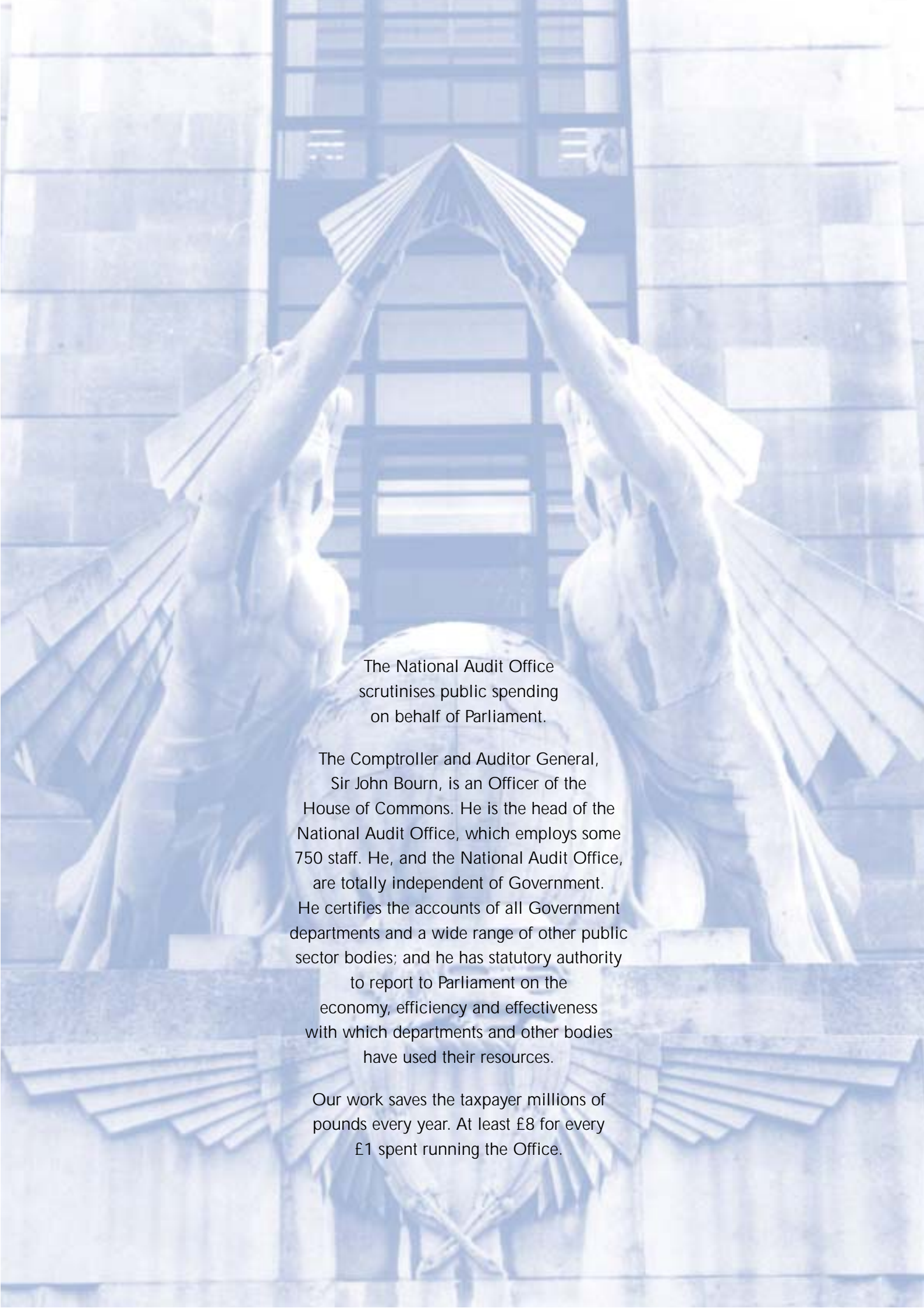


English Regions
**An early progress report on the
New Deal for Communities programme**

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
HC 309 Session 2003-2004: 11 February 2004





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English Regions

An early progress report on the New Deal for Communities programme



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
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This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

John Bourn National Audit Office
Comptroller and Auditor General 6 February 2004

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Our work in the English regions

Government is changing. Decision making is being decentralised to take account more effectively of the particular needs and opportunities in each English region. A range of regional institutions provides a framework for development.

- The role of the Government Offices in the regions has expanded so they now carry out functions on behalf of ten departments.
- Eight Regional Development Agencies and the London Development Agency provide strategic direction to economic development.
- Regional Chambers outside London scrutinise the work of the Regional Development Agencies and contribute to Regional Economic Strategies.
- The North East, North West and Yorkshire and Humber regions will hold referendums to decide whether or not to have directly elected Assemblies.

The National Audit Office is well positioned to help government meet the challenges of this new regional focus. We have audited the eight Regional Development Agencies since their establishment, along with the Government Offices and all the departments represented in them. We have embarked on a regional work programme that is tailored specifically to developments in the regions. This report is part of that programme.



Success in the regions
HC 1268 2002-03



Preface

The problems of deprived communities have been a focus of government policy for a number of years, and over the last decade specific steps have been taken to identify and target resources at the communities in England in greatest need. One of the main programmes supporting this aim is the New Deal for Communities (NDC) programme which was launched by the Office of the Deputy Prime Minister (the Department) in two stages - in 1999 and then a year later. The programme will see £2 billion invested over 10 years in 39 of the most deprived areas in England. Each neighbourhood has been required to establish new organisations to represent the interests of local people and to partner with delivery agencies to reduce the extent of crime, unemployment, poor health, low educational performance, and improve the physical environment.

The NDC programme represents a new approach to tackling deprivation which places communities at the centre of proposals for change, and puts responsibility for success in the hands of 39 newly established bodies called NDC partnerships. This report provides an early indication of the progress that has been made and the prospects for the future. In examining thriving and less successful NDC partnerships we identified four key determinants of success and assessed performance on this basis:

- Involving community members to identify priorities and to shape local delivery plans
- Establishing sound operating processes for each NDC partnership
- Building and sustaining relations with a broad range of local and national partners
- Designing sustainability into projects and ensuring that intended benefits are realised.

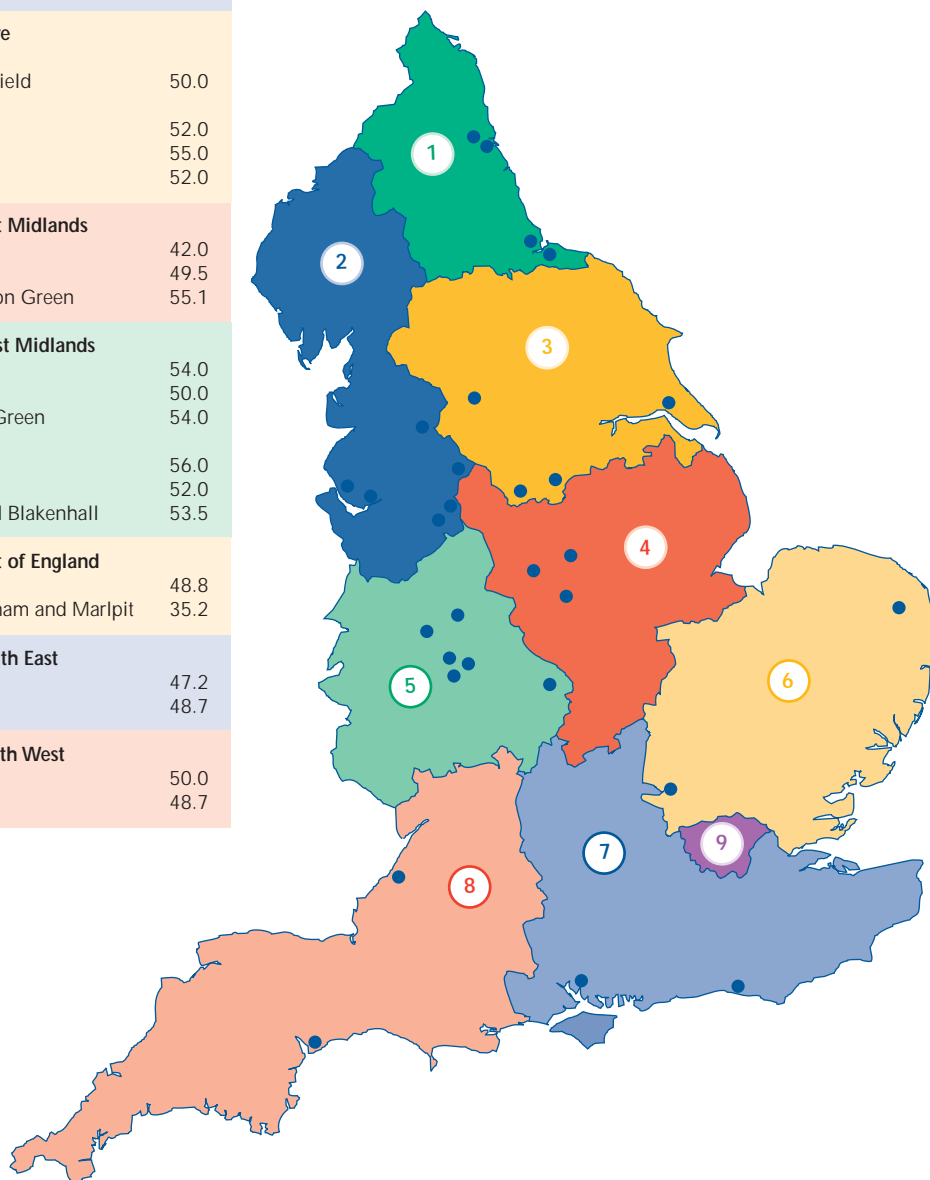
Against these we have found that:

- Community involvement has been effective but more efficient means of consultation need to be adopted. There has been strong community involvement which has helped to develop plans which reflect the priorities of local residents. This, however, has taken longer than expected and NDC partnerships need to develop quicker and more efficient ways of engaging community members.
- The operating processes established for many NDC partnerships are not, at this stage, sufficiently robust. Action needs to be taken to strengthen basic processes related to governance, financial reporting and project appraisal criteria.
- Encouraging delivery agencies (local and national government departments) to engage with NDC partnerships is difficult and partnerships have a mixed record in working constructively with them. The success of the NDC programme depends on NDC partnerships avoiding the temptation to 'go it alone' and more NDC partnerships should take positive steps to work in collaboration with mainstream bodies. Similarly, those delivery agencies who are not engaging well with NDC partnerships should review their opportunities to work with them and the communities they represent.
- Sustainability has been designed into most of the projects examined and there are early indications of some high potential projects. NDC partnerships, however, need to work at proving the likely contribution of each investment to funding partners and to members of the community. In those NDC partnerships where the accountable body has taken a risk management approach, programmes are progressing well.

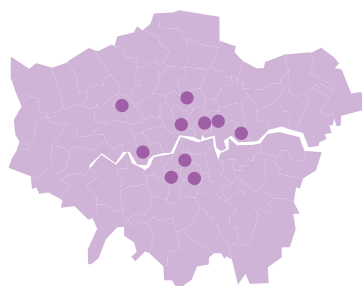
Location of the 39 New Deal for Communities and 10 year funding allocation

2	Government Office for the North West	£ million
	Knowsley - Huyton	55.8
	Liverpool - Kensington	61.9
	Manchester - Beswick & Openshaw	51.7
	Oldham - Hathershaw and Fitton Hill	53.5
	Rochdale - Heywood	52.0
	Salford - Charlestown & Lower Kersal	53.0
3	Government Office for Yorkshire and the Humber	
	Bradford - Little Horton, Marshfield and West Bowling	50.0
	Doncaster - Central Doncaster	52.0
	Hull - Preston Road	55.0
	Sheffield - Burngreave	52.0
4	Government Office for the East Midlands	
	Derby - Derwent	42.0
	Leicester - Braunstone	49.5
	Nottingham - Radford and Hyson Green	55.1
5	Government Office for the West Midlands	
	Birmingham - Aston	54.0
	Birmingham - Kings Norton	50.0
	Coventry - Wood End, Henley Green and Manor Farm	54.0
	Sandwell - Greets Green	56.0
	Walsall - Blakenall	52.0
	Wolverhampton - All Saints and Blakenhall	53.5
6	Government Office for the East of England	
	Luton - Marsh Farm	48.8
	Norwich - North Earlham, Larkham and Marlpit	35.2
7	Government Office for the South East	
	Brighton - East Brighton	47.2
	Southampton - Thornhill	48.7
8	Government Office for the South West	
	Bristol - Barton Hill	50.0
	Plymouth - Devonport	48.7

1	Government Office for the North East	£ million
	Hartlepool - West Central Hartlepool	53.8
	Middlesbrough - West Middlesbrough	52.1
	Newcastle - West Gate	54.9
	Sunderland - East End and Hendon	53.9



9	Government Office for London	
	Brent - South Kilburn	50.1
	Hackney - Shoreditch	59.4
	Hammersmith & Fulham - North Fulham	44.3
	Haringey - Seven Sisters	50.1
	Islington - Finsbury	52.9
	Lambeth - Clapham Park	56.0
	Lewisham - New Cross Gate	45.0
	Newham - West Ham and Plaistow	54.6
	Southwark - Aylesbury Estate	56.2
	Tower Hamlets - Ocean Estate	56.6



executive summary

- 1 During the course of the last decade, the government has placed emphasis on tackling the problems of deprivation and disadvantaged communities. The Office of the Deputy Prime Minister (the Department) defines communities as 'deprived' by reference to an Index of Multiple Deprivation (IMD) which takes into account income levels, employment, health, education, housing and access to services in each of the 8,414 wards within England. Communities that score in the lowest 10 per cent of the deprivation index endure conditions that, compared to the rest of the country, can be startling - for example, in these areas, unemployment levels are more than three times as high as the national average; twice as many people are dependent on means-tested benefits; three times as many children live in poverty; one million homes are derelict or hard to fill; and crime rates are significantly higher than in other areas, not only affecting the residents but driving businesses and employers away.
- 2 The task of 'turning around' deprived areas is difficult because the problems of deprivation are closely linked. For example, low levels of education and skills typically contribute to higher unemployment, which is linked to poorer health and child poverty. Children growing up in such conditions are statistically less likely to do well at school and more likely to find themselves consequently unemployed. There are significant social and economic costs to the country when deprivation becomes entrenched and lives on from one generation to the next.



- 3 Government efforts to tackle deprivation have taken two major forms - departments tailoring their programmes to target vulnerable groups, for example early educational initiatives such as Sure Start (managed by the Department for Education and Skills) and area-based initiatives focused on the places where deprivation is found. The major area-based initiatives have been the Single Regeneration Budget¹ and the Neighbourhood Renewal Fund both managed by the Department.

¹ Prior to the New Deal for Communities programme the Single Regeneration Budget (SRB) was the main source of funding for local area regeneration in England. Expenditure on the SRB programme varied each year between 1995/96 and 2000/01 but in total amounted to direct funding of £5.7 billion over 5 years. On 9 March 2001, the Single Regeneration Budget was subsumed within the Regional Development Agencies 'single pot' funding arrangement.

- 4 The New Deal for Communities (NDC) programme, the subject of this report, is one of the latest efforts to tackle deprivation. Its mandate is to 'narrow the gap' between deprived communities and the national average in five 'theme' areas of employment, education, health, crime, and the physical environment. Over a ten-year period, more than £2 billion will be invested in 39 of the most deprived communities in England (see page 2). The NDC programme marks a departure from previous area-based initiatives in terms of the significant level of funding involved, the length of the initiative, and the involvement of community residents. Unlike previous regeneration initiatives, elected community representatives are at the heart of the process in developing a long-term strategy and in helping to steer individual projects.
- 5 This report is about the first three years of the NDC programme and the indications to date of how well it is progressing. This report is intended to be constructive by highlighting good practice drawn from individual NDC partnerships and the lessons from less successful projects. We propose to return to this subject later in the programme to focus more explicitly on its achievements and impact on deprivation.



The design of the New Deal for Communities programme

- 6 Prior to 1998, the Department (previously the Department of the Environment, Transport and the Regions) ran a national bidding process to select eligible communities drawn from the lowest 10 per cent of wards in the Index of Multiple Deprivation. In considering which areas to focus the programme on, the Department looked at ensuring that there was a spread of recipient areas across England, that bids clearly set out long-term plans for their areas, and that there had been a sensible demarcation of the communities to receive funding. As a result the Department identified 39 communities from across England that would receive on average £50 million in direct funding over a ten year period.

- 7 Each neighbourhood comprised 10,000 people on average and was required to form a board of directors, to recruit a Chief Executive and delivery teams and to designate an 'accountable body', usually the local authority, to be responsible for ensuring proper financial management of each 'NDC partnership'. The Department has had oversight of each NDC partnership and keeps in close contact with developments through the nine regional government offices² located across England.
- 8 From the outset, NDC partnerships have been afforded a significant degree of freedom in deciding how best to approach the problems of their areas and this has been a defining feature of the programme. This has produced wide diversity in the strategies adopted and to date has led to a range of activities on the ground across the five theme areas of employment, skills and education, health, crime, and housing and the physical environment. For example, these include efforts to attract and support new businesses into the Bradford NDC neighbourhood, the construction of new school buildings to ensure they have a wider community role in Sunderland and improved street lighting in many of the NDC neighbourhoods to improve safety and to reduce crime and the fear of crime. **Figure 1** shows the roles and responsibilities of the main partners to the NDC programme.
- 9 Our examination of the programme and these arrangements has involved detailed analysis of five case study NDC partnerships, a survey of local service providers in all 39 areas (117 respondents in total), 15 focus groups involving 150 community residents, NDC board members and delivery staff, international comparisons, discussions with a wide range of stakeholders and a study of the national evaluation³ supporting the initiative.

Our findings

- 10 In looking at the task of regenerating poorer areas, and in particular by identifying lessons from thriving and less successful NDC partnerships, we identified four key stages (**Figure 2**) that NDC partnerships need to successfully move through to be able to deliver in later years:
- The first stage of **community engagement** is needed for NDC partnerships to understand the problems of local people, which may vary widely from place-to-place, and to involve them in the process of developing plans for their local area and building the NDC partnership. The risks of failing to do this well are that funds are directed to areas that do not benefit local residents and do not deliver services to those in greatest need.
 - Having developed strategies, and re-visiting them as experience grows, NDC partnerships need to establish effective **operating processes** which involve shaping an organisational structure, bringing together a board of directors and a delivery team and adhering to sound financial management processes. If NDC partnerships do not establish strong operating procedures there is a risk that monies will not be spent for the purposes intended or that value for money will not be secured in the process.

² Government offices, set up in 1994 and established in nine regions across England, report to the Department. Each office represents the interests of several different government departments. This approach is intended to make government services more readily accessible to the public and to encourage the adoption of a cross-departmental approach to policy and services.

³ In 2002 the Department commissioned Sheffield Hallam University to undertake an evaluation of the programme.

1 Roles and responsibilities of the main participants in the NDC programme

Community representatives

Role

- To represent the views and opinions of the NDC community and have full executive status on the Board.

Responsibilities

- Include identifying local needs in their areas, eg. crime, developing strategies, reporting these to the Board and, steering projects.

Government Office - Observer/adviser

Role

- Supervision and monitoring of the programme.

Responsible for

- Agreeing NDC partnership strategies and annual funding to the partnerships;
- Monitoring progress of the projects; and
- Assessing progress towards narrowing the gap in the 'theme' areas.

NDC Chief Executive

Responsible for advising Board and, development and management of projects.

NDC Chairperson

Usually elected by the community.

