Understanding the different roles of deprived neighbourhoods: A typology

Research summary
Understanding the different roles of deprived neighbourhoods: A typology

Research summary
The findings in this report are those of the authors and do not necessarily represent the views of Communities and Local Government.
## Contents

Understanding deprived neighbourhoods 4

Why develop a typology? 4

How has the typology been developed? 4

The typology explained 5

How robust is the typology? 6

Test 1: Does the typology merely reflect levels of deprivation? 6

Test 2: Does the distribution of the typology fit expectations? 7

Test 3: Does the socio-economic composition in the types support this approach? 7

Test 4: Does the typology make sense for particular localities? 8

How far is socio-economic change explained by the functional roles of neighbourhoods rather than regeneration activity? 12

Should policy take account of spatial context as well as the levels of deprivation in specific LSOAs? 13

Do the different neighbourhood types imply the need for different spatial policy targeting? 14

Does the typology suggest the need for different policy responses in different areas? 15

Conclusion 16
Understanding deprived neighbourhoods

1. Deprived neighbourhoods are not identical; they differ in their social composition and they differ in the functional roles that they play in the housing market. While we know a good deal about compositional variation we know comparatively little about the functional roles of deprived neighbourhoods.

2. This research summary outlines development of a typology of neighbourhoods as one approach to explore these functional roles. A key element in better understanding the roles that deprived neighbourhoods play is clearly residential mobility – the flux of people into and out of deprived neighbourhoods – and this is what the typology is based on.

Why develop a typology?

3. Such understanding is important for policy and local strategy makers, since it is likely that the most appropriate types and levels of policy intervention in deprived neighbourhoods will depend in part on the roles that the different neighbourhoods play. More relevant and sensitive policies can be targeted at different types of local area if we have a robust typology of deprived neighbourhoods.

How has the typology been developed?

4. While the ideal way to explore this would have been to draw on longitudinal data that tracked the sequential moves of people and households, such data are only available for small samples of people. Therefore, the approach adopted here is to use the migration data from the 2001 Census. This provides rich information on where people lived in the Census year 2001 and one year earlier in 2000. We can therefore track the residential moves of migrants over the year 2000–01.

5. While this means that the data are now somewhat dated, they give us coverage of the whole population and they report addresses at the fine spatial scale of Lower Super Output Areas (LSOAs) each of which on average includes 1,513 people. In addition, we know that the functional roles of localities, in the main, change only gradually and over extended time periods.

6. Using the Index of Multiple Deprivation 2004 (IMD2004) scores for all 32,482 LSOAs in England, we can look at the predominant number of flows from and to each of the 6,496 of the 20% most deprived LSOAs in England to identify whether in-migrants move from more or less deprived neighbourhoods and whether out-movers move to more or less deprived neighbourhoods. If we assume that people share the characteristics of the

---

1 Because we know nothing about the types of neighbourhood from which international in-migrants come, the analysis has to exclude these flows.
LSOAs from which or to which they move, this gives us four ‘ideal types’ of flow into and out of deprived neighbourhoods (Figure 1).

**The typology explained**

7. We have developed a four fold typology – consisting of Transit; Escalator; Gentrifier and Isolate types of functional area. See also diagram overleaf.

8. **Transit** areas are deprived neighbourhoods in which most in-movers come from less deprived areas and most out-movers go to less deprived areas. Typically, this implies young or newly-established households coming from less deprived areas (such as their parental home) and starting out on the housing ladder. Their early choice of housing – and hence location – reflects their initially limited resources. For them, living in a deprived neighbourhood may entail only a short period of residence before they move elsewhere to a less deprived area as their careers progress.

9. **Escalator** areas are similar to Transits in that most out-movers go to less deprived areas, but in contrast to Transit areas most in-movers come from areas that are equally or more deprived. In this respect, the neighbourhood becomes part of a continuous onward-and-upward progression through the housing and labour markets. The moving households may be older than for the Transit areas since they would not necessarily be at the start of their housing career.

