failing to create genuinely inclusive participation (Saguin, 2018; Thorpe et al., 2019).

Approaches involving **multi-lateral partnerships** across civil society can be time consuming and generate frustration and dissatisfaction with their length and complexity, or with their failure to meet often unrealistic expectations regarding delivery (McMorran et al., 2018). They can, however, generate a greater sense of community, with more social contact and community activity (Turcu, 2012). Community-led projects can further foster a sense of empowerment, which is connected to positive well-being outcomes and can be considered a goal in itself (Kearns and Whitley, 2020). Next to a greater sense of self-efficacy which can support further civic and political participation, authentic involvement can also improve participants’ skills and contribute to more responsive services (Milton et al., 2011).

Evidence on **small town regeneration** has highlighted a number of challenges associated with this type of initiative. Funding levels and capacity, in terms of the supply of skilled practitioners, are often scarce and while local public, third sector and private sector partnerships are essential, they often lack the support of adequate governance structures and face challenges of clashing priorities and coordination (Perkins et al., 2019). In these contexts, ‘benevolent entrepreneurs’, who are strongly place-attached and keen to invest locally, may have an important role to play. Their inexperience, however, often compounds the lack of preparation by local public services to take advantage of these partnerships (Levy et al., 2021). Effective governance is therefore essential to capitalise on the opportunities that partnerships with these actors can offer in areas that are often under-resourced and have little hope of engaging in substantial regeneration without such partnerships.

Interest in increasing the concentration of diverse activities in **‘mixed’ and ‘activity-based’ environments to contribute to town centre revitalisation** sits at the intersection of top-down and bottom-up approaches (Retailink, n.d; Kelly, 2016) – see Case Study 2 for an example. Community engagement in decision-making within

these projects is essential, because they ultimately depend on residents' responses to the local environment to fulfil their goals. International evidence of the effectiveness of these approaches in relation to poverty and social exclusion is scarce, largely relying on case studies with no clear impact assessment (Kelly, 2016). Because of the range of goals of these kinds of initiatives, and the priority often afforded to boosting local economy growth, it is all the more important from the perspective of benefitting disadvantaged residents that evaluations consider distributional outcomes and estimates of the initiatives' social value, including for those who are most vulnerable and excluded.

Case Study 2: Bottom-up mixed environments in France

The city of Lille in France is often considered an example of good practice for its holistic approach to urban renewal focused on improving quality of life across various dimensions (Provan et al., 2020). This is reflected in internationally recognised improvements in physical environment and public spaces, the quality and provision of social housing and the delivery and quality of city services (Provan, 2018). It has also adopted a number of bottom-up approaches, with a recent focus on 'mixed' and 'activity-based' environments.

The city of Lille has engaged in intense knowledge exchange to understand models adopted in other partner cities and is identified as an example of good practice in empowering neighbourhood partnerships for sustainable local development (URBACT, 2021). Innovative initiatives undertaken for city centre revitalisation, yet to be fully assessed, go beyond long-term planning to also stimulate immediate action. These include temporary use of derelict shops and buildings to encourage local entrepreneurs and community organisations to set up pop-up shops and businesses, but also skill sharing, recycling, and community meeting places. These initiatives are based on local participative planning and ideas and create footfall and interaction between local residents and communities.

Overall, this evidence speaks of the complexity of using local place-based initiatives to reduce poverty and social exclusion, suggesting that while these can play a complementary mitigating role, the extent to which benefits effectively reach disadvantaged individuals and households cannot be taken for granted. However, inclusive community-led programmes can mitigate the risks of gentrification by placing local community needs and experiences at the centre of development. Evidence also shows that the very process of engagement bears on a range of dimensions of social exclusion such as social and civic participation and widening access to services (Crisp et al., 2016).

There is also evidence that standard approaches to regional development have exacerbated the concentration of exclusion and decline experienced by some areas. There is a growing literature critiquing the way in which regional development, across Europe and including the UK, has focused on prosperous areas and cities, effectively leaving behind poor or declining places and towns, assuming that increased mobility and connectivity would allow people to share opportunities (Barca, 2009; OECD; 2009). Failing to take into account obstacles to mobility and overestimating the inclusionary potential of connectivity can increase territorial inequalities (Farole et al., 2011). This approach overlooks that factors supporting employment and economic growth more widely may not coincide with those that foster social inclusion and benefit specific regions (Di Cataldo and Rodriguez-Pose, 2017). This has consequences beyond economic outcomes, as it is shown to be linked to the alienation of citizens in left-behind areas, igniting resentment and undermining social cohesion (Rodriguez-Pose, 2020). Neighbourhood-level interventions thus need to be understood as embedded in these wider regional dynamics which affect the local economy beyond specific interventions, and which bear on the effectiveness of local programmes.