NDC Partnership Board

Role

- To co-ordinate and manage action to address deprivation in the theme areas in the Partnership community.

Responsible for

- Identifying community needs;
- Liaising with existing service providers in key theme areas;
- Developing and agreeing a long term and annual development strategy with Government Office;
- Procure and manage the delivery of projects to meet their strategies; and
- With the assistance of its accountable body, (usually the Local Authority), manage and account for the funds allocated to them by the Government Office.

Main local service delivery agencies

(Local Authority, Education Authority, Primary Care Trust, Police Force, Job Centre Plus)

Role

The roles of existing delivery agencies and the NDC partnership are subject to agreement between the Partnership and the delivery agency. Most NDC partnerships have invited a senior member of staff from each of the main agencies to sit as a director on their Partnership Board. This is usually a non executive role though not always. Agency representatives also often attend working groups in their theme areas assisting, in an advisory capacity, the development of NDC theme strategies and delivery of projects.

Responsibilities

The NDC community forms only a part of the main delivery agencies wider community responsibilities. NDC Partnerships often, but not always, work with the respective delivery agencies to:

- Increase the existing services already supplied by the agencies to the NDC community;
- Bring forward projects planned by the agency for the neighbourhood;
- Deliver additional projects identified by the NDC partnership.

Accountable Body

Partnerships were required to nominate an accountable body to act as their bankers and accountants. For the majority of partnerships this was their Local Authority.

Role and Responsibility

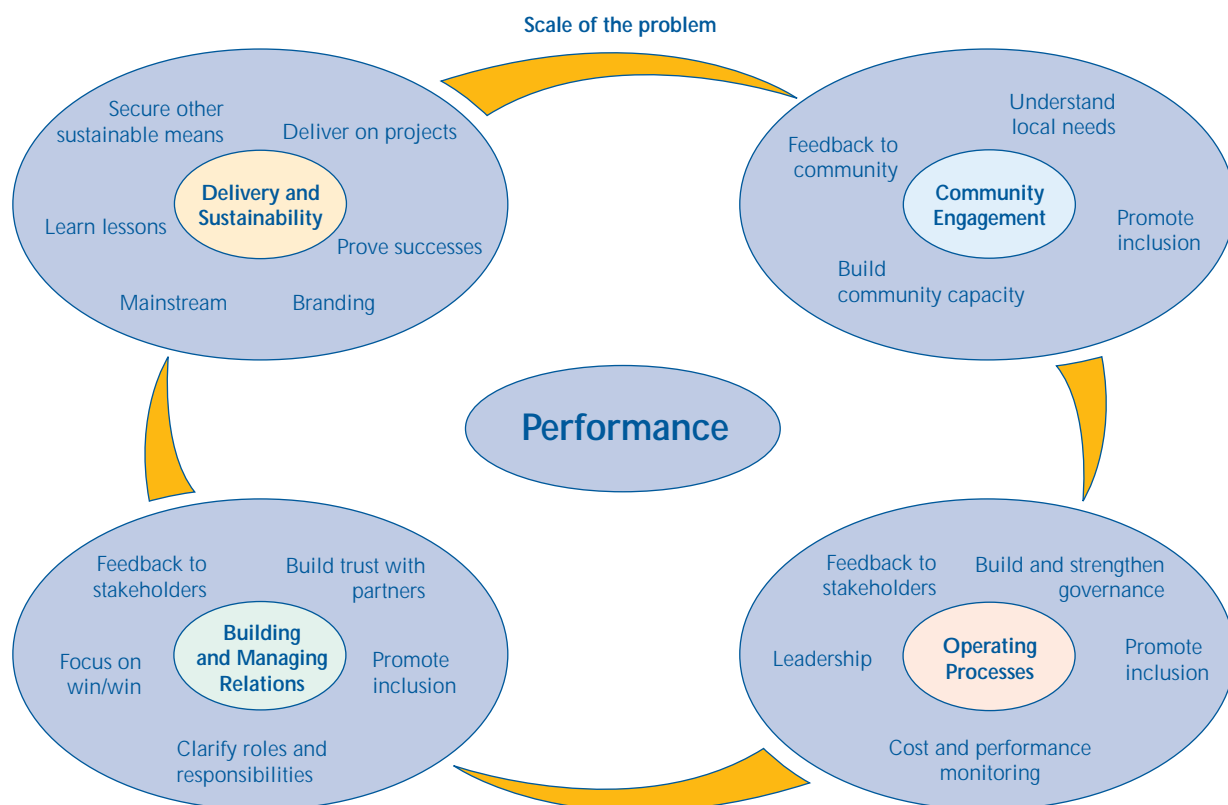
The accountable bodies are responsible for:

- establishing proper financial management, monitoring and, project appraisal systems; and
- any breach of grant conditions.

They are not responsible for managing the programme or taking strategic decisions.



2 Ingredients of success



Source: National Audit Office

- For NDC partnerships to then focus on delivering specific projects they need to work with partners and delivery agents and in doing so **build and manage relations** with a broad range of local and national organisations. Some of these bodies will help to steer progress, while others will be funded to deliver on behalf of the NDC partnership. Where NDC partnerships do not consult and work with partner bodies, they risk working against existing local area initiatives or failing to see opportunities for more efficient working arrangements with partner organisations.
 - Finally, as NDC partnerships move into their delivery phase, they need to focus on **delivery and sustainability** so that projects are designed with long term benefits in mind and so that progress is monitored and evaluated. Without designing sustainability into projects, the benefits of the programme may only live as long as the NDC partnerships that fund them. And unless progress can be monitored, evaluated and proven, it is unlikely that partners will be persuaded to continue investing in NDC projects.
- 11 This report is based around these ingredients of success. (Figure 2). Progress against each of these areas for the five case study NDC partnerships is shown in Annex 1 on page 18.

Engaging fully and efficiently with communities

- 12** The NDC programme has given a very strong emphasis to the role that community residents can play in changing their local area. Our analysis of the programme has shown that, on average, within each NDC neighbourhood 11 per cent of the community have actively engaged in NDC partnership processes to form local plans and to shape priorities. This amounts to almost 50,000 people having participated in the process in the 39 communities involved. This marks a significant shift in emphasis towards community participation compared to previous regeneration initiatives, such as the Single Regeneration Budget and other international regeneration programmes examined during the course of this work, for example in Harlem, New York and Berlin, Germany.
- 13** Adopting such a community-focused approach has distinct benefits for the residents in that projects can be focused on the local needs and conditions of each NDC neighbourhood. From our case study work and our examination of the national evaluation it is clear that this approach has presented challenges. Most NDC partnerships have had to work hard to strike a balance between involving community members, which takes time and resources, and delivering projects. The range of consultative mechanisms used have varied widely and have included surveys of residents, focus groups, newsletters, board meetings and consultative workshops.



- 14 Some NDC partnerships have found that the process of community consultation has delayed and sometimes replaced tangible results. The Treasury allocated some £800 million to the first three years of the programme before partnerships had drawn up their plans. For such an innovative programme, to spend 40% of the overall £2bn allocated to the first 3 years of an 11 year programme was over optimistic. NDC funds were therefore ring-fenced from the start, 100% end year flexibility was provided for the programme, and the whole programme was re-profiled.
- 15 During 2001/02 against a budget profile of £129 million, NDC partnerships had spent a total £81.5 million (63 per cent). This position for 2002-03 has improved, although spend is still lower (81 per cent) than expected. Following Treasury reprofiling of the 2002-03 budget provision this became 98 per cent. Failure to spend in line with early projections has led to tensions between community expectations and visible progress which, in some areas, has added to the need for further consultation, and often to delays.
- 16 The more successful NDC partnerships have communicated realistically with communities about the time that it takes to deliver results and at the same time have recognised the need to secure 'quick wins' in order to give momentum to the programme. NDC partnerships that have been more effective at community consultation have done so through selected community representatives and have typically consulted where there is a clear need to do so, for example, to get in touch with residents likely to be affected by specific projects such as the build of a new childrens' playground. The Bradford NDC partnership is a particularly good example of this, and has been able to consult with community residents quickly through small working groups led by elected community board members. NDC partnerships that have been more discerning about methods and the timing of NDC consultation have also been able to make investments more closely in line with government projections.
- 17 The challenge that all NDC partnerships face over the remainder of the programme is how to continue to involve and consult their communities fully but to do this efficiently. For many, this will mean re-thinking their forward communication strategies.

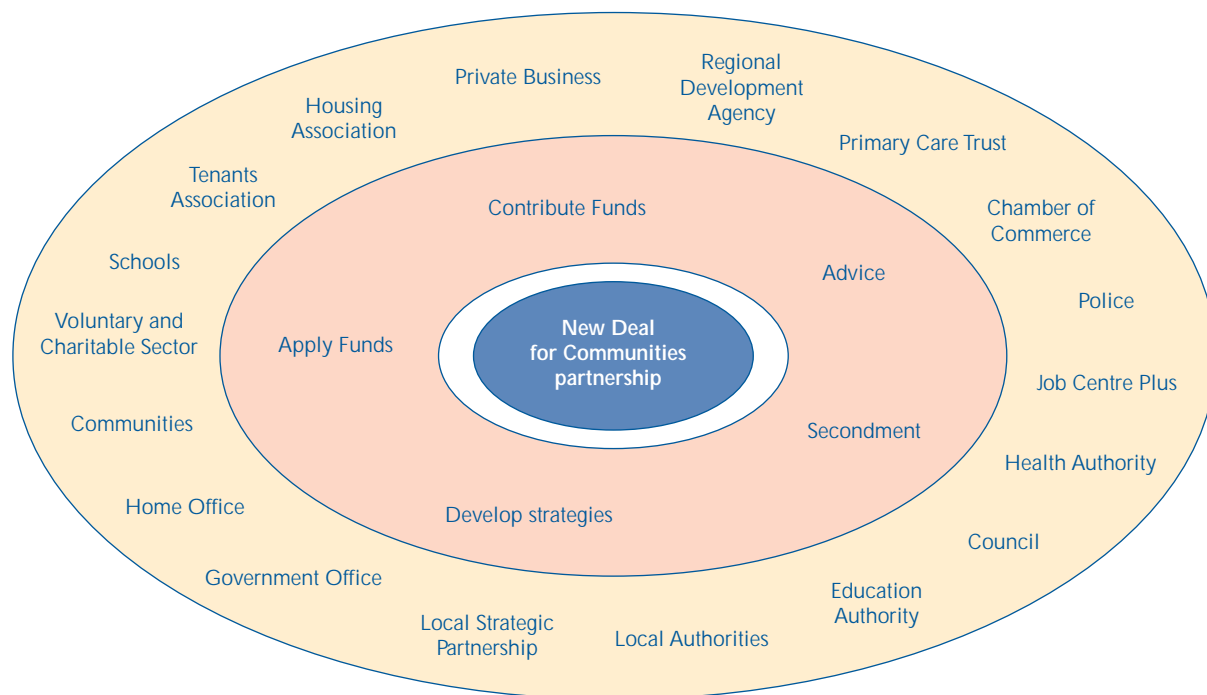
Establishing proper operating processes

- 18 The design of the NDC programme meant that all NDC partnerships had to be created from scratch. Delivery staff were recruited by partnerships to develop and manage projects and local consultation exercises. Chief Executives have been employed to direct the delivery teams and boards of directors have been formed in the majority, from local residents and from a mixture of service providers, topic experts and the local authorities. Under guidance issued by the Department, NDC partnerships have also had to establish governance arrangements, basic financial reporting regimes and decision-making processes.
- 19 Effective operating procedures established by NDC partnerships are important for a number of reasons. Good decision-making procedures can ensure that the best use is made of limited resources and can encourage community 'buy-in' and ownership of NDC projects. Clear 'conflict-of-interest' declarations and financial reporting systems help to demonstrate accountability to residents and give confidence to would-be investors in NDC partnership work. Effective communications adopted by an NDC partnership can help residents, partners and government alike to share in the progress of the programme and to build support for later years.

- 20 Our examination has shown that approaches to establishing NDC partnership operating processes have varied widely. Many NDC partnerships have taken a long time to agree and implement some important, basic operating conditions such as Registers of Interest, protocols for meetings and project appraisal criteria. At a national level, because NDC partnerships have opted for different financial reporting systems, it has been very difficult, even two to three years into the programme, for the Department and the national evaluation team (commissioned by the Department) to establish basic spend and performance data on projects related to health, education, crime, unemployment and the physical environment. This is of some concern and although not a problem in all NDC partnerships, it is sufficiently widespread to make this a priority for the Department to deal with.
- 21 As a direct result of this, we found in our case study NDC partnerships that where there had been poorer operating processes, there had been:
- Project delays caused by lengthy discussions to clarify project approval criteria
 - Cynicism within communities that fair and proper processes were not being applied
 - The disengagement of potential delivery partners who were wary of decision-making processes
 - The risk that monies were not being spent well.
- 22 The Department has recognised the risks associated with allowing for the creation of 39 different organisations governed by different financial regimes and operating conventions. During the course of the programme, particularly in these early years, the Department has worked at striking a balance between direct intervention in the operation of individual NDC partnerships, and working with their accountable bodies and regional government offices to support weaker NDC partnerships in tightening their systems. To date the Department has had to intervene in four NDC partnerships to insist on changes in leadership or the decisions that have been made. By working with partnerships and accountable bodies to clarify and strengthen basic operating processes, the Department should be able to avoid having to do this in the future.



3 Most New Deal for Communities partnerships work with a range of partners



Source: National Audit Office

Building and sustaining constructive relations with partners

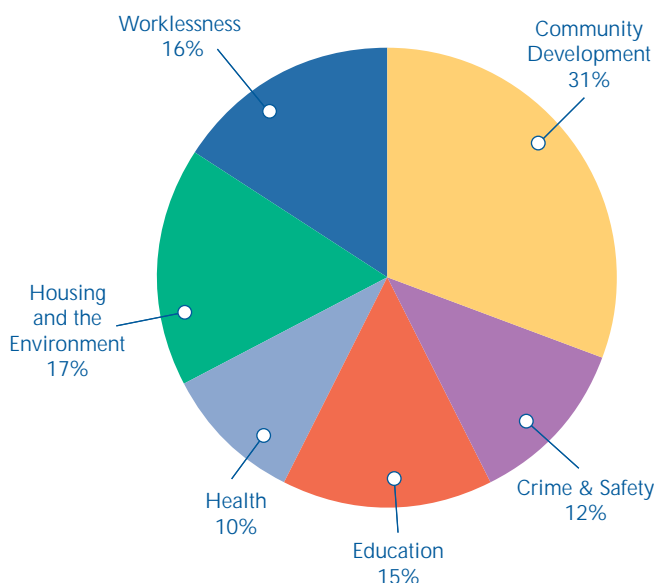
- 23 With a mandate to focus on crime, education, employment, health and the physical environment, each NDC partnership has been encouraged to form and maintain good relations with a broad range of local and national bodies (Figure 3). The basis of these relations have varied. For example, to share in the design and funding of specific projects, NDC partnerships have worked with local service providers such as Primary Care Trusts and Police Forces; and to draw on the knowledge of expert groups they have partnered with organisations such as voluntary sector bodies, tenants associations and private business.
- 24 Our survey of 117 local service providers in NDC neighbourhoods showed that close to one half (41 per cent) considered NDC partnerships to have been very or extremely influential with regard to their own policies, plans and services. Conversely, only 16 per cent of local service providers had not been materially influenced by their NDC partnerships. The contribution that NDC partnerships have made have ranged from collaborations with higher education institutions to improve accessibility (Kings Norton NDC partnership) to working with police forces to better target drug prevention strategies (Bradford NDC partnership).
- 25 Our examination also highlighted NDC partnerships that have opted for a narrower partnership strategy and have encountered difficulties as the programme has developed. A key area of difficulty has been where NDC partnerships have disengaged from local authorities and met resistance where their objectives have not complemented local authority priorities.

- 26 Our 15 focus groups with 150 people comprising residents, members of NDC boards and NDC delivery teams highlighted tensions between NDC partnerships and local authorities. A commonly reported difficulty related to the accountable body role, which in the majority of NDC partnerships is fulfilled by the local authority. In designing the accountable body role, the Department provided direction and an indication of what it should involve, for example, budgetary oversight and a responsibility for governance. Interpretation, however, and application of the role has varied widely leading to the situation where some accountable bodies have engaged in operational 'micro-management' while others have acted largely as a banking facility through which money is channelled. Neither approach is satisfactory and the Department recognises that what is required is a re-definition of the accountable body role, expressed more clearly in terms of a risk management function.
- 27 In all of this, the role of the regional government offices has been important and has evolved during the course of the programme from the early stages of community consultation to the establishment of boards. Where service providers, or potential providers, are not fully engaged in a constructive dialogue with NDC partnerships Government Offices should adopt a more facilitative function which should be handled at senior levels. This will help to engage and cement relations between the key partners and accelerate investment in, and results from, the NDC programme.

Delivering sustainable results

- 28 The programme is in its early stages and much of the work to date has been focused on developing communities and working with them to shape local delivery plans (Figure 4). At this stage in the programme, it is too early to measure the outcome of individual projects since many of them, in particular capital works, have yet to reach their completion dates. Our analysis has looked at the views of local delivery agents, the steps taken to build-in sustainability to projects and the initial impact, where available, on performance data, for example covering crime rates.

4 During 2001-2002, almost a third of the number of projects identified in NDC delivery plans were aimed at community development



Source: National Evaluation, Sheffield University

29 Our analysis indicates from Figure 4 that the programme is focused on issues that matter to agencies seeking to reduce deprivation. Encouraging delivery agencies, however, to engage with NDC partnerships is difficult and partnerships have worked hard to gain their attention and support. Our survey of 117 local service providers showed that some 65 per cent of them regarded their NDC partnership as having been at least 'quite' effective at helping to address the areas of crime, health, education, employment and education; and just over a fifth (21 per cent) felt their NDC partnership had been 'very' or 'extremely' effective. At this stage, this is very encouraging and suggests that prospects are good.



30 Looking to individual projects as part of our case study examinations and the national evaluation, we identified many examples of good practice in terms of sustainability and the impact on performance indicators, these include:

- **East-West bus route in Shoreditch project funded by the Shoreditch NDC partnership** was designed to meet a local need for residents to travel across their area to go to work, to travel to health services and to more easily attend local colleges and schools. After an initial period of one year, Transport for London monitored usage levels and were so confident of its contribution to the area that they permanently incorporated it into their own services, providing fully-sized buses for the route and increasing the service frequency to four buses per hour.

- **'Bobbies on the beat' project supported by the Devonport NDC partnership** is intended to help reduce crime and the fear of crime in the Devonport area. The NDC partnership and the Devon and Cornwall constabulary have joint funded (two thirds; and one third respectively) a dedicated and highly visible police unit to patrol the NDC neighbourhood. This approach to neighbourhood-focused (instead of wider area) policing has been well received by the Devon and Cornwall constabulary and they have begun to adopt this policing strategy for the whole area. Compared to 2001-02, recorded crime in the Devonport NDC neighbourhood (measured in incidence per 1,000 population) rose 3.4%, while Plymouth saw an increase of 29%. Initial indications are that this project will continue to make a measurable impact on crime rates.

- **The current 'Living Street' project funded by the Bradford NDC partnership** followed a major planning exercise to enable residents to walk across most of the NDC neighbourhood in a well lit, safe and visually engaging environment. In funding projects related to this such as childrens' playgrounds, the Bradford NDC have secured agreement with the Local Authority to take on responsibility for the upkeep and maintenance of common areas. This will help the project to be sustainable over the longer term.