10. **Gentrifier** areas are ones in which there is a degree of social improvement since most in-movers come from less deprived areas and most out-movers go to similarly or more deprived areas. This could be seen as a form of gentrification. However it may or may not entail the kind of conscious process of markedly richer households displacing markedly poorer households envisaged by much of the literature that discusses gentrification (see Lees, 2000). Hence, there may be a case to use the term ‘improver’ rather than ‘gentrifier’.

11. **Isolate** areas represent neighbourhoods in which households come from and move to areas that are equally or more deprived. Hence they can be seen as neighbourhoods that are associated with a degree of entrapment of poor households who are unable to break out of living in deprived areas.
How robust is the typology?

12. The question immediately arises, how ‘real’ these four types of deprived neighbourhood are. Four tests have been applied to help establish the degree to which the typology is robust.

Test 1: Does the typology merely reflect levels of deprivation?

13. First, the four types are not simply related to the level of deprivation of each neighbourhood. Table 1 shows the values of the IMD2004 scores. Isolates – as might be expected – have a slightly higher average than the other types of neighbourhood, but the differences are very small and the most encouraging feature is that the maxima and minima are so similar across the four: highly deprived and somewhat less deprived scores are found across each of the four types. This suggests that the typology reflects functional roles rather than the degrees of deprivation in the neighbourhoods.
### Table 1: Index of Multiple Deprivation (2004) for the neighbourhood types

<table>
<thead>
<tr>
<th>Neighbourhood Type</th>
<th>Average</th>
<th>Standard Deviation</th>
<th>Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escalator</td>
<td>46.6</td>
<td>9.9</td>
<td>80.3</td>
<td>34.2</td>
</tr>
<tr>
<td>Gentrifier</td>
<td>47.7</td>
<td>10.5</td>
<td>78.9</td>
<td>34.2</td>
</tr>
<tr>
<td>Isolate</td>
<td>51.1</td>
<td>11.9</td>
<td>86.4</td>
<td>34.2</td>
</tr>
<tr>
<td>Transit</td>
<td>45.6</td>
<td>9.2</td>
<td>80.0</td>
<td>34.2</td>
</tr>
</tbody>
</table>

Note: higher scores signify higher levels of deprivation within the 20% most deprived LSOAs.

---

**Test 2: Does the distribution of the typology fit expectations?**

14. Second, the distribution of the four types across types of local authorities appears to fit expectations. For example, there are:

- High percentages of Isolates in conurbations
- High percentages of Transits in London, large free-standing cities, seaside resorts and rural areas
- Higher percentages of Gentrifiers in London and large free-standing cities than in other types of area; and
- Higher percentages of Escalators in conurbations, industrial & mining districts and in inner London.

**Test 3: Does the socio-economic composition in the types support this approach?**

15. Third, the socio-economic composition of the four accords with expectations. For example:

- **Churn.** Isolates include a disproportionately high percentage of areas with very low churn. Transits and Gentrifiers have disproportionately high percentages of areas with very high churn.

- **Housing tenure.** Isolates have a disproportionate percentage of LSOAs with a large proportion of social renters while Gentrifiers have a disproportionately large percentage neighbourhoods with low levels of social renting.

- **Ethnicity.** Non-white populations are markedly over-represented in Isolates, especially for Asian households.

- **Age profiles.** Isolates have a disproportionate percentage of 0–15 year-olds. Gentrifiers and Transits have disproportionately high percentages of 20–29 year-olds and very few 0–15 year-olds.
• **Occupation.** Gentrifier and Transit areas include disproportionately high percentages of employers, managers and professionals, and low percentages of routine and semi-routine workers. There are very few Isolates with very high percentages of employers, managers and professionals. Gentrifiers and Transits include significant percentages of LSOAs with over 20% of full-time students.

**Test 4: Does the typology make sense for particular localities?**

16. The most telling test of the typology is to look at the patterns on the ground. The geography of the four types of deprived neighbourhood appears to accord with local knowledge of the nature of local neighbourhoods. This can be seen in the examples of Merseyside, Greater Manchester and London.

**Merseyside**

17. In Merseyside, the great majority of deprived neighbourhoods (Figure 2) are Isolates, spreading across most of north Liverpool, and Speke-Garston in the south, south Sefton, Birkenhead and parts of Knowsley. Some Gentrifier deprived neighbourhoods are found in central and south Liverpool.

