

Fragility and Recovery: Housing, Localities and Uneven Spatial Development in the UK

Introduction

The depth and severity of the global financial crisis became fully apparent in mid-2007. Based on quarterly GDP figures, the UK experienced the longest recession between the second quarter of 2008 and the third quarter of 2009 since such quarterly data was first published in 1955. It was also the first time that the UK economy had the largest quarter-on-quarter decline since 1980 (Vaitilingam, 2009). As in previous recessions, the UK housing and labour market has responded unevenly and inconsistently at the local and regional levelsⁱ. For over seven decades, the discourse of spatial inequality in the UK has been very much centred on the North-South divide: a line drawn between the Severn and the Wash Estuary. The Barlow Report (1940) was the first report to develop a post-war regional policy framework to address spatial disparities in Britain. In recent decades, both the Thatcher and the Blair governments tried to divert attention from inter- to intra-regional disparities. The issue, however, should not be about displacement of arguments, but rather that attention should be paid to both inter-and intra-regional inequalities to develop robust policy frameworks for addressing different development issues. While there is a corpus of research highlighting the deeply entrenched north-south friction, nuanced evidence of intra-regional variation in market performance, affordability, housing construction, business activity and labour markets throughout the UK is currently lacking. This paper aims to bridge this research gap by examining the changing nature of housing and locality conditions across the UK over the recession period.

The paper begins by first exploring the varied notions of the UK spatial divide before moving on to discuss contemporary housing and locality circumstances within the context of the pre and post recessionary periods. This is followed by an explanation of the

methodological approach taken in the research, with the remainder of the paper discussing the pre and post recessionary trends in housing and locality circumstances and the spatial implication of these trends for future UK policy development.

Conceptualising the Spatial Divide in the UK

New economic geography (NEG) – a thesis first posited by Krugman (1991) – assumes that industries, skilled labour and technologies cluster in geographical space. The spatial concentration of interconnected firms provides a mechanism for enhancing competitive advantage by reducing training and recruitment costs associated with the labour force and by enhancing competition as well as facilitating cooperation between firms (Krugman, 1991). In a review of NEG, Fujita and Mori (2005) note that economic agglomeration is not consistent across space but occurs in different ways in different places and at different scales. Variiegation in economic agglomeration reflects the fact that agglomerations are embedded in larger economies that serve to create a complex multi-layered economic system. However, part of this complexity is the acknowledgement that agglomeration is only one part of the story; dispersion also occurs – centripetal forces (market access, skill bases) pull economic activities together whilst centrifugal forces (congestion, rent costs) disperse economic activities (Krugman, 1998). As the NEG framework has evolved, the complexity of the concentrating and dispersing narrative has intensified but one constant remains: the processes of concentration and dispersion have historically generated uneven distributions of economic activity (Fujita and Krugman, 2004) and sociospatial configurations (Filion, 2010) within and between different localities.

The north-south divide – a tale in which a socially and economically declining north is lagging behind a developing and buoyant south – is one of the most enduring

representations of uneven spatial development in the UK. It was in the immediate post-war period, following the rise of the Labour Party and the 'turn to interventionist' and 'one-nation policies' (Gonzalez, 2011), that the narrative of the north-south divide gained resonance. Stark spatial inequalities following the collapse of the traditional spatial division of labour in inter-war Britain gave rise to an explicit redistributive policy mantra branded as 'a strategy of spatial Keynesianism' (Brenner, 2003). Under Keynesianism, the national scale became the focus for development policy but '...it was the regions...that became the key spaces for policy intervention' through which redistributive, 'one-nation' policies would be delivered (Raco, 2007:22). However, the break-down of the Keynesian settlement and the onset of the global economic crisis in the mid-1970s served to erode the 'one-nation' philosophy that had prevailed in the immediate post-war period (Raco, 2007). During this period of 'roll-back' neoliberalism, the secret of economic growth '...was seen to lie in the unshackling on Britain's stifled entrepreneurial spirit [achieved] through the dismantling of the welfare state' (Peck and Tickell, 1992:355).

The debates about the scope and scale of unequal regional development simmered below the surface throughout the 1980s and 1990s (Townroe and Martin, 1992; Dunford, 1995). This context changed little with the rise to power of New Labour in 1997. The advent of a dominant 'Third Way' discourse – which sought to combine enterprise with fairness and equality – gave rise to an awkwardly conceptualised (and ultimately unrealised) notion of 'balanced' competitive regional development. This stage of constrained 'roll-out' neoliberalism (Peck and Tickell, 2002) coincided with a period of devolution for Scotland, Wales, and Northern Ireland, and regional institution-building in England. This process of state and institutional restructuring and modernisation was seen by New Labour as a way of 'tooling-up' for the task of reinvigorating the economically underperforming regions of the

country whilst allowing the UK's economic engine room – London and the South East – to thrive (HM Treasury, 2001). Ultimately, balanced competitiveness worked to shift the political focus away from regional disparities towards emphasising the 'untapped opportunities' for competitive growth across *all* regions of the UK.