31 Looking to the remaining seven years of the programme, our examination of case study NDC partnerships and international regeneration programmes suggests that sustainability might also be improved by:

- Investing still greater effort in connecting unemployed residents of the NDC neighbourhood with the wider labour market. This is a key means of securing long term benefits. Our examination of the Empowerment Zones programme in Harlem and the Bronx, New York, highlighted that for an investment of £83 million (half of which represents loans) over 5,000 jobs for people in deprived areas had been created.

- Giving more emphasis to demonstrating delivery successes, in order to sustain the momentum and degree of community engagement. In Andhra Pradesh, India, slums that had received funding from the Department for International Development routinely produced 'before and after' images powerfully demonstrating achievements and the return on investment. This has encouraged continued support and funding from local and national governments.
- Efforts to simplify and aid the evaluation processes and to standardise comparisons between NDC partnerships on a like-for-like basis. This is an important mechanism for identifying and sharing good practices. This has been greatly assisted by the Department's recent efforts to undertake a performance management assessment of progress on a simple but consistent basis.

Overall conclusions

- 32** Our examination of the programme in its early phases has shown that progress has been made and that the NDC programme holds the potential of being an important part of the Government's objective to 'narrow the gap' between communities within England. The Department's decision to adopt a highly community-orientated approach to regeneration brought with it substantial challenges in the early years of the programme. But it has brought with it the significant benefit of ensuring that responses are grounded in the needs of communities and as a result are more sustainable over the long term.
- 33** Slower spending than expected in the early years of the programme, and tensions due to some weaker governance and oversight arrangements have reflected the inevitable need for learning inherent in the application of a new, 'community-centred' model of regeneration. Providing that the Department and NDC partnerships grip these problems, prospects for the remaining phases of the programme will be good.



RECOMMENDATIONS

In taking steps to secure the success of the NDC programme we have the following recommendations for the Department:



- 1 **There is a lack of standardised basic financial reporting arrangements across NDC partnerships.** The Government intention for a flexible programme responsive to local conditions has, in part, resulted in NDC partnerships developing diverse accounting and management support systems. This lack of consistent accounting systems has constrained Departmental assessment of the NDC programme. **The Department should ensure the recording of basic financial information, such as spend within each theme area, on a more consistent and comparable basis. This might include establishing and disseminating a financial reporting framework for all NDC partnerships to use.**

- 2 **Relations between NDC partnerships and local authorities have become strained in many communities.** Most of the 39 NDC partnerships are using their local authority as the accountable body. Weaknesses in the definition and understanding of accountable body roles, at the start of the programme, have led to mistrust on the part of some local authorities and NDC partnerships. In those NDC partnerships where the accountable body has taken a risk management approach, programmes are progressing well. For other NDC partnerships, a more restrictive, interventionist approach has limited innovation and the potential for success, particularly at the project level. In some instances, accountable bodies have imposed project approval and funding assessment procedures from previous regeneration programmes that are overly bureaucratic or sophisticated for small scale projects. **The Department should define, clarify and standardise the accountable body role, and in particular:**
 - **Accountable bodies should be encouraged to adopt a risk-management approach rather than direct and close supervision of operational matters.**
 - **Governance arrangements should be urgently reviewed and strengthened for individual NDC partnerships.**

- 3 **Engagement of senior level government office staff is vital to NDC programme success.** NDC partnerships need to engage with local agencies to help tackle deprivation in their areas. Senior government office staff have the requisite skills, connections and influence to help broker opportunities for NDC partnerships to engage with key local stakeholders in reducing deprivation. **The Department should consider how best to arrange for government offices to give more senior level support to the programme, in particular to assist NDC partnerships in forging positive working relations with local and national bodies. This might include re-organising government office teams dealing with the NDC programme, so that there is greater senior level representation.**

- 4 **It has been difficult to assess the performance of the NDC programme.** Inconsistent performance evaluation and differences in project approval and implementation processes amongst NDC partnerships has led to difficulties in the identification and dissemination of good practice in tackling deprivation. **The Department should introduce a standard system for performance data recording so that comparisons between NDC partnerships can be made on a like-for-like basis. In particular, the Department may wish to require from the national evaluation team, a simplified and more consistent reporting approach to progress.**

We have the following recommendations for NDC partnerships:

- 5 **Because community engagement is an unrelenting task, new and better ways of engaging communities need to be found.** NDC partnerships are working with a diverse mix of community residents to improve deprived neighbourhoods. Genuine two-way communication with the 10,000 residents of a typical NDC neighbourhood has been more successful in some NDC partnerships than others. NDC partnerships are working hard to deliver programme results whilst at the same time trying to involve community members for example, to help define local problems. Balancing these two sets of demands on the time of NDC Boards (community consultation v project delivery) has proved difficult and the more successful NDC partnerships have been able to adopt effective but efficient means of community engagement. **NDC partnerships should review their communications strategies with residents and in doing so identify more efficient methods of engagement. This might include greater use of community representatives to gauge the views of residents and research to establish the impact of different channels of communication on community members.**
- 6 **Building good relations with stakeholders assists strong NDC partnership performance.** The disadvantages that NDC neighbourhoods face require comprehensive solutions from key stakeholders such as local authorities, the police, education authorities and primary care trusts. Higher performing NDC partnerships have recognised the need for a broad-based partnership strategy and have taken steps to ensure their plans complement the plans of local bodies, in particular local authorities and delivery agencies. This positive approach to partnership working needs to be adopted more widely amongst the NDC partnerships. **NDC partnerships should resist the temptation to 'go it alone' and work hard to maintain constructive relations with local and national bodies, in particular local authorities. And, those delivery agencies who are not engaging well with NDC partnerships should review their opportunities to work constructively with them and the communities they represent.**
- 7 **The exploitation of 'win-win' opportunities is a powerful determinant in NDC partnership success.** Successful NDC partnerships are committed to talking and working in strategic ways with local agencies to fund jointly projects that impact positively on their neighbourhoods. They have recognised that the NDC partnership and participating partners benefit from collaborative endeavours. This "I want to win and I want you to win too" approach results in NDC partnerships and partners making progress against respective programme targets, and enhances the NDC programme's potential for success. Win-win projects are benefiting NDC neighbourhoods through greater project funding and mainstreaming opportunities. **NDC partnerships should actively seek out opportunities to achieve 'win-win' gains with potential partners.**
- 8 **There is a lack of basic financial and performance reporting data across NDC partnerships that hinders their ability to demonstrate effective delivery and performance.** This has compromised partnerships' ability to monitor their own performance and to draw comparisons and learn lessons from each other, while also simplifying the tasks of accountable bodies, government offices and the evaluation team. **NDC partnerships should work with the Department to ensure they strengthen their performance data systems.**
- 9 **Exclusion from work is damaging for individuals and NDC neighbourhoods.** NDC neighbourhoods are characterised by high unemployment rates and low-income households with a dependence on state benefits. Residents need and seek work but may be denied opportunities to get a job for various reasons such as limited local business enterprise, poor education, inadequate childcare facilities, ill-health or disability. Some NDC partnerships are tackling worklessness by building resident skills through training opportunities and grasping the business engagement challenge. They are working with chambers of commerce and local industry to encourage enterprise that benefits companies, the community and job seekers. The evidence from international case studies indicates that employment is key to securing long term benefits. **NDC partnerships should step-up efforts to connect unemployed residents of the NDC neighbourhood with the wider labour market.**
- 10 **Finding ways of proving and publicising success is important if the programme is to work.** Lack of visible progress and limited understanding of what is happening in the NDC programme are causes for confusion amongst residents and damage the prospects of long term support. Continuing community support and growth in participation flows from clear demonstrations of NDC partnership success, whether it is the building of playgrounds, schools or long term work placements. Good examples found internationally of active marketing on the part of regeneration teams include showing of 'before and after' images of successfully regenerated areas. **NDC partnerships should give more emphasis to demonstrating successes which will help in sustaining the momentum of the programme.**

Annex 1

Case study performance in four key areas

Case Study	Community engagement	Operating processes	Building and managing relations with partner bodies	Delivery and sustainability	The Department's assessment
Bradford Trident Bradford (Round One Partnership)	The partnership has managed to communicate fully and quickly with its mixed ethnic community through consultation meetings, a monthly magazine, board level sub-groups and a local 'drop-in' shop. The Bradford Trident brand is well recognised in the area.	A company limited by guarantee was established and is pursuing charitable company status. It has strong leadership at Chief Executive and board level backed up by competent staff. Decision-making processes are clearly laid out and financial reporting arrangements are well established.	Successful relationships with partners from many different sectors have been actively managed and used extensively in various projects with notable success in housing and physical environment. Relations with Local Strategic Partnerships, business and the Regional Development Agency are developing well.	Quick win projects balanced with long term sustainable projects have been carried out. A number of assets have been acquired that will be used to finance Bradford Trident projects when NDC funding finishes. Very good progress with projects focused on housing, the physical environment, crime and employment.	Band 1 Excellent
Shoreditch Our Way Shoreditch (Round One Partnership)	Shoreditch Our Way has worked hard to continue its high level of community involvement. This is achieved through general and specific community forums and magazines, in which sections are published in Turkish to connect with local Turkish residents.	Shoreditch Our Way is a charitable corporation with a board of 23 (13 are residents). Area forums are the foundation of the partnership structure feeding up into the largely seconded delivery team. Decision-making processes are clear and well managed.	Strong working partnerships are established with some bodies (e.g. London Development Agency and Job Centre Plus) but the partnership has had difficulties establishing an effective working relationship with Hackney Borough Council.	Shoreditch Our Way is the second highest spending NDC partnership - achieved through the operation of a number of projects, with particular success in the employment area. Through ownership of assets the partnership is planning/developing sustainability opportunities.	Band 2 Good
Devonport Regeneration Company Devonport (Round Two Partnership)	The partnership has used a variety of consultation techniques but there is a continuing perception by the local community that they are not involved in decision making.	The partnership has established a charitable company led by a resident majority board and informed by ten forums that are open for public contribution. At present there are a large proportion of secondees working on the partnership staff.	Good working relations have been established with a number of bodies (e.g. Devon and Cornwall Constabulary, Plymouth City Council and the Government Office) and the partnership is developing its relationships with other partners.	A number of projects have been delivered to date, notably the 'Bobbies on the Beat' and a drug rehabilitation centre and more have been approved. The partnership is committed to sustainability, but this is still an area requiring development.	Band 3 Fair

Case Study	Community engagement	Operating processes	Building and managing relations with partner bodies	Delivery and sustainability	The Department's assessment
Back on the Map Sunderland (Round Two Partnership)	Back on the Map has committed to improving awareness of the programme within the community but this has only been partly successful. Delays in the establishment of a fully staffed delivery team and the lack of a strategic plan for the neighbourhood are contributory factors.	The Back on the Map board is made up of residents and representatives of statutory, private and voluntary sector agencies. There have been problems with the recruitment of delivery team staff to Chief Executive level. Residents have expressed concerns that decision-making processes are insufficiently transparent and objective.	Back on the Map has worked well with some partners (e.g. Sunderland Authority) but it has not yet been successful in engaging with a wide body of potential partners.	A small number of large projects have already been delivered, notably two schools. Of the projects implemented so far few have been identified as being sustainable.	Band 3 Fair
Marsh Farm Community Development Trust Luton (Round Two Partnership)	Residents have been involved at all levels of the partnership but many groups feel excluded and the partnership needs to develop a strategic plan to engage hard to reach groups.	Marsh Farm Community Development Trust is a company limited by guarantee and is led by a 23 member board (16 are residents). Projects were delivered by a contracted management team until recently. There is a lack of clarity of the accountable body role which is slowing progress. Concerns have been expressed about the application of 'conflict-of-interest' guidelines.	Some relationship building with partners has been carried out but tensions continue to hinder the process. Further action is needed for real benefits to be realised for example in influencing mainstream services.	At this stage few projects are up and running but spending is on target largely due to a large capital expenditure on a refurbished factory for use as a community centre. Project sustainability is beginning to be considered.	Band 4 Weak

In 2002-2003 the department introduced a new performance assessment system for all 39 NDC partnerships that is completed jointly by NDC partnerships and their regional government office.



Part 1

The New Deal for Communities programme

- 1.1 The NDC programme is the Government's programme for revitalising 39 deprived neighbourhoods in England and the Office of the Deputy Prime Minister (the Department) have committed £2 billion over 10 years to the programme. The programme was launched in 1998-99, when 17 community partnerships were announced. A second round of 22 partnerships followed in 1999-2000. To date there has been wide variation in spending between partnerships (Figure 5).
- 1.2 The Department intends that the 39 NDC partnerships will work with departments and agencies to regenerate neighbourhoods through a co-ordinated approach. The community partnerships are working to deliver sustainable change via outcomes that result in:
- Higher employment
 - Crime reduction
 - Health improvement
 - Improved education and increased work related skills
 - Better housing and physical environments.
- 1.3 The Government is committed to learning from the programme and using it to identify what does and does not work in regeneration initiatives. To this end it commissioned a national evaluation of the programme, which is managed by the Department's Neighbourhood Renewal Unit.
- 1.4 The Single Regeneration Budget has been the main source of support for local area regeneration in England over the period 1995-2001. The first round began in 1995-96 and the sixth and final round was announced in 2000-01. Expenditure on the programme has varied considerably in each of the six rounds, but in total some £5.7 billion of funding has been committed through the SRB programme.
- 1.5 Currently there are some 530 live SRB schemes and the programme is due to end in March 2007. In April 2002 the SRB was subsumed into the Regional Development Agencies' Single Programme (Single Pot) and will meet the SRB rounds 1-6 commitments from those resources. Other main regeneration programmes administered by the Department and complementing this programme are:
- Neighbourhood renewal fund - £1,375 million to finish in 2006
 - Coalfields Regeneration Trust - £385 million to finish in 2005. (The Trust was set up in 1998 to promote, encourage and assist the regeneration, development and use of the coalfield areas).

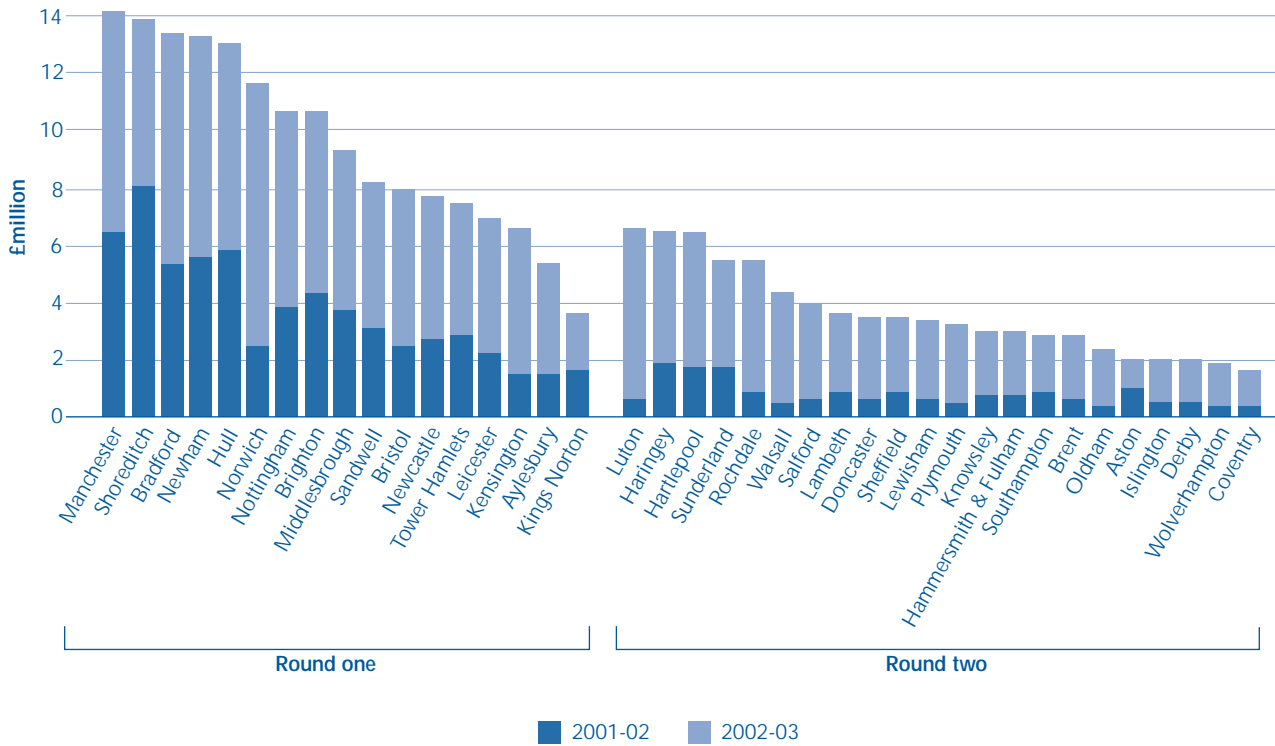
Selection of the New Deal for Communities partnerships

- 1.6 In 1998 the Department requested government offices and local authorities to identify communities that might be suitable to bid for funding in the NDC programme. The Department invited the formation of community partnerships to prepare regeneration proposals for their neighbourhoods. There was an expectation that local authorities would co-ordinate this process and that public service providers would be involved. This process was in three phases:
- Phase one - Partnership formation. This involved local people, community and voluntary organisations, public agencies, local authorities and business selecting neighbourhoods to benefit from regeneration. Outline proposals for regeneration were developed for the selected communities and submitted to government offices.

Main regeneration projects administered by the Department

- 1.4 The Single Regeneration Budget has been the main source of support for local area regeneration in England over the period 1995-2001. The first round began in 1995-96 and the sixth and final round was announced in 2000-01. Expenditure on the programme has varied considerably in each of the six rounds, but in total some £5.7 billion of funding has been committed through the SRB programme.

5 There has been a wide variation in spending between partnerships



NOTE

This data is in absolute terms and does not take into account the different budgets of each NDC partnership. Round One NDC partnerships have spent on average £9.7 million while Round Two NDC partnerships have spent £3.6 million.

Source: Office of the Deputy Prime Minister and National Audit Office

■ Phase two - Partnership selection. The Department assessed outline proposals on the basis of:

- The deprivation index score for the community. This is a national index score based on income; employment; health and disability; education; housing; and access to services.
- The need for the programme to be tested across different parts of England.

The selected partnerships received funding to help them produce detailed plans setting out their strategy for the long term regeneration of their neighbourhoods.

■ Phase three - Successful partnerships received offers of long term NDC funding.

National evaluation of the New Deal for Communities programme

1.7 In 2002 the Department let a five year contract with a consortium of universities, led by Sheffield Hallam University, to undertake a national evaluation of the NDC programme. In accordance with directions from the Department, the National Evaluation Team are expected to report and comment on the progress made by NDC partnerships, including value for money issues. As the National Evaluation Team is expected to collate and disseminate best practices identified from within the programme they are a central resource for guidance available to NDC partnerships.