**Greater Manchester**

18. In Greater Manchester (Figure 3), there is a much smaller proportion of Isolates, concentrated in the areas to which regeneration initiatives have largely been targeted, that is north and east Manchester, Wythenshawe to the south of the city, and in the central parts of Rochdale and Oldham. Central and south Manchester and central Salford have numerous Transit and Gentrifier areas, reflecting the rapid growth of apartments, even by 2001. Salford has many Escalator areas. Transit areas are found in the more suburban parts of Stockport and Trafford and in parts of south-central Manchester.

**London**

19. London (Figure 4) shows a very different pattern, with a much larger proportion of Transits and Escalators, both of which reflect the pressures of the housing market in London and the consequent incentive for young families or ‘aspiring’ movers to seek cheaper housing in deprived areas in the east of London. The three eastern boroughs of Hackney, Tower Hamlets and Newham show interesting contrasts. In the first two, deprived neighbourhoods closer to the City have high proportions of Gentrifiers and Transits. But whereas Tower Hamlets has very few Isolates Hackney has a belt of Isolates along the line of the Lea Valley in areas more distant from the City. By contrast, Newham has a large proportion of Isolates, together with Escalator areas to the south, closer to the Thames.
Figure 2: Deprived neighbourhood types in Merseyside

LSOA Typology*
- Gentrifier
- Escalator
- Transit
- Isolate

*Hatched areas meet stringent criteria
Figure 3: Deprived neighbourhood types in Greater Manchester

LSOA Typology*
- Gentrifier
- Escalator
- Transit
- Isolate

*Hatched areas meet stringent criteria
Figure 4: Deprived neighbourhood types in London
Each of these patterns in the three conurbations appears to conform closely to local knowledge of the nature of the respective areas.

If this fourfold typology appears to make sense, some policy questions arise.

How far is socio-economic change explained by the functional roles of neighbourhoods rather than regeneration activity?

The logic of the typology – other things being equal – would lead to the expectation that Gentrifiers would improve as a result of asymmetric migration; Isolates would stagnate; and Escalators would (possibly) deteriorate. However, since most of the deprived neighbourhoods are targeted by regeneration initiatives, actual change might be expected to depend on the intensity and effectiveness of policy intervention in areas. We should therefore not expect there to be a simple consistent relationship between socio-economic change and the neighbourhood types.

This is explored in Table 2 which records the percentage changes in some key indicators of improvement in deprived neighbourhoods by functional type of deprived neighbourhoods. The pattern of change in low income accords with expectations (with the greatest improvement in Gentrifiers and the lowest in Isolates and Escalators).

On the other hand, changes in worklessness suggest that the greatest improvement has been in Isolates; and in educational performance the second greatest improvement has been in Isolates. Since the percentage improvements in worklessness and educational attainment in the deprived LSOAs have been greater than those for all English LSOAs, it appears that policy intervention has had some effect in narrowing the relative gap during a benign economic period and that this effect has reached some of the most intractable neighbourhoods.

<table>
<thead>
<tr>
<th>Table 2: Socio-economic change by neighbourhood type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Escalator</td>
</tr>
<tr>
<td>Gentrifier</td>
</tr>
<tr>
<td>Isolate</td>
</tr>
<tr>
<td>Transit</td>
</tr>
<tr>
<td>All English LSOAs</td>
</tr>
</tbody>
</table>
Should policy take account of spatial context as well as the levels of deprivation in specific LSOAs?

24. The government’s Framework for Regeneration helpfully suggested that sub-regional economic circumstances should be considered in thinking of the most appropriate types of policy responses. However, given the short-distance of most household migration as well as of job search, there may be a case for taking account of the immediate context of deprived LSOAs, as well as the wider sub-regional context.