Challenges and facilitating factors

A summary of the challenges and facilitating factors relating to neighbourhood environment initiatives in addressing poverty and social exclusion is provided in Table 1.

Table 1: Challenges and facilitating factors

Challenges	Facilitating factors
<ul style="list-style-type: none"> Resources constrain the development of sustainable programmes and disadvantaged communities whose need for funding may be especially high find greater difficulties in securing it. Capacity challenges in terms of skills compound these disparities, as 	<ul style="list-style-type: none"> Robust evaluation, including of distributional outcomes (not focusing solely on processes and outputs), which include realistic timeframes (e.g. distinguishing between short- and long-term outcomes), should be planned alongside interventions. The lack

planning, acquisition and delivery are demanding processes with pressured timescales.

- Social and economic inequalities might hamper the capability of individuals to participate in community-led initiatives. This in turn undermines their inclusive potential and their ability to produce approaches benefitting the most disadvantaged in the community.
- Urban renewal initiatives can often result in displacement and gentrification. These phenomena are particularly damaging for those living in poverty due to their disruptive effects on social networks which play a key part in ameliorating issues such as food insecurity, fuel poverty or household debt, and social exclusion more broadly.

of robust statistics, standardised definitions and clearly defined outcomes to aid the evaluation of programmes is a widely recognised challenge in the field.

- Local partnerships between the public, private and third sectors are essential for any initiative attempting local social and economic regeneration. Clashing priorities in relation to the role of environment and community development in social inclusion can hinder collaboration and obstruct focusing these initiatives on poverty reduction – this can be especially problematic in contexts where local authorities have limited capacity and thus rely more heavily on local partners.

Conclusion

Geographical concentration of disadvantage can lead to concentrated exclusion, and place-based policies have an important role to play, affecting a range of dimensions of people's quality of life and experiences of economic, social and civic participation. The limits of these types of localised solutions in relation to poverty reduction suggest they should not be considered in isolation of complementary national and regional policy around, for instance, housing, employment, education and social security. To make sure those who are disadvantaged benefit from local regeneration policies, clear equity and social inclusion objectives need to be set, together with adequate forms of evaluation and monitoring – growth and prosperity cannot be expected to organically 'trickle down'. Community-led approaches have a role to play in ensuring development efforts are aligned with local needs, cultures and barriers, provided they succeed at generating effective, inclusive engagement.

Transferability to Wales

The Welsh Government's approach in this area has long recognised the importance of 'placemaking' solutions but also that strategic decisions require consideration for socio-economic disadvantage and tackling inequalities. This is important to ensure the benefits of regeneration strategies reach disadvantaged groups. Given the general quality of evidence in this field, there is a role for the Welsh Government to play in producing town-level data to produce robust assessments at the local level.

Promising actions

This section concludes with **promising actions** to consider in the Welsh context as emerging from the analysis of the international literature.

- 1. Clear objectives in relation to poverty and social exclusion reduction are needed** for benefits from neighbourhood environment interventions (resulting from job creation, local economy boosts, improved community participation and improved physical environments) to reach the most disadvantaged.
 - These objectives should avoid regeneration efforts further exacerbating social exclusion and displacement of the most disadvantaged citizens and households (for example through gentrification).
 - 'Activity-based' approaches attempting to regenerate town centres by creating mixed environments are promising but currently not robustly evaluated. **Evaluation** should be planned alongside interventions, which should include realistic timeframes (e.g. distinguishing between short- and long-term outcomes) and focus not solely on processes and outputs, but on **assessing distributional outcomes and effects on poverty, and estimating 'social value'**.
- 2. Community-led approaches** can mitigate the risks of gentrification by placing local community needs and experiences at the centre of development, **provided they succeed at generating effective, inclusive engagement**.
 - Proactive engagement of the most disadvantaged in the community and a focus on understanding and tackling engagement barriers are needed to achieve real inclusion.

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Annex: Methodology

Definition of poverty and social exclusion

For the purposes of this project it was agreed that a multidimensional concept of disadvantage, including social as well as economic dimensions, would be adopted. The Bristol Social Exclusion Matrix (B-SEM) (Levitas et al., 2007) provides the theoretical structure that underpins the selection of policy areas. The B-SEM uses the following working definition of social exclusion:

“Social exclusion is a complex and multi-dimensional process. It involves the lack or denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities, available to the majority of people in a society, whether in economic, social, cultural or political arenas. It affects both the quality of life of individuals and the equity and cohesion of society as a whole.” (Levitas et al., 2007, p.9).