The reasons for undertaking the study

- 1.8 The NDC programme is part of a new approach to tackle deprivation which involves a high level of community participation and the creation of new bodies to take community proposals forward. Our study of this programme at a very early stage is intended to gauge how well the Department and NDC partnerships are progressing and to provide constructive recommendations that should benefit the programme as it matures. The Department have been supportive of our work in this area and recognise that with an innovative programme such as this, early evaluation is important.
- 1.9 Our analysis of the programme was based on a range of methods, set out in more detail in Appendix 1. In summary our work included:
- A survey of local service delivery bodies for the 39 NDC partnerships (117 organisations responded)
 - An in-depth examination of five NDC case study partnerships spread across England (Bradford, Shoreditch, Devonport, Sunderland and Luton)
 - 15 focus groups comprising 150 people representing residents, NDC board members, and NDC delivery staff
 - A review of the work and main findings of the national evaluation managed by Sheffield Hallam University
- A pilot project in the use of 'Polarity Management' techniques to explore the tensions found on the programme
 - Work undertaken by GHK Consulting to review overseas approaches in tackling community regeneration
 - Field visits to five countries to highlight international experience that has particular value to the NDC programme.
- 1.10 Our examination highlighted four key stages in the programme that need to be managed well to secure success. These are:
- The process of involving community members to shape plans for the neighbourhood
 - The establishment of operating processes for each NDC partnership
 - The establishment and maintenance of constructive relations with partner bodies
 - The design and delivery of sustainable results.
- 1.11 Our findings in each of these areas have brought out examples of good practice and the risks that will need to be managed as the programme progresses. This report is structured around these four key areas of success.



Part 2

Community engagement

- 2.1 Community engagement refers to the efforts made by NDC boards to involve residents in the decision-making process, to encourage residents to come forward with suggestions for projects and to help residents learn new skills through their involvement. Community involvement is important because local residents have the best understanding of what their needs are, and how those needs might be met. Regeneration programmes in the past, however well intended they were, have not always fully understood the difficulties faced by residents of deprived areas and have, as a consequence, not always been as successful as hoped.
- 2.2 In this part of the report we have looked at the degree of local awareness of NDC partnerships, and the extent of involvement that has been secured to date. We have benchmarked the efforts made in England to other international regeneration programmes and looked to the quality of communication between NDC boards and the communities they represent. Our examination has also considered the tensions between the time it takes to consult communities and the need to deliver tangible results.
- 2.3 Our findings are based on an examination of the Department's national evaluation, our own survey of 117 service providers, 15 focus groups with 150 people drawn from communities, NDC boards and delivery staff, and a benchmarking exercise with international regeneration programmes.

Engaging and enabling communities is central to the New Deal for Communities programme

- 2.4 The NDC programme represents an important shift in focus from previous regeneration initiatives. The Single Regeneration Budget, which was the largest investment in neighbourhood renewal prior to the NDC programme, was based around similar themes to the NDC programme. Both programmes explicitly target problems associated with unemployment, crime, health and education, and both emphasise the importance of local partnerships in delivery. However, at the heart of the NDC programme is a 'community-centred' model that was absent, certainly in emphasis, from previous renewal efforts. The NDC programme seeks to engage and empower local residents in combating the problems of deprivation and in sharing in ownership of the process.

'The emphasis is on enabling and encouraging local residents and organisations to play an equal role in the partnership': Office of the Deputy Prime Minister, NDC Factsheet 9, July 2002.

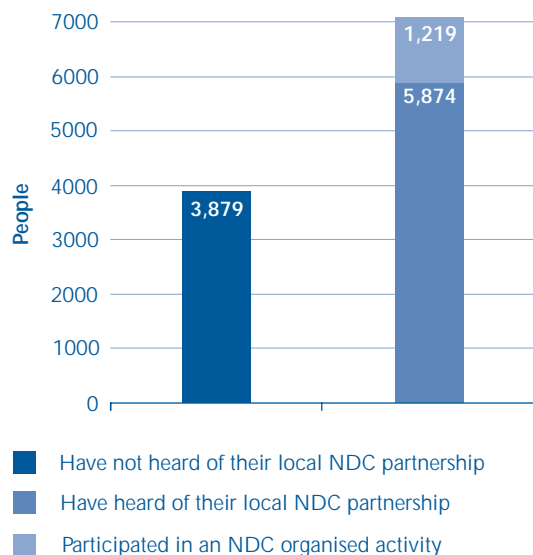
- 2.5 In the selected communities, residents have been involved through:
 - The establishment of representative boards to steer the actions of NDC partnerships. MORI polls requested by the national evaluation team of all 39 NDC partnerships show that more than half of board directors are residents from within NDC neighbourhoods.
 - Local elections for board members.
 - Extensive surveys of the views of local residents, on matters ranging from strategic direction to the impact of new-build projects.

- 2.6 Our analysis of the national evaluation has illustrated that on average 65 per cent of residents have heard of their local NDC partnership with some 11 per cent having participated in NDC organised activities (Figure 6). This suggests that NDC partnerships have been able to make contact with the majority of the people they represent and that over 50,000 people in total have contributed to NDC led efforts to tackle deprivation.
- 2.7 It is important to include the interests and priorities of the variety of groupings found within each community, for example, the young, the elderly, the unemployed and ethnic minorities. The Department's national evaluation (Figure 7) shows that in NDC neighbourhoods there are high proportions of ethnic minorities. Strategies to engage different ethnic groups have been included in NDC partnership approaches. Explicit efforts continue to be made to include ethnic representation on boards and engaging their communities through literature and other media in multiple languages. Similarly, outreach work to connect with groups that might not readily engage with government-like initiatives is being undertaken.

The shift to a community-centred model of regeneration is consistent with renewal strategies now being developed elsewhere in the world

- 2.8 Sustainable regeneration initiatives are being attempted in many regions of the world. The problems and approaches adopted are varied and are understandably influenced by the context in which regeneration is attempted. However, a consistent theme of current international programmes is the emphasis that is now given to community participation as a critical means of sustainable change. During this examination we visited three regions to evaluate the benefits and barriers of the approaches⁴; these areas were:
- The United States and Canada; specifically Harlem, the Bronx and Toronto
 - Germany and the Netherlands; specifically, Berlin, Amsterdam and Dordrecht
 - India; specifically Qutubullapur (near Hyderabad) and Tenali, in Andhra Pradesh.
- 2.9 In the design of the international programmes that we examined it was clear that a shift towards community engagement had been driven by the desire to move away from renewal that was 'done to' poorer areas to approaches that are a collaboration between residents, local bodies and the government. Some of the strategies adopted highlight how this is being tackled:

6 The majority of residents of NDC neighbourhoods have heard of the programme and 1,219 people in each neighbourhood have actively contributed to shaping priorities



NOTE

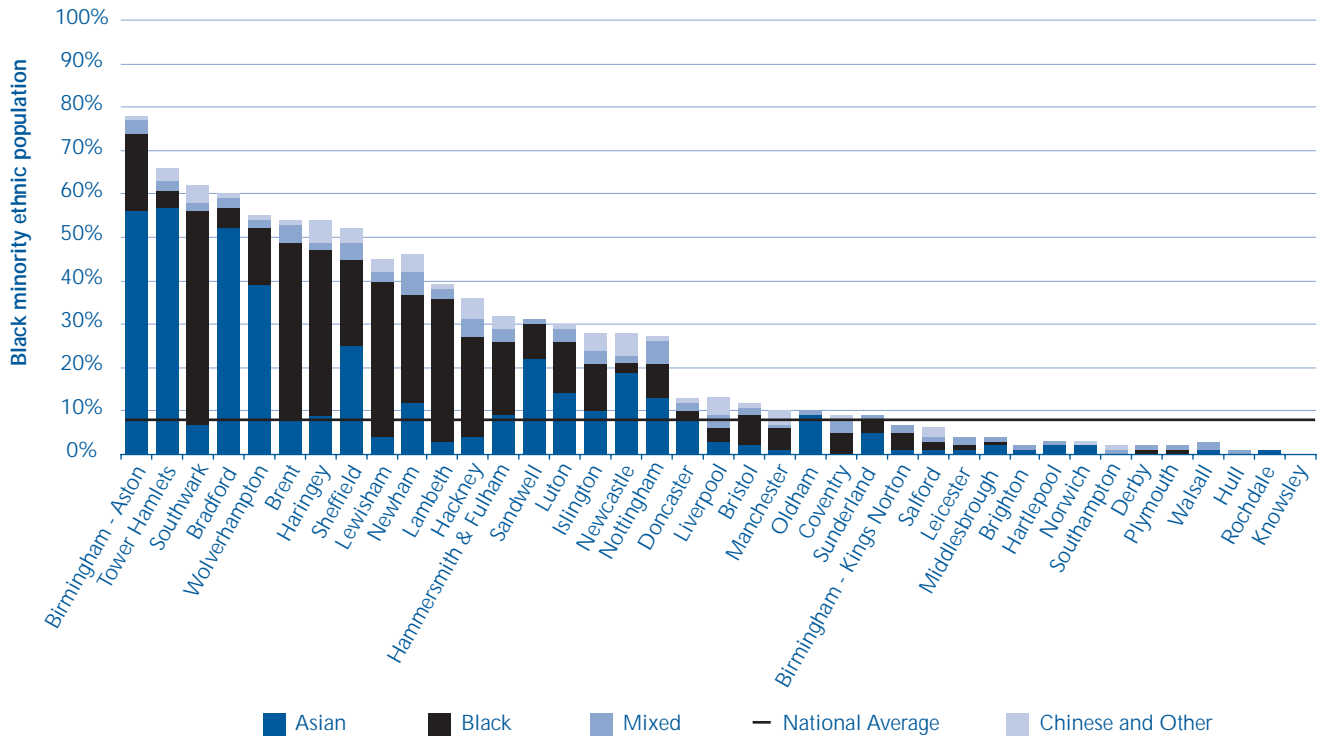
Approximately 500 residents from each NDC partnership were asked if they had heard of their local partnership and if so had they participated in a partnership organised activity. Using these results and the average NDC partnership population of 10,972 we extrapolated the above data.

Source: MORI household survey for National Evaluation, Sheffield University, July-October 2002 and National Audit Office

- **Community issue-mapping**, where resident groups jointly build a picture of the problems found in their local area and where the solutions might lie. For example, on the Indische Buurt regeneration programme in the Netherlands, residents were brought into the issue-mapping process through a mixture of surveys and focus groups.
- **Community-centred project approvals**, where projects are systematically appraised by representative community groups.
- **Community contracting**, where residents can bid for work contracts in the local area that are part of the regeneration initiative. For example, under the Andhra Pradesh Urban Services for the Poor in India, community groups have won contracts to build new roads and sanitation systems.
- **Community monitoring** of progress in government (local and central) regeneration programmes (Case Study 1).

⁴ The National Audit Office will be publishing a separate report of the findings from international case study visits.

7 There are high proportions of ethnic minorities in NDC neighbourhoods that NDC partnerships have taken specific steps to engage with



NOTE

The ethnic mix of NDC neighbourhoods varies considerably. Tower Hamlets has the largest Asian proportion within its NDC neighbourhood while Southwark has the highest Black ratio of NDC partnerships.

Source: National Evaluation, Sheffield Hallam University

Case Study 1



INDIA: ANDHRA PRADESH

Andhra Pradesh Urban Services for the Poor programme

The Andhra Pradesh Urban Services for the Poor programme, jointly funded by the Department for International Development and local government within India, is a groundbreaking initiative to tackle the poorest slums in the state of Andhra Pradesh, India. The programme, launched in 2000, will attract around £95 million over a seven year period from the Department in direct funding. The programme seeks to combat deprivation through local partnerships that will a) modernise local government, b) deliver services for high priority areas and c) mobilise civil society.

a physical representation of a contract between the local authority (municipality) and the community of the services that need to be delivered, to which the community then hold the local authority accountable.

Community engagement is actively pursued in the programme by inviting residents of slums to debate the priorities for their community and to physically draw on plans of the area (opposite) where they would like roads to be built, sanitation channels, water pumps etc. The result is



Engaging with communities and building their skills and capacity has proved difficult and takes time

- 2.10 The task of tackling deprivation in communities is considerable. This is made more difficult because of the NDC Boards' central need to engage with the community and to be accountable for delivery based on the plans drawn up with the community.
- 2.11 The quotations shown in **Case Study 2** highlight just some of the views of community members in NDC neighbourhoods and illustrate the sorts of barriers that NDC boards have to overcome.
- 2.12 We found that NDC executive staff see the need to take an active role in helping to build the skills and capacity of community members. Understandably, residents typically have little or no experience in regeneration. We also found that, generally, partnerships with smaller executive support teams had greater difficulty in developing the capacity of community members because their resources were stretched. The need to continue to develop skills and capacity to varying degrees is echoed in the views of focus group members we consulted in the five NDC neighbourhoods (**Figure 8**).

- 2.13 A further challenge in engaging communities is the time that it requires of participants. We found that many residents were experiencing 'burn out' as a result of attending regular board meetings, working group discussions, project appraisal boards and a host of other activities. Many active community members are in full time employment and consequently meetings are held in the evenings sometimes taking 2-3 hours once or twice a week. The burden is significant and each NDC partnership has had to actively manage its engagement process so as not to overload existing volunteers or deter potential participants.

In general though, the programme marks a considerable step forward in communicating with and engaging communities

- 2.14 In spite of the scale of the challenge of community engagement we found that NDC officers and representatives have worked hard to draw in community members, to communicate progress that has been made and ultimately to hold themselves accountable to local residents, local delivery agents and the Department.

Case Study 2



ENGLAND: FOCUS GROUP VIEWS ON THE BARRIERS NDC BOARDS HAVE TO OVERCOME

'A lot of the barriers that were put up are slowly/slowly being broken down.'

'I think there is a fear on the part of a lot of ordinary people about going to the meeting about what's expected of me, what I'm supposed to do there and will I get sucked into more?'

'People don't believe that they can effect real change.'

'I think that they mustn't forget that the community is passionate, it does want to be involved, it is able and capable of actually leading a programme like this.'

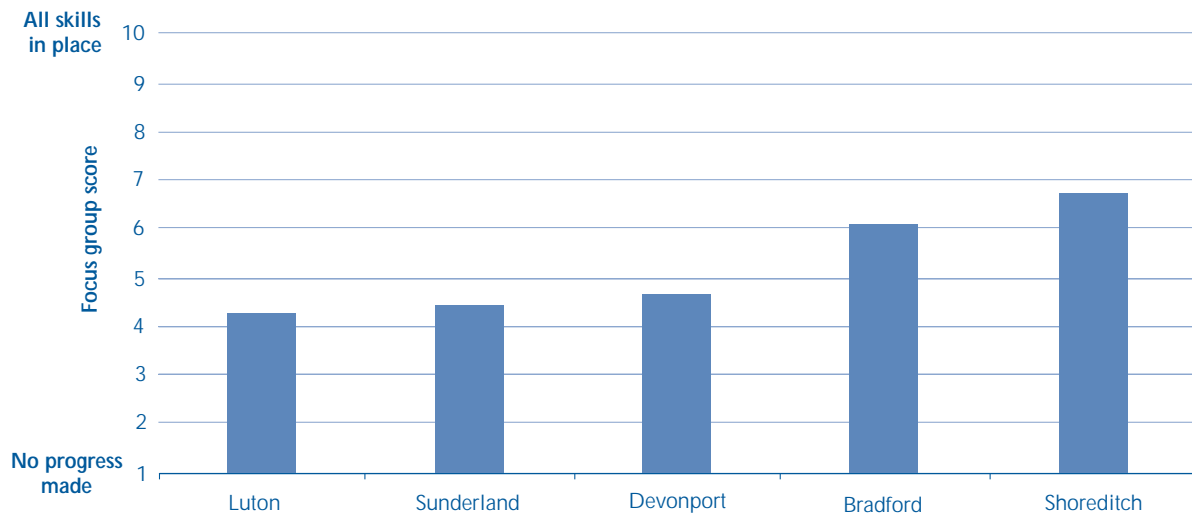
'We want to address the problem of community participation and we need to look at why people no longer feel they can take part in the process.'

'I think involvement is getting very multi-cultural in many respects and it's nice to see it happening.'

'We've tried lots of ways; in meetings, we've had our magazine, it's quite interesting really. I don't know what other avenue you could go down to try and get people to participate.'

Source: National Audit Office focus groups with residents, deliverers and board members of five NDC partnerships

8 NDC residents, board directors and delivery teams in five case study NDC partnerships considered that the skills of community members needed to be improved if they were to help in tackling deprivation



NOTE

Focus groups comprising approximately 150 people from across five case study NDC partnerships were asked to rate the extent to which 'community skills' had been built in their neighbourhoods. A score of 10 is used to indicate that no further progress needs to be made; and a score of 1 to indicate that no progress at all has been made.

Source: National Audit Office

2.15 We surveyed the views of key local bodies involved in supporting, and in some cases helping to deliver, the NDC programme. These include Primary Care Trusts, police forces, local authorities, Job Centre Plus and local education authorities. The responses to our survey indicated that NDC partnerships are effective at communicating with and engaging community members (Figures 9 and 10). Many of the bodies consulted said the programme approach represented a welcome step forward in regeneration, and were clear that community engagement had been an integral part of decision-making.

However, because community engagement is an unrelenting task, new and better ways of engaging communities need to be found

2.16 Given that there are on average some 10,000 residents in each NDC neighbourhood, inviting active participation in the programme and keeping residents updated of progress is difficult. Our examination highlighted the challenges that are inherent in community engagement and why NDC partnerships must remain alert to new and sustainable means of engagement as the programme develops (Case Studies 3 and 4).

2.17 Interviews with case study partnerships and focus group members highlighted that NDC partnerships have had to try different modes of communication. This has led to frustration amongst community members and has had mixed results. Our analysis of the programme has demonstrated a need for NDC partnerships to grip the challenge of communication and engagement with communities and give particular attention to:

- Using the most appropriate channels of communication for different audiences
- Communicating in clearer terms with residents
- Committing to genuine two-way communication
- Being innovative and, where possible, emphasising face-to-face communication
- Continuing to be persistent in connecting with community members.

Case Study 3



DEVONPORT NEW DEAL FOR COMMUNITY PARTNERSHIP

Engaging the community

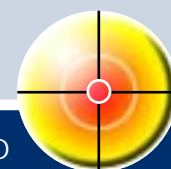
Devonport NDC partnership is located to the west of Plymouth city and is bordered on two sides by the Devonport Naval Dockyard. Total approved funding for the NDC partnership is £48.7 million over a 10 year period and the partnership forecast levered funds from public and private sources of a further £122.8 million over the same period. Housing in the area is predominantly (80 per cent) social housing with average local house prices of £41,000. Unemployment is currently 23.7 per cent. The NDC neighbourhood includes one secondary and three primary schools. Approximately 45 per cent of people continue their education after the age of 16 compared with a national average of 60 per cent.

Within the Devonport NDC neighbourhood there is a strong sense of community and residents clearly recognise themselves as 'Devonporters' to the outside world. The NDC partnership is a Round Two partnership and has

therefore spent much of its time in the last two years building the capacity of the community and mapping the delivery priorities for the area.

While the NDC Board have tried to strike a balance between their responsibilities to engage the community and to make decisions on their behalf, they have necessarily spent much of their time consulting, which for many residents has been a long and frustrating process. Some residents have preferred more informal, small scale consultation at times when the NDC Board has held larger 'official' meetings. During focus groups and discussions with residents, board members and the NDC delivery team there was a wide divergence in viewpoint on the ingredients of success for the programme. Whilst residents could point to a number of positive projects delivered by the NDC partnership they felt that decision-making processes were too long and cumbersome and visible results had not been achieved quickly enough to meet their expectations.

Case Study 4



ENGLAND: FOCUS GROUP VIEWS ON THE CONTINUING NEED TO ENGAGE WITH ALL PARTS OF THE COMMUNITY

'There are a lot of people out there who still don't understand what's going on - some don't want to know (which is fair enough) but the other side of the coin is that not everybody is suited to going to meetings. You've got high illiteracy rates here, so sending a newsletter isn't necessarily going to reach people who, obviously, are not able to read. So it's trying to work out how best to get the message across to the people who are both difficult to engage and it's a major challenge and it's something that's still a problem.'