25. Hence there may be merit in exploring the use of nearest-neighbour measures of deprivation as a guide to targeting regeneration policy. Figures 5 and 6 compare the patterns of deprivation suggested, first, by IMD2004 (which was designed to measure the circumstances in individual LSOAs) and, second, by using a measure of nearest-neighbour (to take account of local context). This is calculated by taking half the IMD value of an LSOA plus half the sum of the IMD values of its immediately adjacent LSOAs. The contrast is between a wider scatter of high values in the first map and a much greater clustering of high values in the second, thereby demonstrating the spatial concentration of deprived neighbourhoods in the major conurbations. If deprivation is worse in areas surrounded by other deprived areas, this contiguity effect deserves to be explored further.
Do the different neighbourhood types imply the need for different spatial policy targeting?

26. It would be too simplistic to argue that policy should focus only on Isolate (and possibly Escalator) areas since the neighbourhood typology is derived only from the patterns of those who move. In all the deprived neighbourhoods there is a large percentage of people who are ‘stayers’.

27. In Transit areas, for example, it may be that the inflow and outflow of relatively affluent households conceals the fact that the circumstances of stayers are little different from those in Isolate areas: that there is a through-flow of one type of household and a relatively immobile stock of much more deprived residents.

28. This would be only be the case if there was a significant difference between the socio-economic status of movers and stayers. This can be explored by looking at the educational qualifications of movers and stayers. In fact, there is relatively little difference between the rates of churn for less-qualified people in different types of district or different types of neighbourhood. The data suggest that the issue of ‘stayers’ may only be a real issue in some of the Transit areas in London.
Does the typology suggest the need for different policy responses in different areas?

29. The varying functional roles of the types of deprived neighbourhood suggest ways in which policy intervention might be tailored to different areas (Table 3).

<table>
<thead>
<tr>
<th>Neighbourhood type</th>
<th>Potential policy response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escalator</td>
<td>Policies to identify the needs of ‘stayer’ households.</td>
</tr>
<tr>
<td>Isolate</td>
<td>Full-on comprehensive policy interventions.</td>
</tr>
<tr>
<td>Gentrifier</td>
<td>Where displacement occurs there could be a need to address housing problems especially in adjacent neighbourhoods.</td>
</tr>
<tr>
<td>Transit</td>
<td>Policies to identify the needs of ‘stayer’ households, especially in London and the conurbations.</td>
</tr>
</tbody>
</table>

30. A second dimension may also be important: the variation in the overall rate of residential churn. Transit, Gentrifier and Escalator areas that have average rates of churn can be seen as neighbourhoods that are undergoing positive processes of change or are simply fulfilling a ‘normal’ role in the operation of the housing market. However, such neighbourhood types with very low levels of churn seem less likely to be playing such normal remedial roles and may represent special cases for policy intervention. Among Isolate areas, those with very low churn rates appear to present the most critical case of all; and the Isolate areas with high churn also seem to warrant high policy-on intervention. For all types of neighbourhood, those with excessively high levels of churn may also demand specific policies to tackle problems linked to the speed of change and the potential loss of social capital in the relevant neighbourhoods.

31. The degree and range of policy interventions that this implies are listed in Table 4.

<table>
<thead>
<tr>
<th>Neighbourhood type</th>
<th>Very high churn</th>
<th>‘Normal’ churn</th>
<th>Very low churn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escalator</td>
<td>Targeted intervention</td>
<td>‘Normal’ churn</td>
<td>General intervention</td>
</tr>
<tr>
<td>Gentrifier</td>
<td>Targeted intervention</td>
<td>‘Normal’ churn</td>
<td>General intervention</td>
</tr>
<tr>
<td>Isolate</td>
<td>General intervention</td>
<td>General intervention</td>
<td>Intense intervention</td>
</tr>
<tr>
<td>Transit</td>
<td>Targeted intervention</td>
<td>General intervention</td>
<td>General intervention</td>
</tr>
</tbody>
</table>
Conclusion

32. The typology appears to provide a valuable mechanism for understanding the different functional roles that deprived neighbourhoods play. It has the particular merit of offering a way of understanding the interplay between people and places, both of which need to be understood if policy is to identify and deliver the most appropriate types of intervention to the most deprived/neediest areas. While the concept clearly needs further truth-testing it suggests a series of valuable messages from which the future architecture of neighbourhood regeneration might benefit.