It is structured around three main domains and ten sub-domains (see Table A1).

Table A1: B-SEM domains and sub-domains

A. Resources:	
A1: Material/ economic resources	Includes exclusion in relation to income, basic necessities (such as food), assets, debt and financial exclusion.
A2: Access to public and private services	Relates to exclusion from public and private services due to service inadequacy, unavailability or unaffordability. The range of services encompass public services, utilities, transport, and private services (including financial services).
A3: Social resources	Reflects an increasing awareness of the importance of social networks and social support for individual well-being. A key aspect relates to people who are separated from their family and those who are institutionalised.

B. Participation:

B1: Economic participation	Includes participation in employment – which is not only important for generating resources but is also an aspect of social inclusion in its own right. Whether work is a positive, inclusionary experience depends partly on the financial rewards it brings, and partly on the nature and quality of work. Work is understood broadly and includes caring activities and unpaid work.
B2: Social participation	Comprises participation in common social activities as well as recognising the importance of carrying out meaningful roles (e.g. as parents, grandparents, children).
B3: Culture, education and skills	Covers cultural capital and cultural participation. It includes the acquisition of formal qualifications, skills and access to knowledge more broadly, for instance digital literacy inclusion. It also covers cultural and leisure activities.
B4: Political and civic participation	Includes both participation in formal political processes as well as types of unstructured and informal political activity, including civic engagement and community participation.

C. Quality of life:

C1: Health and well-being	Covers aspects of health. It also includes other aspects central to individual well-being such as life satisfaction, personal development, self-esteem, and vulnerability to stigma.
C2: Living environment	Focuses on the characteristics of the 'indoor' living environment, with indicators of housing quality, inadequate housing and exclusion in the form of homelessness; and the 'outdoor' living environment, which includes neighbourhood characteristics.
C3: Crime, harm and criminalisation	Covers exposure to harm, objective/ subjective safety and both crime and criminalisation. This reflects the potentially exclusionary nature of being the object of harm, as well as the exclusion, stigmatisation and criminalisation of the perpetrators.

Notes: the descriptions of the sub-domains are the authors' understanding of what each sub-domain includes based on Levitas et al. (2007).