'I think that our view is that there's a lot of different ways for people to take part in these kind of initiatives and our approach is to have as many channels open all the time for people to put feedback into or to get involved.'

'It doesn't surprise me at all that service providers are recognising 'community participation' as an important element of the programme.'

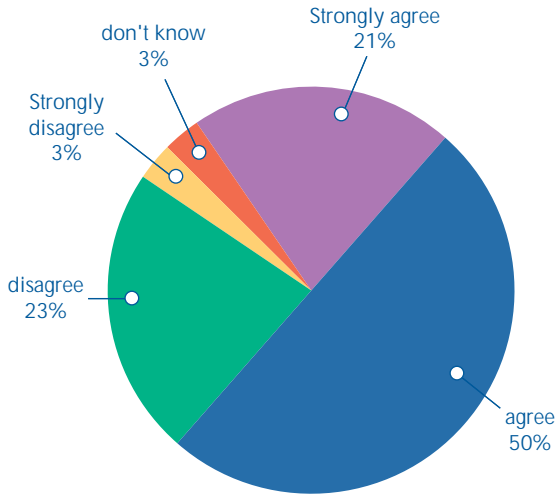
'Our newsletter, I think that could be, I'm trying to think of a word, a platform, for want of a better word, whereas all it is at the moment is almost a propaganda sheet for the NDC. It's not asking questions or giving real views.'

'One of the things that we're trying to introduce with the directors at the moment is for them to hold surgeries in the community, so the community are able to come and speak to the directors and so their voices are really heard and they can be relayed onto where the decisions are made.'

'The newsletter was rubbish to start with and because it was rubbish to start with it has now improved.'

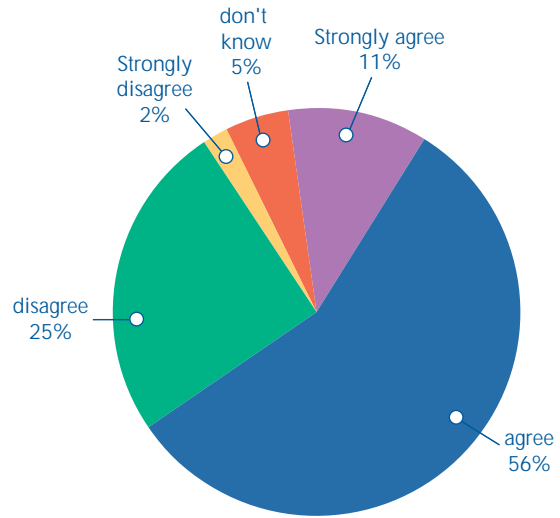
Source: National Audit Office focus groups with residents, deliverers and board members of five NDC partnerships

9 Almost three quarters of respondents to the NAO survey of service providers agreed that NDC partnerships have been effective in encouraging community participation



Source: National Audit Office survey of 117 service providers in NDC neighbourhoods

10 Two thirds of respondents to the NAO survey of service providers agree that NDC partnerships have been effective at communicating with the community



Source: National Audit Office survey of 117 service providers in NDC neighbourhoods

The most successful New Deal for Communities partnerships are able to strike the right balance between engagement and delivery

2.18 Most NDC partnerships find themselves in a difficult position in having to balance their commitment to community engagement, which necessarily takes time, with the need to quickly deliver tangible and visible outputs. The Department in launching the programme was aware of this and sensibly gave encouragement to NDC partnerships to search out 'quick wins' to give confidence and momentum in the early stages. In the first 12 months NDC partnerships delivered projects such as new play areas for children, large scale rubbish removal and out-reach work, to name just a few examples.

2.19 In the second and third years of the programme NDC partnerships have entered the more difficult phase of developing longer-term strategies, achieving buy-in from a plethora of local delivery partners and building in project sustainability well before they can hope to deliver visible results. During this time NDC partnerships have also had to consider how they might demonstrate success in areas that, by their nature, have low visibility, for example employment levels and health improvements.

2.20 We found that NDC partnerships have managed the tension between community expectations and delivery in different ways including:

- The development of a strong, clear strategy for the area which has helped to streamline project approval processes
- The active management of community expectations so that residents better appreciate the time taken to approve projects and the time-lag between project approvals and delivery
- Building a broad portfolio of different projects, which includes a proportion of easy-to-deliver, low cost projects
- The demonstration of intermediate outcomes, for example attracting more police officers to the area to help tackle crime and reduce the fear of crime.

2.21 The programme expects a lot from people in deprived areas and it is important not to underestimate the difficulties associated with turning around the very poorest areas through direct community involvement. It is also important to recognise that other factors, unrelated to community engagement, help NDC neighbourhoods to move more quickly towards delivery. For example, constructive relations with local delivery agencies such as the local authority and quick establishment of governance procedures (discussed in Parts 3 and 4) can both help to shorten the delivery cycle. In the context of community engagement though, all NDC partnerships, as they move into the delivery phase, face the challenge of finding more efficient ways of community engagement which will keep residents on-board over the longer term.



Part 3

Operating processes

- 3.1 The operating processes of NDC partnerships guide the way that decisions are made and communicated and show accountability to both the community and government. Effective processes are important for a number of reasons. Good decision-making arrangements can ensure that best use is made of limited resources and can encourage community involvement with projects. Clear 'conflict of interest' arrangements and financial reporting help to demonstrate accountability and provide assurance that decisions have been taken on the merits of each proposal. On programmes, such as this, where the NDC board is meant to represent community interests, it is important that processes are clear, transparent and well managed.
- 3.2 In this part of the report we have looked at the basic operating guidelines the NDC partnerships have, and looked at the variability in approaches. We have examined the accountable body role which has an important place on the NDC programme. And we have looked more widely at the impact of different management and reporting regimes on effectiveness of NDC partnerships.
- 3.3 Our findings are based on an examination of the Department's national evaluation, 15 focus groups with 150 people drawn from communities, NDC boards and delivery staff, and a benchmarking exercise with international regeneration programmes.

Broad operating guidelines were established for the programme

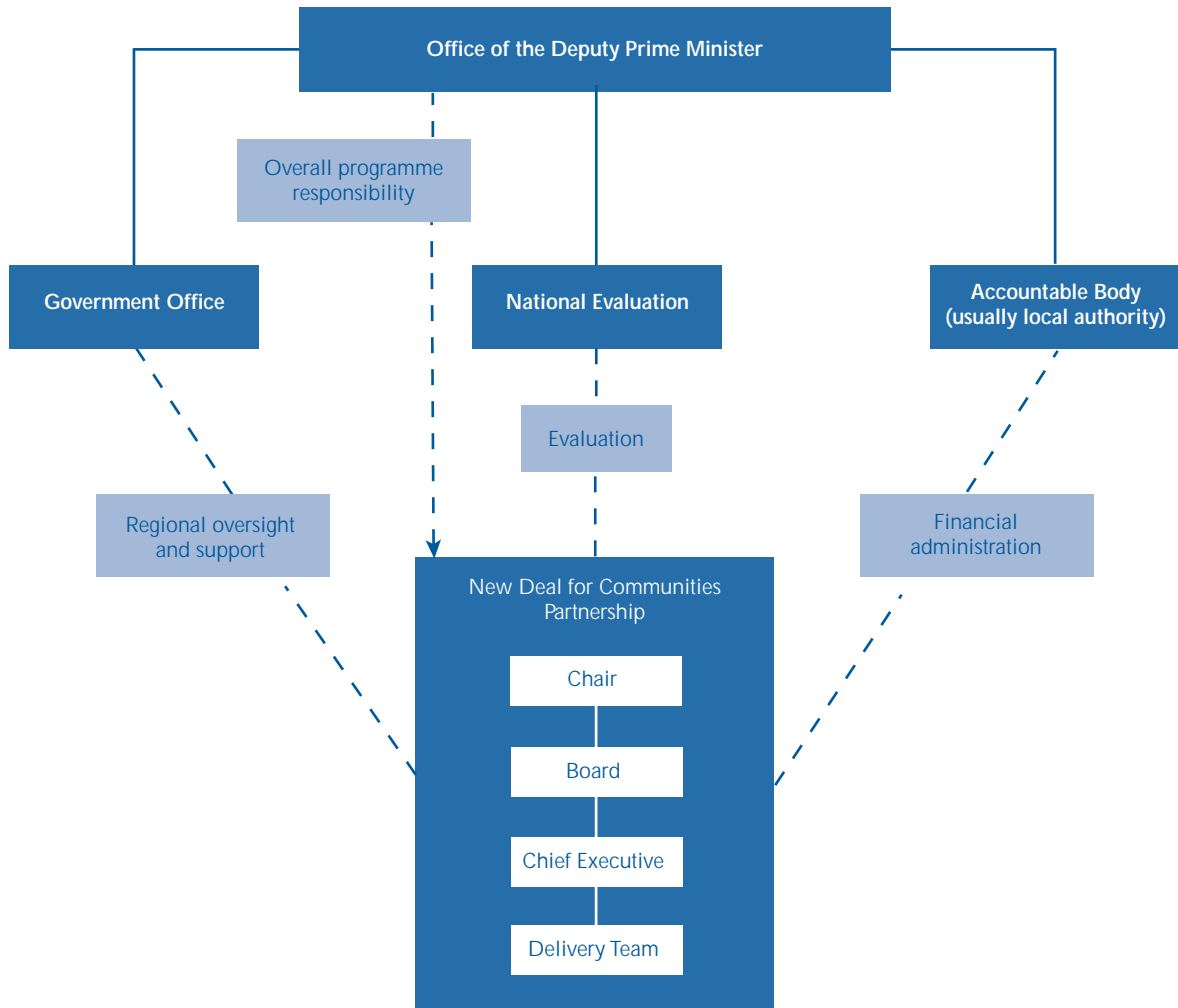
- 3.4 To establish a basic foundation for the operation of NDC partnerships, financial and other guidance was issued by the Department of Environment, Transport and the Regions in 2000. Partnerships were encouraged to ensure that their processes were consistent with basic corporate governance principles including:
- The establishment of financial systems to ensure the proper handling of money
 - The maintenance of proper financial records

- Establishment of proper project appraisal and monitoring systems
- Competitive tendering processes
- The avoidance of conflicts of interest
- Value for money.

While outlining principles which should be adhered to, the guidance did not provide specific direction with regard to financial tracking and monitoring or project evaluation.

- 3.5 Partnerships were also required to nominate an accountable body to act as their bankers and accountants. For the majority of partnerships this was their local authority. The accountable bodies are charged with ensuring proper financial management and are responsible for any breach of grant conditions, but are not responsible for managing the programme or taking strategic decisions. Before their appointment they had to demonstrate to the regional government office the ability to:
- Ensure that financial probity was established and subsequently maintained in the partnership including, for example, the use of competitive tendering for contracts and procedures for managing conflicts of interest
 - Enter into a formal funding agreement with the Secretary of State to receive grants
 - Be responsible for the establishment and use of monitoring, project appraisal, and financial systems.
- 3.6 **Figure 11** illustrates the reporting and accountability relationship between partnerships, the Department and their nine regional government offices, accountable bodies, and the national evaluation.

11 Funding and accountability for the NDC programme



NOTE

The accountable bodies receive funding from the Department for NDC partnership expenditure.

Source: National Audit Office

New Deal for Communities partnerships have adopted a variety of governance and performance monitoring frameworks

3.7 Individual NDC partnerships negotiate agreements outlining the roles and responsibilities of the accountable body and the partnership to each other. Because the relationship between partnerships and accountable bodies was not clearly specified, those relationships vary widely from one location to another. For example, the accountable body in Sunderland has a hands-on role, involving processing NDC partnership invoices and data collection. In other cases, for example Devonport, the accountable body has access to information but is principally acting as a banker for the partnership.

3.8 The absence of standard accounting arrangements for all partnerships has led to a diversity in accounting and management support systems in the partnerships. This reflects in part the diversity of systems operated by local authorities. The Department also only required partnerships to report their total spending against current expenditure, capital expenditure and their management and administration costs. While more detailed project cost expenditure is available at partnership and accountable body level, not all partnerships have provided the National Evaluation Team with this data thereby limiting the completeness and accuracy of information the Team can examine.

3.9 Partnerships prepare an annual delivery plan which forms the basis for annual funding agreements with their local government office. These plans identify budgets and proposed initiatives, indicating key events and milestones by which progress will be judged. Government offices also have an overall oversight role and must approve any projects that exceed the partnerships' delegated spending authority, usually £250,000. Since 2002-03 partnerships are also expected to complete an annual performance management review of their progress at the end of the financial year, which is reviewed by the government office and the Department resulting in an action plan for improvements or remedial actions.

3.10 In 2002 the Department let a five-year contract with a consortium of universities led by Sheffield Hallam University, to provide ongoing evaluation, including value for money assessments, of the NDC programme. The evaluation could make a significant positive contribution, particularly in identifying and disseminating best practice. It is of some concern, therefore, that as it was the Government's intention to learn and identify best practice from this programme, that the evaluation process was established late.

3.11 The quality and detail of financial and management information systems used by NDC partnerships to enable them to deliver effectively and prove impacts varies considerably. The variable quality and availability of this data has constrained the national evaluation team's ability to assess the programme's value for money. This might have been avoided if evaluation criteria needs had been considered when guidance was first issued.

3.12 The late beginning of the evaluation process has meant that starting benchmarks from which to measure progress were not clearly established. Establishing benchmarks to monitor progress has been complicated by the lack of accurate baseline data available at postcode level. Data at this detailed level is required to measure changes in social conditions in what are small communities within given boundaries. The Social Disadvantage Research Centre at the University of Oxford is working with government and local government departments to obtain necessary data at postcode level. To date they have had some success but continued co-operation is required from relevant government and local government departments, particularly if the Government wish to optimise their opportunities for learning.

3.13 An independent examination of government offices conducted by PA Consulting Group in 2003 on behalf of the Department identified several issues that may have impacted on the operation of the NDC programme, namely:

- A shortage of senior staff at government offices involved in the delivery of neighbourhood renewal
- A lack of technical financial management skills
- A piecemeal financial monitoring system
- A lack of cross-programme performance management, making it difficult to assess effectiveness where more than one programme is in operation
- The lack of a fully operational performance management culture.

Government offices have recognised the conclusions drawn by PA Consulting Group and are addressing these issues at the same time as supporting NDC partnerships.

3.14 The lack of standardisation in NDC partnerships, particularly their financial monitoring and reporting and local evaluation processes, follows from the Government's intention that the programme be flexible and responsive to local conditions. Those NDCs with poor information systems and processes have found it more difficult to move forward with projects and proposals demonstrating to residents that they are making tangible progress in tackling deprivation. In addition it hinders the identification and dissemination of best practices.

We support the Department's efforts to work with accountable bodies to issue still clearer guidance on governance and reporting

3.15 Ongoing negotiations by the Department to clarify the roles and responsibilities of accountable bodies should help to reduce tensions between partnerships and their accountable bodies. This should allow partnerships sufficient leeway to respond to community needs and to be innovative where appropriate, while also satisfying financial and performance management imperatives.

3.16 In cases where partnerships have displayed serious operational problems, the Department and government offices have been proactive in identifying problems and working with communities and partnerships to address underlying issues. For example, in one NDC partnership, Braunstone in Leicester, this led to the appointment of an independent chief executive and an independent board chair, a clarification in the role of the accountable body, and the development and implementation of corporate governance principles. Such actions demonstrate a tangible and ongoing interest in the success of the Braunstone partnership and should enable the community to take better advantage of the opportunities offered by the NDC programme.

3.17 We would recommend that the Department introduce standardised systems for cost and performance data. Such systems should make it easier for partnerships to monitor their own performance and to draw comparisons and learn lessons from each other, while also simplifying the tasks of accountable bodies, government offices and the evaluation team. Such standardised systems should not in any way detract from the community-centred model embodied by the NDC programme; indeed, they should give partnerships a tool to help achieve the maximum possible benefits of the model. Partnerships that currently lack robust systems would benefit the most.

3.18 We would not support a return to the cost and performance monitoring regime of the previous Single Regeneration Budget. This regime placed a great burden on service providers without a commensurate benefit in key management information. In responding to our survey, one service provider highlighted a common feeling that the Single Regeneration Budget monitoring regime is **'too bureaucratic and [not placing] enough emphasis on involvement of local people'** and cited **'avoid[ing] this approach'**.

3.19 The national evaluation process and ongoing monitoring by government offices and accountable bodies should be sufficient for ensuring the financial and performance integrity of the NDC programme without adding to the administrative burden already faced by many partnerships.

Poor communication and implementation of basic processes has hindered the progress of the programme

3.20 Observation of international initiatives aimed at addressing the problems of deprived communities shows that the delivery process in other countries, such as the Netherlands and Canada (Toronto), lies largely with local authorities. In the case of the NDC programme, the establishment of new bodies and delivery processes represents a radical approach. The scale of the financial commitment made by the Government and the involvement of residents is by and large unprecedented in international efforts that we examined.

3.21 We found that there were few formal agreements between service providers such as local authorities or National Health Service bodies and NDC partnerships that detail, for example, the basic standards of service the neighbourhood can expect from these bodies. This has led to a perception in some communities that NDC funds are having to be used to provide basic services and not for efforts to tackle deprivation (**Case Study 5**). There is some evidence to support this perception with five per cent of respondents to our survey acknowledging that some NDC funding is being used to substitute for authority spending. In cases such as Andhra Pradesh in India, municipal authorities must demonstrate progress in service delivery improvements in order to receive the dedicated funding allocated to them.

3.22 The lack of financial information available to residents in some communities is leading to cynicism and frustration about the NDC programme. Partnerships need to strengthen their communications with residents in order to help address real and potential cynicism (**Case Study 6**).

3.23 We noted that one of the reasons for this arose from the inconsistent application of conflict of interest rules. This has created an underlying feeling among some residents that board and working group members do not always make decisions based on the merits of proposals. In Leicester, Braunstone NDC - a Round One partnership - the continued existence of the partnership was recently made contingent on, among other things, developing and applying a conflict of interest code, partly because of the view expressed by community members.

3.24 Poor communication and delays in implementing rules of governance can lead to cynicism in some parts of the community; damage the confidence of service and delivery agencies; and cause delays in implementing projects. The following case study (**Case Study 7**) illustrates how this came about at the Luton NDC partnership (Marsh Farm Development Trust) and reflects, in part, the difficulties government offices and service delivery agencies experience in determining when to intervene in NDC partnerships.



Case Study 5



ENGLAND: FOCUS GROUP VIEWS ON HOW THEY BELIEVE NDC FUNDS ARE BEING USED

'We've got a health centre here with a team of community psychiatric nurses based there. I've got mental health problems so I thought well, that's okay, I've got a team of mental health nurses on my doorstep and I don't know if funded by New Deal or not because I've never got an answer to that yet, but it transpires that they're not for people from this estate anyway.'

'They're not providing services, bins are not being emptied as regularly as they should, you can go anywhere at this

estate and you'll find a pile of rubbish..and its all down to one thing because people say New Deals got the money, let New Deal do the work and so forth.'

'I think they just need to improve on a variety of things for different groups of people basically and I think, get the cleaners that clean the building to regularly do their job and because it takes a long time to come and pick up the bins on our estate.'

Source: National Audit Office focus groups with residents, deliverers and board members of five NDC partnerships

Case Study 6



ENGLAND: FOCUS GROUP VIEWS ON COMMUNICATING WITH RESIDENTS TO COMBAT POTENTIAL CYNICISM IN THE PROGRAMME

'There's a lot of Asian people speak to me now that never spoke to me before, they're getting to recognise me, whereas 3 years ago that didn't happen.'