Since taking power in 2010, the governability of the housing market and wider economic recovery, following the onset of recession in 2007, has been a major political challenge for the UK Coalition governmentⁱⁱ. The dominant economic policy discourse of the Coalition – with its strong emphasis on competitiveness and market efficiency – continues to privilege a neoliberal economic philosophy – albeit a philosophy whose implementation is likely to be constrained by private sector conservatism and resource and capacity restrictions in the public sector. Given the severity and global impact of the recession, it is unsurprising that interest in uneven spatial development has intensified, in the UK and elsewhere, around the differential capacities of places to first resist and subsequently to recover in the aftermath of the economic crisis (e.g. Claessens *et al*, 2010; Fujita, 2011).

Despite the partial and simplifying nature of the north-south dichotomy and the emergence of more nuanced readings of the phenomena (Gonzalez, 2011), the debate around north-south inequality in the UK has endured. This is illustrated by recent research which has adopted the north-south narrative to anchor debates around spatial development trends and to frame wider discussions about the challenges that policymakers face in addressing regional spatial inequalities in the UK (Rowthorn, 2010; Gardiner *et al*, 2012). The fortitude of the north-south debate reflects the fact that the manifestation of regional inequalities – which emerge through the uneven redistributive effects of national economic and social policies – matters. Massey (2001:7) contends that to understand regional inequality and to engineer effective redistributive change, '...the geography of

relations of control, the geometries of power and the discursive dominance of the South East over the rest of the country' need to be addressed. This view has its roots in the idea that due to the unbounded circulation of capital, 'regions' cannot be conceived as territorially bounded spaces but rather need to be thought of as open and 'leaky' and constructed through relational processes and power dynamics (Massey, 1995; Allen *et al*, 1998; Amin *et al*, 2003).

Although relational conceptions of space offer particular perspectives on spatial structure, there is also an argument, however, '...that many everyday *realpolitik* acts...often distinguish a pre-existing or aspirant spatial scale or territorially articulated space of dependence through which to conduct their actually existing politics of engagement' (Jones and Macleod, 2004:437) (emphasis in original). The north-south divide is one example of the realisation of 'space dependence' and the dichotomy provides a convenient '...discursive device for simplifying what in reality is a necessary complex socioeconomic landscape' (Martin, 2004:21).

The north-south divide has ultimately become something of a hegemonic narrative in the UK and this narrative has been constructed around administrative standard regions and territories. From a *rational* planning perspective, it is crucial that policies are sensitised to the 'geographies of outcomes' and the ways in which space-time dynamics influence spatial change. As a result, spatial planning and policymaking will often be underpinned by the idea that practical solutions should be sought for complex problems. Policy monitoring, for example, will often rely on the adoption of spatial boundaries including housing and labour market areas, administrative boundaries, or national territories to frame any analysis. Because of practical considerations, 'space dependence' emanating from the 'problem' scenario will often reinforce 'space dependence' in the 'response'. Therefore, how spatial

boundaries are drawn and the spatial resolution that is chosen to frame any spatial analytical exercise are crucial elements in the construction of an understanding of spatial structure and outcomes. Ultimately, the primacy afforded to the regional scale in the debate around the spatial divide has long served to mask the 'archipelago' that is characteristic of spatial development in the UK (Gonzalez, 2011).

Framing the Spatial Divide in the UK

Although political devolution in 1999 served to fragment policy agendas within an asymmetric governance framework, the four nations of the UK have all faced common issues revolving around: 'housing supply', 'housing affordability', 'homelessness', and 'neighbourhood regeneration'. These issues could be subsumed within New Labour's policy objective of achieving 'sustainable communities'. The nature of housing issues has changed markedly over the last ten years. There are now less physical problems with housing stock, but more concerns over housing affordability and the external neighbourhood characteristics that accompany housing consumption, as well as increasing concerns about the sustainability of housing markets (Barker, 2004). Across the four jurisdictions, housing supply emerged as a key focus for policy not only because the supply of new units to the stock of housing had been depressed since the 1990s but also because it was recognised that housing supply is intimately connected to affordability.