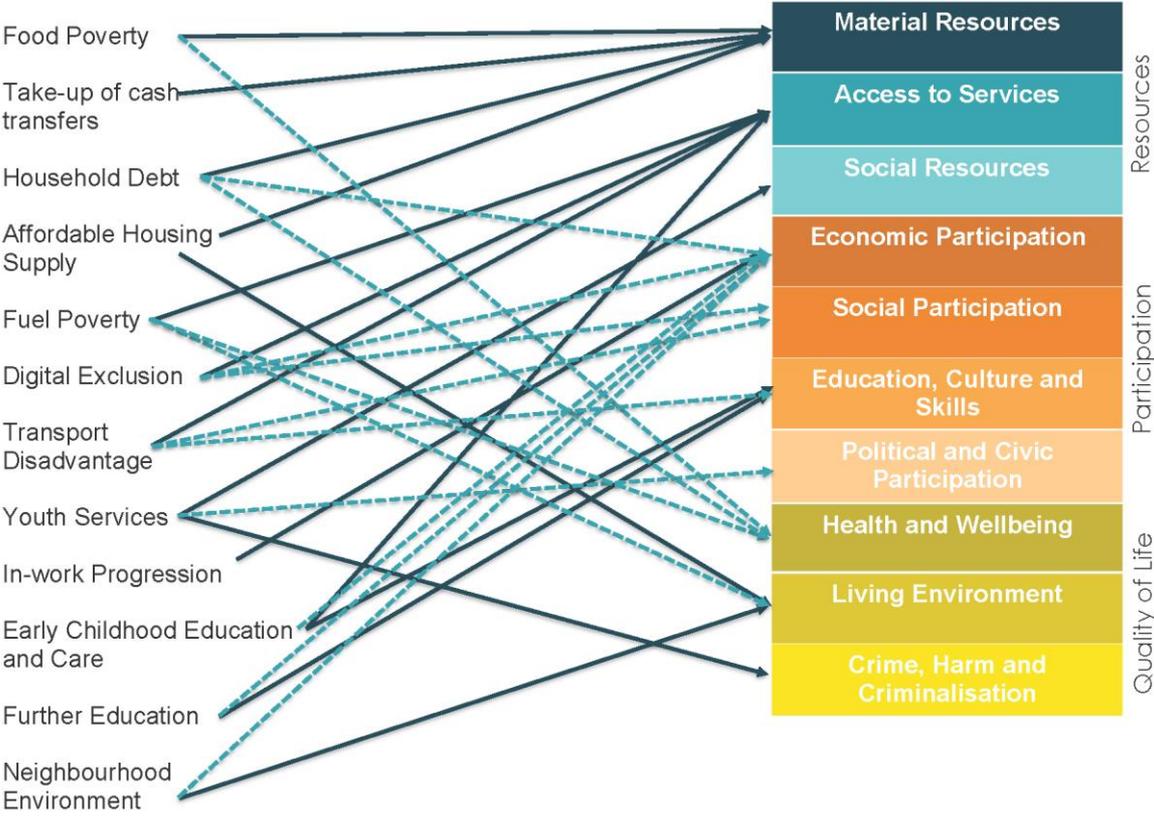
Selection of policy areas

The first step involved the research team identifying a long list of 40 policy areas with reference to the domains and sub-domains of the B-SEM. The long list was, in part, informed by a review of key trends in poverty and social exclusion in Wales, across the ten sub-domains, conducted by WCPP (Carter, 2022a); a consideration of the Welsh Government's devolved powers across policy areas; and meetings with experts. From this long list a shortlist of 12 policy areas was agreed. The shortlisting process took into account advice on priority areas identified by a focus group of experts, but ultimately the final list of 12 policies was selected by the Welsh Government.

The final set of 12 policy areas covers a broad spectrum within the B-SEM, and most are related to more than one sub-domain within the B-SEM (Figure A1). However, the final selection should not be considered exhaustive from a poverty and social exclusion policy perspective. This is because some important policy areas are not devolved to the Welsh Government and, therefore, were not included. For example, while adequacy of social security is a key driver of poverty the Welsh Government currently has no powers to set key elements of social security policy (e.g. rates and eligibility criteria for the main in-work and out of work benefits) and this is the reason why we focus on one aspect of social security, take-up of cash transfers, that the Welsh Government has power to influence.

Another factor was the project's scope and timescales, which limited the selection to 12 policy areas and meant that other important areas had to be excluded (for instance, social care, health care and crime). To make the reviews manageable, it was also necessary to identify a focus for each of the 12 policy areas. The research team identified a focus for each of the reviews on the basis of a brief initial scope of the research evidence and consultation with WCPP who, where relevant, consulted sector and policy experts. This means that there are likely to be additional policies which could be included in a poverty and social exclusion strategy by the Welsh Government *within* the 12 policy areas and *in addition to* the 12 policy areas reviewed.

Figure A1. The selected policy areas mapped to relevant B-SEM sub-domains



Source: prepared by the authors

Notes: The figure outlines the mapping of the 12 selected policy areas to the B-SEM matrix: bold lines show the relationship between each policy area and main B-SEM sub-domain(s), light dotted lines identify selected secondary B-SEM sub-domains the policies are related to (a full list of these ‘secondary subdomains’ is included in the specific reviews).

Review stages

In the ‘evidence of policy effectiveness’ section, while it was not possible to produce a full systematic review (although evidence from existing systematic reviews and meta-level analyses were included where available), a structured approach was adopted. This first involved an evaluation of the state of the relevant literature, focusing on whether effectiveness was assessed via methods standardly considered better suited to establish causality (e.g. on the basis of hierarchical grading schemes such as the Maryland Scientific Method Scale (Sherman et al., 1997) or the Oxford Centre for Evidence-Based Medicine’s (OCEBM) levels of evidence (Howick et al., 2011) such as randomised controlled trials (RCTs), meta-analyses of RCTs and other quasi-experimental studies. While RCTs are particularly powerful in identifying whether a certain intervention has had an impact in a given context, other forms of evidence, such as quasi-experimental and observational studies with appropriate

controls may be better suited, depending on the type of intervention, to establish the range of outcomes achieved as well as providing an understanding of distributional effects and allowing sub-group analysis (i.e. ‘for whom’ did the intervention work). In the process of assessing evidence, case studies were selected to further elaborate some of the key findings resulting from the review and to identify specific examples of promising policy interventions.

In a few areas, the literature review highlighted a lack of robust evaluations – the reviews underscore this and present the best available evidence found along with an assessment of the strength of the evidence. Where possible, an evaluation of the underlying mechanisms of change was also considered, allowing an explanation of not just whether, but why a certain intervention works, thus also facilitating the identification of challenges and facilitating factors, which is crucial in thinking about not just ‘what’ should be done but also ‘how’ it can best be implemented.

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- helped guide the identification of key policy areas;
- improved our understanding of the transferability of policies to Wales; and
- informed our consideration of implementation challenges and facilitating factors.

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