'They keep saying, don't they, that this process is supposed to be transparent? The other day I came in and I asked to see the financial report. I asked the Chair of the Financial Group if I could have a copy and the new guidelines that have been agreed and I was refused. Now if this was a

transparent process then why wasn't I allowed to have the documentation that I was asking for?'

'We never get a report on seeing where the money went and how it was spent.'

'People have got the money and disappeared.'

'A lot of them are all in it for their own self needs..not about the community.'

Source: National Audit Office focus groups with residents, deliverers and board members of five NDC partnerships

Case Study 7



LUTON NEW DEAL FOR COMMUNITY PARTNERSHIP

Project approval and monitoring

The Marsh Farm NDC neighbourhood lies in the northwest of Luton. It comprises parts of two city wards, Sundon Park and Bramingham. The area has a population of approximately 9,000 of which 63 per cent are of working age, 10 per cent older people, and 27 per cent under 16. The area is primarily residential, with about 45 per cent of housing being privately-owned and 55 per cent being made up of social housing. While there are some high-rise developments, most housing is low-rise. The NDC neighbourhood is not the most deprived area within Luton and the proportion of workless adults in 2001 was 13.1 per cent, a decrease of 1.2 per cent from 1999. However, the proportion of people living in low income households increased to 29.1 per cent in 2001 from 28.3 per cent in 1999. The proportion of children living in low income households was 45.4 per cent in 2001.

In early 2003 the Government Office (East England) and Luton Borough Council appointed an independent auditor to examine the Partnership following increasing concerns about the slow progress and delays in getting community projects off the ground. The audit found examples where appropriate rules of governance had not been followed when the partnership had supported a specific project.

Tensions arose between the Partnership's desire to move forward with this project and the local authority's insistence that best procurement practices and rules governing conflict of interest were applied.

The audit also revealed that lack of monitoring and evaluation procedures had led to funds being disbursed on a community outreach project without any visible results being achieved. The project had been funded without a clear mandate, corporate structure, or targets and milestones by which progress could be evaluated.

Our examination of project files also revealed poor and inconsistent project evaluations leading to risks in the decision-making process. For example, a large facility was purchased by the Marsh Farm Community Development Trust with a view to letting part of the building to new projects and business groups. Occupation, however, has been slow because projects did not receive adequate advice on the necessary licences to occupy, and rents. This has led to serious delays in projects that had funding approved and were to be carried out in the facility.



3.25 Our survey of authorities and agencies that work with NDC partnerships found that 70 per cent feel they have a strong accountability relationship and 63 per cent agree or strongly agree that, 'NDC partnership working practices and processes promote effective, open and accountable decision-making'. This is perhaps a lower level of comfort than one would expect to find amongst the bodies to whom the programme is looking to meet its goals of partnership and longer term delivery of services and funding. It is important, therefore, that all professional agencies dealing with NDC partnerships encourage best business practices in their dealings with partnership members to help transfer the necessary business and communication skills and build the partnerships' capacity.

Strong leadership, for example shown by chief executives, can make a positive and significant difference in terms of effective processes and delivery

3.26 A strong message arising from our international and English case interviews and meetings was the importance of effective community project leaders in helping to deliver successful projects. The following example (**Case Study 8**) of the Empowerment Zone programme in New York emphasises the significant contribution strong leadership and communication with existing partners can have in developing a successful programme.

Case Study 8



UNITED STATES OF AMERICA: NEW YORK CITY

The Empowerment Zone programme

New York City has well publicised social problems associated with areas such as Harlem and the Bronx. Both areas have large populations that, if they were located in England, would make them some of the largest cities in the country. The Bronx has a population of 1.3 million people and just over a quarter of the population live below the official poverty line, compared to a city average of 17 per cent. Harlem's population of over half a million people is located geographically in the top third of Manhattan (above Central Park). One of the major programmes in the last 10 years associated with what has become recognised as a regeneration success story is the 'Empowerment Zone' initiative. The initiative is, above all, driven through business growth and the creation of local jobs and making effective use of related government schemes. These principally include the Business Tax Credit incentive scheme which pays businesses for employing residents of designated zones. Different benefits are taken from Federal, State and City schemes along with business energy efficiency programmes, employment programmes for 'hard-to-reach' people and re-location benefit schemes.

This programme has helped to turn areas of New York City (Harlem and the Bronx), which for years have been regarded as 'no-go' areas, into a source of pride and renewed hope. Chains such as Starbucks, the Disney Store and the Body Shop have located retail outlets there for the very first time, and former President Clinton set up office across the road from the Empowerment Zone headquarters. The significance of this should not be underestimated in areas that for decades were widely regarded as unreachable and impossible to regenerate.

Delivery has only been possible through a broad range of partners and networks. Both zones made maximum use of existing structures and organisations - most of which are very close to their customers. This has placed a premium on skills of negotiation, brokering and partnering.

A large part of the success is attributed to a powerful leadership cadre including President Clinton, Mayor Giuliani, Congressman Rangel and a host of local figures such as Harlem's Reverend Calvin Butts. Their contribution has been unified and highly visible and in effect has underwritten the programme from the outset. Without this unbroken line of support from top to bottom, and across boundaries of politics, communities and government, it is unlikely that the initiative would have been a success.

3.27 Leadership was one of ten theoretical 'Ingredients for Success' we developed for discussion in the focus groups. Based on their own perception and experience, we asked focus group members from all five case study partnerships, to score, between 1 and 10, the degree to which each of the ten elements was present in their Partnership. To assess the relationship between leadership and performance the NAO mapped the focus group leadership scores against the performance management assessment scores for the case study partnerships (see Figure 12). The results are not conclusive though the underlying trend suggests that where leadership was seen as stronger so was the assessment of performance.

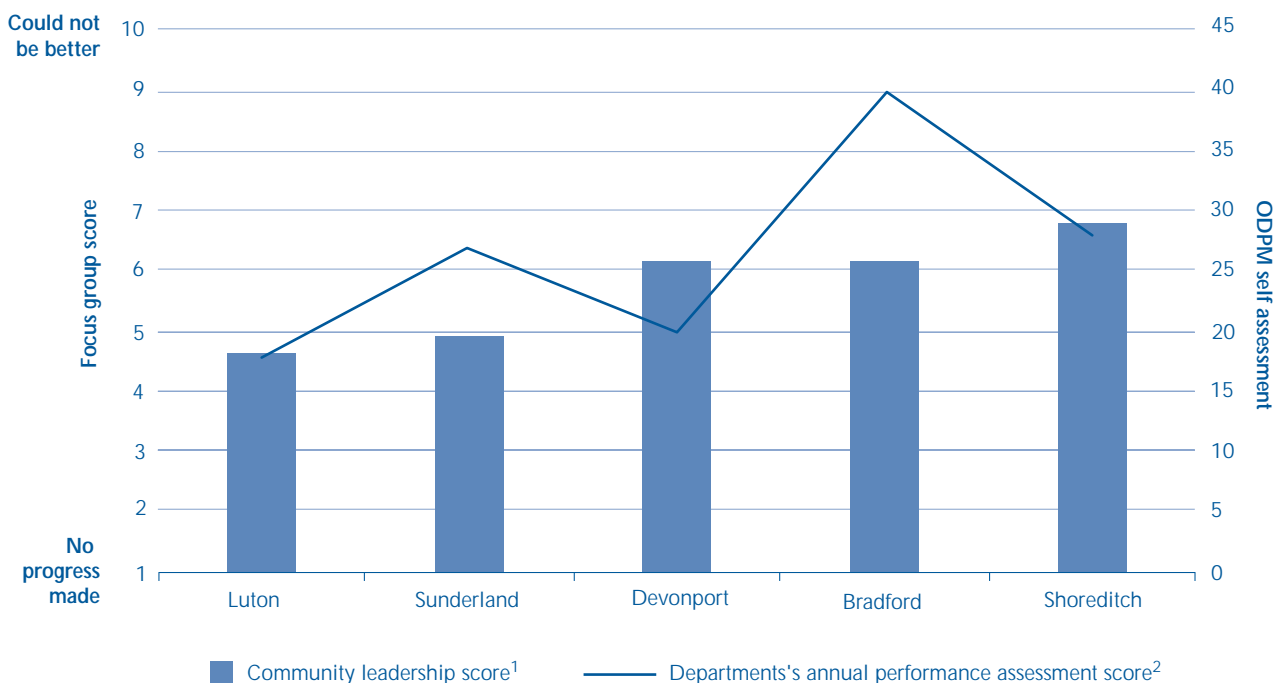
3.28 The highest scorers in terms of leadership and appraisal scores are the Round One partnerships of Shoreditch and Bradford which may indicate that the length of time rather than community leadership may be significant in achieving performance. It is worth noting, however, that these are the only two case study partnerships that have had long term professional chief executives. Devonport also has a strong leadership score and close overall performance scores. While they did not have a formally

appointed Chief Executive (soon to change), they had a strong and professional support team many of whom were on secondment from their service delivery agencies.

3.29 The lowest leadership and performance scores were found in those case study partnerships that had not appointed a Chief Executive until late 2002 (Sunderland) or the summer of 2003 (Luton). While the above is not conclusive evidence, we observed that the day-to-day managers of the NDC partnerships are in a unique position to positively influence the operating procedures.

3.30 Government offices have recognised the experimental nature of this programme and have been supportive and helpful to those partnerships that are not performing as well as might be hoped for. As noted above, however, there are occasions where government offices have to intervene and take positive steps to stabilise a failing partnership. Depending on circumstances this will usually entail the appointment of an experienced chairman, who is not necessarily a resident of the area, to guide the board and/or an experienced chief executive or management team to manage the partnership generally and guide the board.

12 Those case study partnerships that scored well in the Department's annual performance management assessment generally rated themselves higher in terms of how fully they had developed 'community leadership'



NOTES

- 1 Three focus groups (residents, deliverers and board members) of approximately ten people from each case study were asked to rate community leadership in their partnership on a scale of 1 to 10.
- 2 In 2002/03 the Department requested partnerships to appraise their outcomes under the five main theme areas. A score out of 50 was calculated for each partnership. Agreement was reached between the NDC partnership and their government office before the scores were submitted.

Source: Office of the Deputy Prime Minister and National Audit Office

Part 4

Building and managing relations with partner bodies

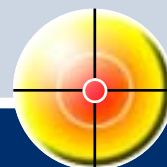
- 4.1 Building and maintaining relationships refers to how well NDC boards are able to interact with local authorities, government departments, other public bodies and the business community. Interaction with other partners can take on a variety of forms, including seeking advice and guidance, entering into funding partnerships on individual projects or having representatives from other bodies sit on NDC boards.
- 4.2 The NDC programme was designed in such a way as to place emphasis on forming partnerships between communities and service delivery agencies. The funds allocated to each NDC partnership are significant (on average £50 million over ten years) but are unlikely to be sufficient if communities chose to 'go it alone'. The mandate given to NDC partnerships means that they will have to have a close relationship with bodies that are legally responsible for delivering social and other services. Public service providers and the private sector have a great deal of experience and expertise, as well as financial resources, to offer NDC neighbourhoods. NDC partnerships need to build positive relationships in order to realise these benefits.
- 4.3 In this part of the report we have examined how outward looking NDC partnerships have been and the steps they have taken to establish productive relationships with local and national bodies. We have also looked at the impact that NDC partnerships have had on the plans of service delivery agencies and the extent to which NDC partnerships have been able to influence and shape local strategies to reduce crime, unemployment, and to raise standards of health and education.
- 4.4 Our findings are based on an examination of the Department's national evaluation, five case study NDC partnerships, 15 focus groups with 150 people drawn from communities, NDC boards and delivery staff, and a survey of 117 service delivery agencies.
- Good relations with stakeholders assists strong NDC partnership performance**
- 4.5 Delivery agencies such as local authorities, police and primary care trusts have many competing, and sometimes conflicting, demands placed upon them. Getting the attention of these agencies is both important and difficult for NDC partnerships. Our examination of the programme has helped us to determine how successful partnerships have been in registering on the radar of key agencies and in making an impact. Our survey of agencies found that close to one half (42 per cent) of them consider NDC partnerships very or extremely influential with regard to their own policies, plan and services. Conversely, only 13 per cent of delivery agencies are not materially influenced by their NDC partnership. These agencies that are not being influenced may well be missing out on constructive opportunities to develop their strategies more specifically within the partnership communities.
- 4.6 One of the benefits of the progress that NDC partnerships have made in their area is that stakeholders are able to better focus their efforts at a local level. Over half (56 per cent) of the authorities who responded to our questionnaire said that participating in the NDC programme had resulted in them consulting more widely with other organisations in developing their strategic plans. And almost two thirds (62 per cent) of them had consulted more extensively to meet their wider service delivery requirements. Indeed, many authorities have adopted lessons learned from consulting with NDC partnerships into their mainstream approach to work in other community areas.

- 4.7 Examining the extent to which good relations between partners contributes to success or failure in regeneration efforts is difficult to quantify, especially at this early stage in the programme. The National Evaluation Team will be looking at this and other contributory factors more closely as data emerges. By way of a simple evaluation we examined the 2002-03 annual performance assessment of partnerships (performed jointly by the government office and their local NDC partnerships). The results offer a number of key messages, for example more experienced Round One partnerships are generally performing better than the Round Two partnerships.
- 4.8 Round Two partnerships that got off the ground and moved quickly to achieving results have relied heavily on partnership working. These include Derby, Knowsley and Hartlepool partnerships. Comments received to our questionnaires (**Case Study 9**) from the delivery agencies working with these partnerships (**Case Study 10**) suggest that networking is an integral part of their early success.
- 4.9 We found a degree of consistency between the focus group assessment of their partnership activity networks and their annual performance by overlaying our analysis of the five case study NDC partnerships, and their view of the extent to which they operate active partnering networks (**Figure 13**).

Success in some New Deal for Communities partnerships has been helped where 'win/win' opportunities have been exploited

- 4.10 Many of the projects in the initial years of the programme have been driven by the desire for quick wins and government encouragement to spend NDC funding. Examples include closed circuit television surveillance, community policing, street lighting, playgrounds, and breakfast clubs at infant and primary schools.
- 4.11 Where there has been a convergence of objectives between delivery agencies and partnerships there have been real opportunities for funding projects that successfully meet the needs and goals of both parties. Some of the NDC partnerships have looked to approach this on a strategic as well as project by project basis. Developing links between Shoreditch NDC and the London Development Agency, for example, illustrate the potential for win/win gains (**Case Study 11**).
- 4.12 In order to identify and take advantage of win/win opportunities - and the incremental funding they can bring into communities - partnerships need to be visible, active, and seen as players by outside funders. This makes it even more important that partnerships establish and maintain broad and effective communications with delivery and business agencies.

Case Study 9



ENGLAND: SURVEY COMMENTS

'The local education authority sees the New Deal for Communities initiative as an important pathfinder to develop effective area-based approaches in other deprived neighbourhoods in the city.'

'Partnership approaches involving the communities have been emulated across the city into non NDC areas.'

'This approach to strategic partnership planning, to take advantage of other initiatives such as children's centre and extended schools, is highly effective and should be replicated elsewhere in the City.'

'This area-based approach has informed our approach to the local authority's Neighbourhood Renewal Programme. In addition collaboration with the local schools, parents and the Primary Care Trust is informing new ways of delivering services for children and families.'

'We have been able to pilot outreach in the NDC area and are applying the lessons learned in other parts of the city.'

Extracts from National Audit Office survey of delivery agencies to question: 'If you have learned any positive lessons from participating in the NDC programme that you have carried forward into other areas of your work, could you briefly describe them below and the benefits you feel derive from them'

Case Study 10



ENGLAND: FOCUS GROUP VIEWS ON THE VALUE OF NETWORKING BY NDC PARTNERSHIPS

'Right from the start senior agency directors have put time and effort in, giving confidence and direction to Community Directors and creating a team that can deliver.'

'One of the main factors, if you like, is that recognition that we can't do this by ourselves, that we do need partners.'

'I think the problem with the East End is that what we haven't had is partnership working.'

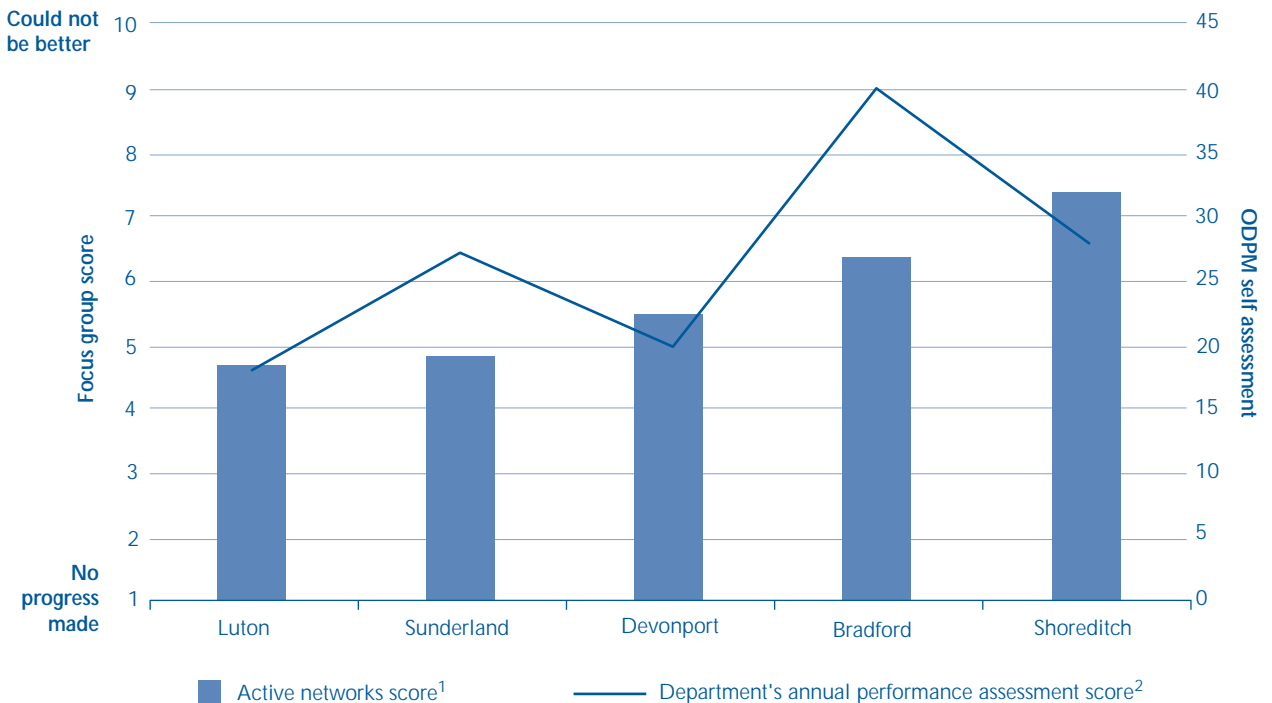
'We have to be working in partnership here.'

'One of the hardest parts, as he said, is getting the Council on board and getting them to share those visions that we have.'

'What's needed is a constructive dialogue where they say "Well, we think this is a problem area, this is what we think needs to be done to improve that situation." At the moment my perception is that there is this lack of competence but there isn't a constructive dialogue that says, "Let's put it right. Let's work together to see if we can actually take it forward".'

Source: National Audit Office focus groups with residents, deliverers and board members of five NDC partnerships

13 Those case study partnerships that scored well in the Department's annual performance management assessment generally rated themselves higher in terms of how fully they had developed 'active networks'



NOTES

- Three groups (residents, deliverers and board members) of approximately ten people from each case study were asked to rate their partnership's 'active networks' on a scale of 1 to 10. A score of 1 indicates that active networks have not been developed and a score of 10 indicates that networks are fully developed.
- In 2002-03 the Department requested partnerships to appraise their outcomes under the five main theme areas. A score out of 50 was calculated for each partnership. Agreement was reached between the NDC partnership and their government office before the scores were submitted.

Source: The Office of the Deputy Prime Minister and National Audit Office

Case Study 11



SHOREDITCH NEW DEAL FOR COMMUNITY PARTNERSHIP

Working in partnership

Shoreditch NDC is a Round One NDC partnership and lies within the London Borough of Hackney and is one of the largest NDC partnerships in terms of population, about 26,000. Approximately 52 per cent of the population are from black and minority ethnic groups and some 12 per cent of the population are unemployed (national average 3 per cent). The community comprises parts of four wards Moorfields, Haggerston, De Beauvoir and Wenlock. There are natural boundaries to the community being the Regent Canal in the north, Old Street and the borough boundary with Tower Hamlets in the south, Queensbridge Road on the east and City Road and the boundary with Islington to the west.

The Shoreditch NDC partnership works closely with the London Development Agency (LDA) where their priorities overlap, primarily on issues relating to economic growth, learning and skills, diversity, and sustainable development. The NDC partnership plays an active role in the City Fringe initiative, and the LDA appreciates the perspective and energy brought to such regional processes by the NDC partnership.

The LDA recently partnered with Shoreditch NDC partnership on a development project located at Hoxton Square. An LDA contribution of £600,000 allowed the NDC partnership to buy a 125-year lease on the property in question. The NDC partnership has subsequently formed a partnership with a private sector developer that will see significant new investment in residential and commercial space, as well as the construction of new office/clinic space for health care providers. LDA told us they do not normally contribute this much to any individual project, but their experience in dealing with the NDC partnership, as well as both parties being able to make significant progress against their own targets, was a key factor. The NDC partnership will realise new housing, commercial development, increased health facilities, and employment opportunities, while the LDA will make progress towards its commercial floor space, employment, and business development targets.

A lack of clarity over the role of accountable bodies has led, in some instances, to unnecessary conflict and strained relationships

- 4.13 Local authorities have been selected as the accountable body for most of the NDC partnerships and play a key role in ensuring propriety, regularity and governance in NDC partnerships dealings. NDC partnerships are accountable to Parliament through the Department for the money that they are spending and that value for money is obtained.
- 4.14 Due to the lack of a clear standard at the start of the programme, the accountable body/NDC partnership role has varied widely (paragraph 3.7). Many accountable bodies have struck a balance between direct intervention and helpful steering that has created a situation where programmes are progressing well. Other accountable bodies have taken a more hands on role which has constrained individual partnerships.
- 4.15 NDC partnerships need space to operate. Too much intervention, in some cases, has damaged working relations and slowed down the process of delivery. Micro-management by authorities, rather than a risk management approach has also limited innovation and the success of some NDC partnerships.

- 4.16 The main area where intervention and micro-management is likely to occur is in regard to project appraisal. The Department has issued guidelines on project appraisal where project costs are likely to exceed the delegated limits. Many accountable bodies, however, have already set up their own project appraisal procedures linked to existing regeneration projects such as Single Regeneration Budget and apply these criteria or their equivalent to NDC projects presented to them. From the accountable body's perspective this ensures consistency and best evaluation practices are implemented, but they may be an overly bureaucratic or sophisticated process for the level of NDC projects proposed.
- 4.17 All of the case study partnerships visited had at least one member of their delivery staff capable of understanding what a business appraisal process was yet most were unable to tell us exactly what they had to do to satisfy the appraisal processes of their accountable bodies and, in some cases, government offices. The case study below (**Case Study 12**) reflects that, while all parties are working with the best of intentions, poor communication between relevant parties has led to mistrust.



4.18 Consulting with communities is a lengthy process and many residents give freely of their time to do this and to get projects up and running. This brings its own frustrations, but inappropriate or unclear project appraisal processes actively deter participation. Where partnerships are experiencing difficulties getting projects approved, government offices, partnerships and their accountable bodies should consider simpler processes informed by a risk management approach and seek to establish service level agreements between themselves. If there are wider operational concerns then opportunities should be taken to engage the services of recently appointed but independent Neighbourhood Renewal Advisors⁵.

As the programme's focus moves increasingly towards delivery, the engagement of more senior level government office staff will be vital to success of the programme

4.19 Government offices have a dual role to play in monitoring the work and performance of the NDC partnerships and in facilitating the plans and strategies that partnerships are implementing. While the emphasis to date has been on developing the skills to oversee, support and manage this programme, government offices are well placed to help and encourage NDC partnerships to connect with wider community support organisations.

4.20 There is considerable appreciation of the assistance that government offices have provided so far (see [Case Study 13](#)), and at this stage in the programme, it is a good time for government offices to step up their efforts to assist partnerships' relationship-building work.

4.21 There is room for NDC partnerships to engage more fully with service delivery agencies. As regional hubs with access to experts in the main theme areas, government offices are well placed to identify and promote more opportunities for partnerships to connect with and influence activities likely to affect their communities. Where tensions exist between partnerships and existing or potential delivery agencies, government offices are ideally placed to act to resolve these tensions.

4.22 A shift in focus at the government office level will require the support and involvement of senior staff who have the skills and influence necessary to play a brokering and enabling role.

⁵ Neighbourhood Renewal Advisers are a body of regeneration experts identified and set-up under a call-off contract by the Department. NDC partnerships are encouraged to make use of their expertise as and when they are required. To date they have provided advice on a variety of matters ranging from community engagement to evaluation.

Case Study 12



SUNDERLAND NEW DEAL FOR COMMUNITIES PARTNERSHIP

Accountable body and partnership involvement

The Back on the Map partnership is located in the east of Sunderland between the River Wear, the city centre, the Port of Sunderland and the North Sea coast. It comprises three distinct sub-areas - the East End, Central Hendon and South Hendon (the Long Streets). The area has suffered from high levels of crime and long term unemployment, increasingly into third generation families. This is set against a background of low school attainment and high levels of social and economic dependency and evidence of poor health outcomes. With a population of some 10,200 there are strong traditions of community involvement with evidence of active campaigning and social entrepreneurship.

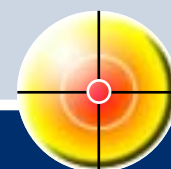
Sunderland City Council is committed to its involvement in respect of all regeneration in the city and acts as an agent for Back on the Map. The Council has two roles - partner and accountable body. The accountable body role includes monitoring, verification and appraisal in-house. Appraisals are split between officers on a themed basis, e.g. crime, education etc. with additional officers responsible for monitoring and payment of invoices.

Whilst advice/guidance is not a requirement of the Government Office North East, this supportive role was introduced by the Council to help improve the quality of appraisals and empower the local community in accessing funds. The Council commented that Back on the Map project appraisals are not always complete or as detailed as required to allow for a full assessment hence the supportive role during completion of appraisal forms.

The City Council charge for their services to Back on the Map but these are not clearly identified in financial reports back to the Partnership. It is of some concern, therefore, that the Partnership do not know the costs to them of submitting projects for appraisal that require additional input by the Council. While the Back on the Map company secretary (a qualified accountant) recognises that the City Council do an excellent job on the general evaluation and appraisal of their project bids, there are tensions as the Partnership need to know (or be reminded of) what the project appraisal criteria are so that they can communicate them to their working groups for future project development.

A service level agreement was established between the Council and Back on the Map when the Partnership was set up. Since then there have been a number of significant staff changes in the Partnership's executive with increasing demands for more detailed regular (monthly rather than quarterly) financial and monitoring information. At the same time, the Council have been introducing a new accounting system that will be able to meet the monthly information needs of the Back on the Map partnership. A new service level agreement is currently being negotiated that will no doubt help clarify the responsibilities of both parties but better and more open communication between the City Council and the Partnership would also help considerably.

Case Study 13



ENGLAND: FOCUS GROUP VIEWS

'I think Government Office East are playing their role better.'

'I had some conversations with Bristol and they are supported 100 per cent by Government Office West.'

'I think government's support has got better actually, I really do... the Government Office have, they've actually come down and actually talked to people.'

'We are getting some support from Government Office and other centralised bodies... and in the form of Neighbourhood Renewal advisors [who] have been delegated to coming here to act alongside the programme managers.'

Source: National Audit Office focus groups with residents, deliverers and board members of five NDC partnerships

Part 5

Delivery and sustainability

- 5.1 Delivery and sustainability refers to whether or not NDC partnerships are getting projects up and running, and whether those projects will continue to deliver benefits to the community once the programme has ended. Successful delivery is also influenced by the extent to which progress can be measured and demonstrated by NDC boards to secure the continued support of investors and the community.
- 5.2 The majority of the effort by NDC partnerships in the first 2-3 years of the programme has been focused on organising the involvement of community residents, recruiting staff and board members to partnerships and developing strategic plans and project proposals. Nevertheless, initial progress has been made in some NDC partnerships in initiating, and some cases, delivering projects.
- 5.3 In this part of the report we have looked at the projects that have started and the impact that they have had in the community. We have examined more ambitious, longer term projects and considered the benefits that are likely to flow into the community in later years. And we have looked at the steps that have been taken by NDC partnerships to make their projects sustainable over the long term.
- 5.4 Our findings are based on an examination of the Department's national evaluation, five case study NDC partnerships, a survey of 117 service providers, 15 focus groups with 150 people drawn from communities, NDC boards and delivery staff, and a benchmarking exercise with international regeneration programmes.
- Progress is being made towards reducing deprivation and changing community perceptions
- 5.5 As already outlined in this report, a large part of the effort in the earlier years of the NDC programme has been directed towards engaging communities and building capacity. Delivery has nevertheless been an important component of the early investment. Projects have varied widely, cutting across the five theme areas. Illustrated in **Figure 14** are some of the projects delivered to date, all of which have begun to make a positive, tangible impact.
- 5.6 Our survey of 117 local service providers show that 65 per cent of providers regarded their NDC partnership as having been at least 'quite' effective at helping to address the areas of crime, health, education and employment. About a fifth of them (21 per cent) felt their partnerships had been 'very' or 'extremely' effective. At this stage, this is very encouraging and suggests that prospects are good.
- 5.7 Adding to this, our focus groups with 150 residents, board members and delivery staff identified other impacts of NDC work (specific examples are provided in **Case Study 14**):
- A reduction in the fear of crime
 - A greater sense of community responsibility
 - Higher aspirations for the neighbourhood
 - Greater prospects for attracting business to the area
 - A shift towards preventative measures to help tackle deprivation.
- 5.8 Local service providers such as police, schools and primary care trusts consider NDC partnerships influential in changing and shaping their long-term plans. **Figure 15** illustrates the results of our survey of local providers. Most local service providers felt that NDC partnerships had been 'very' or 'extremely' influential in shaping their strategic plans for the area. Particularly encouraging about these responses is that, compared to other major bodies and area-based initiatives (shown in **Figure 15**), NDC partnerships scored very highly.

14 NDC projects that have already begun to make an impact



Physical Environment - Hutson Street Community Association

Following housing demolition and resident re-housing, the Association provides support and assistance to former occupiers and those still resident in the area. Bradford Trident funding: £1.5 million includes demolition.



Employment - New Deal for Business

Bradford Trident is providing financial support and business advice for existing and new businesses, and those interested in relocating to the NDC neighbourhood. Training, security, development and expansion grants are available. Bradford Trident funding: £500,000 over two years.



Health - Hamoaze House

Hamoaze House is a treatment centre for drug addicts. The centre encourages healthy living and relearning of life skills. The facility can be used by the whole community as well as clients. Devonport Regeneration Company funding : £500,000.



Education - Grangetown Primary School

The recently built Grangetown Primary School has replaced a 100 year old redundant school building. Grangetown, in addition to the normal day-to-day school life, is providing clubs, evening classes and a community centre. These will provide a revenue stream to help fund the school in the long-term. Sunderland Back on the Map funding: £1 million of £3.3 million total cost.



Crime - Street lighting

The Bradford NDC neighbourhood received 143 new and improved street lamps. The lighting was completed in December 2002. The lighting programme is intended to act as a deterrent against crime and improve the physical environment. Bradford Trident funding: £163,000.

Case Study 14



ENGLAND: FOCUS GROUP VIEWS ON CHANGES IN COMMUNITY ARISING FROM THE NDC PROGRAMME

'I do meet people who do say that it has touched their lives [the NDC partnership] in some respect; be it a bobby on the beat, be it a youth club, be it an information and communication technology centre.'

'I want to say that there's a real feeling of optimism in the area, you can feel it, and it's not statistical, you can't write down exactly the quantity of that but it shouldn't be underappreciated.'

'Some of the businesses have been reassured primarily because the central police station is moving into the area, which means there'll be a lot of activity and a lot of police cars moving around.'

'There's been a significant reduction in the amount of anti-social behavior.'

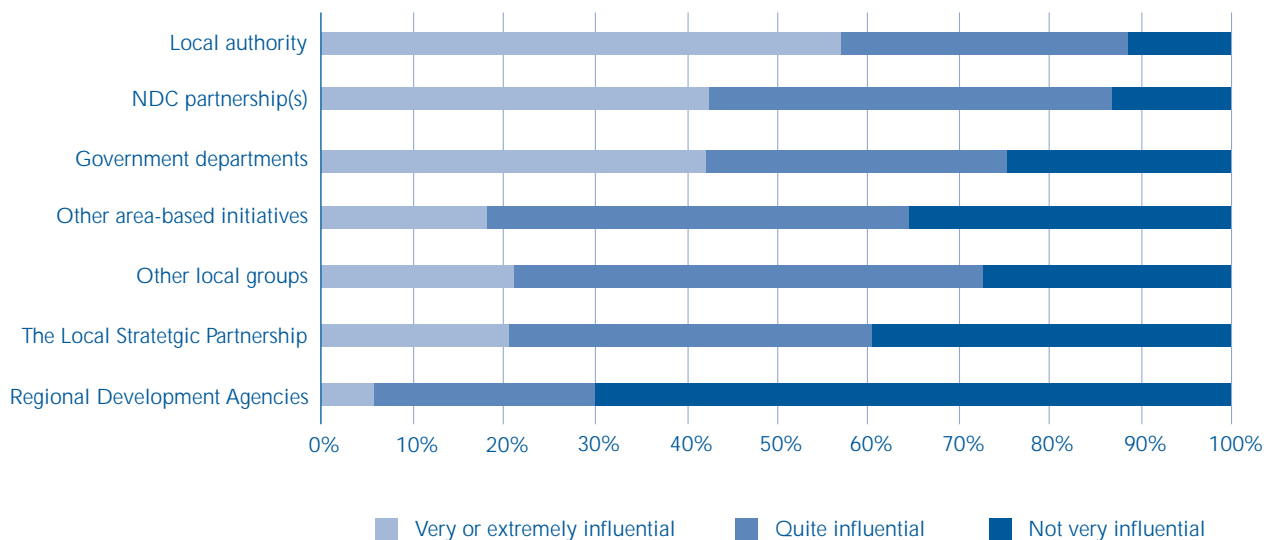
'This part of the district is now being regarded by some as an 'aspiration' that they would want to move into rather than do the reverse of wanting to move out.'

'Because of the NDC we've tended, over the last year, not to be out there kicking doors in and arresting people, we're tending to put more emphasis now on preventative measures; getting into schools, local businesses and what have you, giving certain officers specific areas of responsibility, trying to educate people.'

'When I first started working in this area I was horrified by how proud they were of siblings/parents who were in prison... there was a respect for those people... there isn't that sort of attitude any more, it's gone and I think it's very subtle, it's much more subtle than figures but it's something that's coming through their families, a change in attitude to crime.'

Source: National Audit Office focus groups with residents, deliverers and board members of five NDC partnerships

15 Local service providers felt that NDC partnerships, as compared to other national and local bodies, had been influential in shaping their strategic plans



Source: National Audit Office survey of 117 service providers in NDC neighbourhoods

There are some very high-potential initiatives that will need time to mature before their contribution can be measured

5.9 The programme has encouraged NDC partnerships to seek innovative and high potential solutions to the problems that they face. In all of our case study visits we found encouraging examples of bold initiatives. These included:

- **The '@Work' employment initiative supported by Shoreditch Our Way (Case Study 15).**
- **The 'living street' concept conceived by Bradford Trident.** As a part of Bradford's master-planning exercise they have developed an ambitious strategy to create a 'living street' through the NDC neighbourhood which will include a pedestrianised walk-through and will be supported by a variety of other activities which include better lighting, environmental projects, and façade improvements. Some of the benefits will include a greater sense of pride in the area, better community cohesion and a safer place to live in.
- **The 'Bobbies on the Beat' project supported by the Devonport Regeneration Company.** Over £700,000 of NDC funds have been committed for the first three

years of a planned ten-year project providing highly visible patrols carried out by a police unit dedicated to the NDC neighbourhood. During the same period Devon and Cornwall Constabulary will contribute just under a third (£276,000) of project funding. This is a new approach that uses neighbourhood-focused (instead of wider area) policing, to which specified personnel are dedicated. Based on lessons learned and successes to date, Devon and Cornwall Constabulary plans to establish neighbourhood-based policing across its wider area of responsibility.

- **The Coulter Centre being developed by the Marsh Farm Community Development Trust in Luton.** £4.5 million in NDC funds have been used to purchase a large and highly visible facility, located in the centre of the NDC neighbourhood and formerly used for research and production of pharmaceuticals. The long-term plan is to develop a portion of the facility for the use of community organisations, while also providing space for business incubation and other commercial activity. The Government Office for the East of England has subsequently informed us that the Coulter site is now also included in the wider Sub-Regional Strategy for Luton and Bedford under the planned Growth Area Initiative. This initiative envisages some 20,000 homes, employment zones and infrastructure support adjacent to the Marsh Farm area.

Case Study 15



SHOREDITCH NEW DEAL FOR COMMUNITY PARTNERSHIP

Job matching

The Shoreditch Our Way NDC partnership has contracted @Work to provide employment placement and recruitment services for local residents. @Work is a private company specialising in helping the unemployed, especially those in disadvantaged areas, into work. There are 22 branches of @Work around the country, including several in NDC neighbourhoods.

In addition to matching individuals with jobs, @Work provides assistance with CV preparation and interview skills, and provides free internet job search facilities for residents of the NDC neighbourhood. There is also ongoing mentoring and support for people who are placed in jobs. @Work's facilities are modern and bright and do not convey a 'government' atmosphere, and its staff are highly enthusiastic.

Shoreditch Our Way pays a flat rate of £1,100 for each person successfully placed in a job for a minimum of 13 weeks. 80 per cent is paid upon placement, and 20 per cent if the person is still employed after 13 weeks.

The benefits of this are considerable: unemployed residents are placed in work; benefits no longer have to be paid to those residents (meaning the £1,100 investment pays for itself within three months); more people pay tax and National Insurance upon securing work; and wages may be spent in the area.

In 2002-03, 157 people from within the Shoreditch NDC neighbourhoods were successfully placed in work. More than half of these were from black or ethnic minority groups, almost 10 per cent had been unemployed for over 24 months, and another 10 per cent had been unemployed for 12 months. Roughly 150 people visit @Work each week, and a welcome but unintended benefit is the delivery of job placements for people who live outside the area.

Shoreditch Our Way's contract with @Work runs for three years, which is allowing @Work to identify and secure funding sources that will enable it to continue working in the area.

- **The Valley Park Road School supported by the Back on the Map partnership in Sunderland.** The Back on the Map partnership contributed £1.9 million to this £4.8 million project to build the Valley Park Road Community School. The school is open to the whole community and is encouraging lifelong family learning in an exciting environment. Facilities and activities include crèche and toddler groups, breakfast and after school clubs, special needs provision, an information technology suite for local people, seminar room hire, and plans for healthy living facilities. A much appreciated facility is the 'internal street' where parents can wait inside the building to collect their children.

New Deal for Communities partnerships should put more effort into, and find new ways of, proving and publicising their successes

- 5.10 Many of the areas covered by the NDC programme have been included in past regeneration initiatives. Those initiatives did not always achieve the results hoped for by residents or the Government.
- 5.11 Being able to demonstrate success is vital for maintaining community support, combating cynicism, increasing participation, and building momentum. But the high level of enthusiasm and participation present at the beginning of the NDC programme may be at risk of declining. Residents cited a lack of visible results and a lack of information about what is happening in the programme as reasons for this. Greater efforts need to be made to communicate non-visible successes such as employment and make residents aware of longer-term initiatives that are in the pipeline.
- 5.12 In the focus groups, participants cited poor communications as being one of the most serious shortcomings of partnerships. This opinion was even expressed by residents who were the most satisfied with the overall performance of their partnership.
- 5.13 Many of the achievements in the theme areas, and the projects that lie within those areas, are not readily apparent. For example, residents who find employment through an NDC project cannot be distinguished from those who have not. Improved education results are not easily visible to residents who do not have children. Many of these less-visible initiatives encourage attitudinal change and are the ones that will have the greatest long-term impact on the community and on the individuals who derive the most immediate benefit. Greater effort needs to be made to explain these initiatives and how they fit into a long-term vision for the community.
- 5.14 Methods of communication vary, and may not always be the most appropriate. Newsletters are often seen as being junk mail and are often not even looked at. Literacy and language barriers often mean that residents are unable to use the information that is provided to them. Few partnerships are making use of the internet to promote themselves or provide updated information to residents.
- 5.15 One particular aspect of communications where NDC partnerships could be much stronger is branding. In Marsh Farm, there are road signs at the boundaries of the NDC neighbourhood, but the offices themselves can not be distinguished from outside. The only evidence of Shoreditch NDC partnership funding at the @Work premises is a small logo in a bottom corner of the window. At the Hoxton Square development in which Shoreditch NDC partnership is partnering with a private sector developer, the partnership's logo has been removed from the safety wall around the property. Partnerships need to take better advantage of such high-profile opportunities to promote their existence and activities. The case study in **Case Study 16** is an example of good practice in communications and branding.
- 5.16 One simple and effective tool for demonstrating progress that could be developed more fully in NDC publications is the use of 'before and after' photographs in communications. In projects we studied in Andhra Pradesh and Toronto (**Case Study 17**), such photographs are used to proactively demonstrate and publicise improvements and progress that has been made.
- 5.17 The Department has developed some useful approaches to sharing lessons and expertise between NDC partnerships. These include the regeneration web forum, called *renewal.net*, and the network of Neighbourhood Renewal Advisors selected by the Department and made available across England through a call-off contract. Both may continue to be valuable resources in strengthening strategies for communicating more effectively and branding progress made under the NDC programme.

In terms of sustainability, there have been some encouraging signs of success and greater progress can still be made

- 5.18 Our interviews with residents, board members, and service delivery teams show strong cross-cutting support for the idea of sustainability. As one resident board member described it, the NDC process is about going **'beyond the 10 years, 20 years or 30 years and ensuring that after funding has come to an end that momentum is maintained and moves to a different plateau'**.

Case Study 16



CANADA: TORONTO

The South Riverdale Revitalization Project

The South Riverdale Revitalization Project is a regeneration initiative located in the eastern end of downtown Toronto, Canada. Its primary focus is the economic regeneration of a community made up of five distinct neighbourhoods, including a large and visible Chinatown area.

Communications and branding are seen as key to promoting economic development in the South Riverdale area. In addition to multi-lingual newsletters, the Projects website (www.southernriverdale.ca) provides updated area news, plans and projects, photographs, contact information, and the ability to subscribe to an electronic newsletter.

In addition to information for residents, the website also serves as a promotional vehicle for the neighbourhood. Potential investors can find information about existing

businesses and suppliers, the education and skills mix of residents, and housing prices. South Riverdale is located adjacent to a cluster of large film studios (commonly referred to as Hollywood North) and a conscious effort is being made to brand the community as a centre for arts-based, cultural, and multi-media entrepreneurs. There has been a recent influx of such businesses, which should raise the profile of the community within Toronto and attract more shoppers and visitors into the area.

The branding efforts being made by the South Riverdale Revitalization Project are seen as key to promoting the community to the outside world and encouraging the formation of a sustainable economic cluster that builds on existing strengths in the community.

Case Study 17



INDIA: ANDHRA PRADESH

The Andhra Pradesh Urban Services for the Poor programme

In the state of Andhra Pradesh in India, efforts to communicate progress in regeneration need to reflect extremely low literacy levels in the local population. Widespread use is made of before and after photos, a simple

way of showing people what has been accomplished. Displays of photos are used at public events, and photos are also on display at municipal offices. This is a simple and powerful way of showing tangible progress in regeneration.

Before programme work



After programme work



- 5.19 This presents a number of challenges, particularly in terms of agencies and local authorities being able to commit short-term and long-term funding. However, there are encouraging examples of NDC projects adopted by mainstream agencies and departments (called mainstreaming), particularly where partnerships are able to pilot initiatives and demonstrate success to agencies (see [Case Study 18](#)).
- 5.20 While there are encouraging examples of mainstreaming and sustainability, we feel that more can be done. Particularly key is expanding and strengthening partnerships' relationships with the business community. Increasing employment and business activity is essential to increasing wealth in NDC neighbourhoods. And this increased wealth is vital for achieving sustainable social change.
- 5.21 Regeneration initiatives in North America place primary emphasis on economic and business development, our study of regeneration in the Harlem area of New York City providing a prime example. In the Empowerment Zone of Upper Manhattan (Harlem), for an investment of £83 million (half of which represents loans), over 5,000 local jobs have been created. There are some examples of successful engagement in a English context, such as Bradford's partnership with the local chamber of commerce to provide mentoring and to administer grant and loan support to area businesses. Bradford's progress in this area is not the norm, however, and NDC partnerships need to be much more proactive in engaging business - not only within their geographic areas, but within the broader community.
- 5.22 There are examples of NDC partnerships acquiring capital assets or establishing self-sustaining loan funds, with the intention that these can continue to be used after the programme's lifespan without requiring the investment of more public funds. The Department, together with the Treasury, is currently considering the issue of asset-based regeneration. Initiatives undertaken by NDC partnerships may provide a valuable source of information and lessons on this subject. As one of the stated ideals of the NDC programme is innovation, government offices should continue to demonstrate flexibility in allowing well-considered initiatives to be tested on the ground.

Case Study 18



SHOREDITCH NEW DEAL FOR COMMUNITY PARTNERSHIP

Shoreditch bus service

Prior to the NDC programme, there was no east-west bus service running through Shoreditch. In order to reach the Hackney town centre or the nearest hospital, residents were required to take several different bus routes or use taxis. This added a great deal of time, effort, and expense to journeys and limited the area's residents access to outside employment opportunities, health services, shopping, and other neighbourhoods.

Previous studies had concluded that an east-west bus route through Shoreditch would not be economically viable. Shoreditch Our Way allocated funds to run a pilot project and approached Transport for London. Shoreditch Our Way fully funded the operation of a route that was developed with Transport for London's assistance and received an official TfL designation. A small bus was purchased and a twice-hourly service was introduced.

After one year, the service proved to be so successful that Transport for London has permanently incorporated it into its own services, provided full-sized buses for the route, and increased service frequency to four buses per hour.

Residents have been extremely positive about the new service. In addition to improving access to health care, town centre shopping, and employment opportunities, the service has had less tangible but equally important benefits. One example is two elderly sisters who live at opposite ends of the community who previously found it difficult and expensive to visit each other, but are now able to see each other on a weekly basis - dramatically improving their quality of life.

Appendix 1

Methodology

- 1 We used a variety of methods to collect evidence to examine the progress made on the NDC programme.

Survey of Local Service Delivery Agents

- 2 We issued a survey to the following key service delivery agents for all NDC partnerships: their Local Authority, Primary Care Trust, Education Authority, Police Service and Job Centre Plus. The survey sought their views on:
 - The effect of their strategic plans relating to the neighbourhood
 - The working relationship between themselves and the NDC board and neighbourhood
 - The impact of NDC funding on their budget allocations for the NDC neighbourhood
 - Lessons they had learned from the NDC programme so far and their overall conclusions to date.

We received responses from 117 service delivery agents. The survey response rate is summarised below:

Primary Care Trusts	Education Authorities	Local Authorities	Job Centres	Police Forces
81%	68%	51%	64%	78%

A summary of the survey results can be found on the National Audit Office website.

Case Studies

- 3 Five New Deal for Community partnership case studies were visited (below) to provide a cross section of communities with varying degrees of deprivation, and with some strong evidence of progress in at least one of the five key theme areas. In addition to data analysis and file study examinations at government offices and New Deal partnership offices, case study visits typically included:

NDC Partnerships	Focus Groups	Interviews
1 Shoreditch	For each partnership visited	For each partnership visited
2 Bradford	<ul style="list-style-type: none"> ■ Partnership board members 	<ul style="list-style-type: none"> ■ NDC chairman and board members
3 Devonport	<ul style="list-style-type: none"> ■ Project delivery representatives 	<ul style="list-style-type: none"> ■ NDC chief executive and delivery staff
4 Sunderland	<ul style="list-style-type: none"> ■ Members of the community 	<ul style="list-style-type: none"> ■ Government office
5 Luton	On average there were 10 members for each of the focus groups in each partnership	<ul style="list-style-type: none"> ■ Regional development agency ■ Local authority ■ Local strategic partnership ■ Chamber of commerce

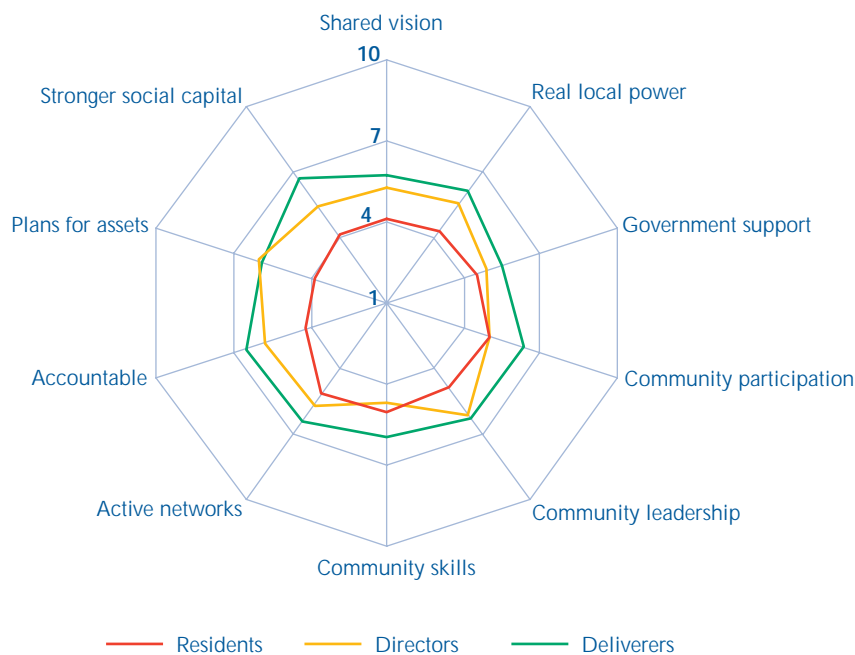
Focus groups

4 We undertook focus groups with a total of 150 people - these comprised residents, NDC board members and delivery teams from the case study NDC partnerships. In each focus group we invited members to score how far they felt their NDC partnership had progressed against the ingredients of success shown below. These ingredients were drawn from a broad body of practitioner, academic and international literature and were intended to highlight key areas of early performance. We also invited members to share their views on the NDC programme and regeneration in more general terms.

- 1 **A shared vision.** Complementary long-term strategic visions on the part of the community and the government.
- 2 **Real local power.** Real decision-making authority devolved to the community level.
- 3 **Government support.** The genuine support and encouragement of statutory authorities.
- 4 **Community participation.** Maximised quantity and quality of citizen and community participation.
- 5 **Community leadership.** Creative and dynamic leadership within the community.
- 6 **Community skills.** The development, release, and channelling of the skills of community members.
- 7 **Active networks.** The active development of wider networks by the responsible community organisation.
- 8 **Accountability.** A 360 degree accountability framework.
- 9 **Plans for assets.** A structure that allows for the ownership and management of capital assets.
- 10 **Stronger social capital.** A focus on attitudinal change and the development of social capital.

5 All focus groups were audio-taped and transcribed in full and analysed in detail with the assistance of a qualitative data analysis software package called Atlas.ti. A summary of the survey results are shown in **Figure 16**.

16 Summary results of focus groups by residents, board members and delivery agents



NOTE

A score of 1 = no progress made in this area and 10 = progress could not be any better.

Source: National Audit Office

International Research

- 6 We engaged GHK Consulting to review international experience in tackling community regeneration to provide guidance on what regeneration approaches have worked in other countries, and why. Countries reviewed were: South Africa; India; Philippines; New Zealand; Germany; Netherlands; Spain; Canada; USA; and Brazil. Together with our own research this work formed the basis for the ingredients for success in regeneration schemes discussed in focus groups and the basis for selecting international case study comparisons.
- 7 International Case Studies - details contained in Appendix 2.

Interviews with the Department, the Evaluation Team and other commentators

- 8 In addition to interviews and file examination at the Office of the Deputy Prime Minister we also reviewed the work and main findings of the National Evaluation Team co-ordinated by Professor Paul Lawless at the Centre for Regional Economic and Social Research at Sheffield Hallam University. As part of this work we also met with Mr Mike Noble at the Social Disadvantage Research Centre (University of Oxford), undertaking detailed analysis of government data relating to the communities and Dr Peter Tyler of Cambridge Economic Associates who have responsibility for examining the value for money aspects of the programme. Other organisations and commentators that we interviewed included:
 - HM Treasury
 - Cabinet Office
 - Audit Commission
 - Urban Affairs Sub Committee
 - Polly Toynbee - Social Affairs Editor, The Guardian; Author of 'Hard Work'
 - Institute for Public Policy Research
 - Centre for Economic and Social Inclusion
 - Coutts Learning Skills
 - British Urban Regeneration Association.

Polarity Management

- 9 We commissioned Barry Johnson, Director, Polarity Management Associates and Julie Beedon, Director, Vista Ltd, to help us explore, through two workshops, the management tension inherent to the NDC programme. They employed a technique called 'polarity management' to identify key tensions that have an impact on the success of the programme, and to identify potential approaches for addressing them. The tensions identified included:
 - Full community engagement vs. making timely decisions
 - Innovation vs. tried-and-tested methods
 - Being strategic vs. the need to invest quickly and demonstrate results
 - Government control vs. community control.
- 10 Those partnerships/government offices that had had an opportunity to put polarity management principles to the test had found the methodology very useful. We are now working with the Neighbourhood Renewal Unit to produce general polarity management guidelines to be distributed to major participants.
- 11 The outcome of this process has informed the key messages identified in this report.

Appendix 2

International Fieldwork

- 1 To place the NDC programme in a broader context and to understand more widely what works in neighbourhood regeneration, we undertook detailed case studies of five international initiatives in three continents. Each region and programme examined applied distinctly different models to the task of regeneration in:
 - North America, the primary focus of regeneration initiatives is on economic and business development and the generation of employment opportunities
 - Western Europe, efforts are largely aimed at influencing mainstream services
 - India, the major focus is on building social capital.
- 2 Members of the study team travelled to each locale, met with and conducted semi-structured interviews with key players, and were able to see examples of how regeneration initiatives worked on the ground. Opposite is a list of the programmes and organisations we met with during our visits.

Country - City	
<p>United States of America:</p> <p>New York City</p>	
<p>Canada:</p> <p>Toronto</p>	
<p>Germany:</p> <p>Berlin</p>	
<p>Netherlands:</p> <p>Amsterdam and Dordrecht</p>	
<p>India:</p> <p>Andhra Pradesh</p>	

Programme	Programme details	Organisations consulted
Empowerment Zone	<p><i>Budget:</i> £186 million <i>Community population:</i> 170,000 people <i>Key aims:</i></p> <ul style="list-style-type: none"> ■ Stimulating business ■ Job creation <p><i>Duration:</i> 1994 to 2009</p>	<p>Department of Housing and Urban Development Upper Manhattan (Harlem) Empowerment Zone Bronx Empowerment Zone A.L. Buzzini Co. Inc Women's Housing and Economic Development Corporation The Enterprise Foundation City University of New York, Department of Urban Affairs and Planning</p>
South Riverdale Revitalization Project	<p><i>Budget:</i> £176,000 per annum <i>Community population:</i> 20,000 <i>Key aims:</i></p> <ul style="list-style-type: none"> ■ Community involvement ■ Social capital ■ Business economic development <p><i>Duration:</i> 2000 to 2006</p>	<p>City of Toronto Department of Economic Development Human Resources Development Canada South Riverdale Revitalization Project Riverdale Community Business Centre John Sewell, former Mayor of Toronto University of Toronto Urban Planning Programme Ryerson University School of Urban & Regional Planning Neptis Foundation</p>
Social City Programme	<p><i>Budget:</i> £470 million <i>Community population:</i> 15,000 <i>Key aims:</i></p> <ul style="list-style-type: none"> ■ Neighbourhood citizen involvement ■ Environmental improvement ■ Governance innovation <p><i>Duration:</i> 1999 to 2004</p>	<p>Senate Department of Urban Affairs Quartiersmanagement Vor-Ort-Büro Quartiersmanagement Schöneberger Norden German Institute for Urban Affairs</p>
Empowering Our Neighbourhoods	<p><i>Budget:</i> £28 million <i>Community population:</i> 30 cities <i>Key aims:</i></p> <ul style="list-style-type: none"> ■ Quality of life ■ Social cohesion ■ Neighbourhood security <p><i>Duration:</i> 2001 to present</p>	<p>Ministry of Spatial Planning, Housing and the Environment Ministry of the Interior and Kingdom Relations Bureau for Research and Statistics Urban Policy and Development, Amsterdam Strategie Advies, Amsterdam Dordrecht Municipality Zeeburg Municipality</p>
Andhra Pradesh Urban Services for the Poor Project	<p><i>Budget:</i> £94 million <i>Community population:</i> 32 towns <i>Key aims:</i></p> <ul style="list-style-type: none"> ■ Local government reform ■ Improved environmental infrastructure for the poor ■ Enhances the range and quality of services for the poor <p><i>Duration:</i> 2000 to 2007</p>	<p>Department for International Development India Andhra Pradesh Urban Services for the Poor Municipal Administration and Urban Development Department Dr. Reddy's Foundation for Human and Social Development The Bharathi Mahila M.A.C.C. & T.S. Limited</p>

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		Publication date
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Cross-government		
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- Case studies	HC 61-II	12 December 2003
Increased resources to improve public services: a progress report on departments' preparations	HC 234	28 January 2004
Defence		
Operation TELIC - United Kingdom Military Operations in Iraq	HC 60	11 December 2003
Major Projects Report 2003	HC 195	23 January 2004
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