In England, the Blair government set a target of building 240,000 extra new homes per annum by 2016 and a total of three million homes by 2020. To achieve ambitious housing supply targets set by national government, Growth Areas and Growth Points were identified as spatial planning instruments which were initially announced in the *Sustainable Communities Plan* of 2003 (ODPM, 2003). Varying targets for supply – not only of private

sector dwellings but also of social and intermediate dwellings – were also set across the other jurisdictions. The delivery of affordable housing as well as housing to meet the general need of the population re-emerged as a key political battleground across the UK. In addition to having an economic impact, it was recognised that a quantitative lack of housing was driving up affordability pressures whilst a qualitative imbalance had the potential to leave individuals and families without stable or suitable accommodation (DETR, 2000). The focus on improving the efficiency of housing market functioning meant that increasing emphasis has been afforded to addressing the social implications of housing market outcomes. Indeed, concerns over housing market functioning led to the development of bespoke homelessness policies for England, Wales, Scotland and Northern Ireland. The assumption was that the variegated operation of housing markets across the UK created qualitatively different challenges for homelessness policy within the four jurisdictions. Likewise, neighbourhood regeneration policy took on many different forms across the four territories following devolution. Alternative funding mechanisms emerged along with alternative regeneration strategies. Although the mechanisms and strategies were bespoke, the core focus of regeneration policy remained somewhat consistent across the four jurisdictions. All of the agendas emphasised the roles of brownfield land remediation and neighbourhood regeneration in developing higher quality, liveable neighbourhoods.

Despite the fragmentation that has taken place in the policy architecture in the UK since devolution, the spatial divide continued to be framed in rather predictable ways in New Labour policy discourses (Morgan, 2006). New Labour, somewhat uncritically perhaps, regarded devolution and regional decentralisation as mechanisms for realising the ‘economic and social dividend’ of competitiveness. The assumption was that more accountable and representative sub-national governance arrangements – albeit

underpinned by effective state-input through the setting of centrally-derived objectives and regulations for social and economic development – would serve to generate greater capacity for policy innovation and creativity in response to economic and social challenges. In the early period of devolution and decentralisation, the traditional scalar focus remained largely ‘fixed’ on the Standard English Regions and the national territories of Scotland, Wales and Northern Ireland. In England, when the ‘regional project’ came under scrutiny – largely due to the perpetuation of regional disparities and the rejection of an elected regional assembly in North East England – a political-economic and scalar shift took place which realigned the policy focus away from *competitive regionalism* towards *competitive city-regionalism* (Harrison, 2007). This shift was seen to offer a scalar fix that could help to reduce the gap between the north and south of England. However, as Morgan (2006:202) notes, this shift was unlikely to ever ‘...offset the most powerful spatial trend in the United Kingdom today – namely the growing domination of a London-centred, super-region’.

The onset of the global economic crisis in 2008 raised questions over the sustainability of the neoliberal project (see Peck *et al*, 2010) and with that of the global competitiveness of the UK economy. Nevertheless, the competitiveness agenda has retained centre stage in recent national plans for economic growth in the UK (see HM Government, 2010). This has essentially taken the form of a policy drive towards ‘rebalancing’ the UK economy so that future growth ‘...is not concentrated in certain sectors or areas of the country but that is balanced across all regions and industries’ (BIS, 2010:1). London and the wider South-East of England remain fixed in the Coalition policy narrative as primary drivers of the UK’s economy and it is recognised that the process of economic rebalancing will involve improving the performance of other parts of the country rather than restraining the performance of London and the South East. However, at the heart of this

agenda is the recognition that different places have different tolerances for economic impacts and different capacities for resistance and response to shifting economic landscapes (BIS, 2010). Certainly, traditional regional and national territorial boundaries would offer a valid lens through which to analyse contemporary spatial development trends in the UK and to frame wider policy discussions (see Gardiner *et al*, 2012). However, the analytical focus of this paper is somewhat different. The paper aims to interrogate the ‘archipelago’ of housing and locality change in the UK and to explore the fragility of *different types of places* and their *differential capacities for resistance and recovery* in light of the most recent recession at the sub-regional level. The following questions will underpin the remainder of the paper:

- What trends characterise housing and locality change in different types of places in the UK and how have these changed in the context of pre and post-recessionary shocks?
- What are the implications of the analysis for understanding the ‘archipelago’ of housing and locality change in light of recessionary impacts?

Approach and Methodology

The approach adopted here harnesses an area-based classification and key spatial statistics to provide a spatially sensitive cross-country overview of contemporary changes to the conditions of housing markets and localities across the UK. The approach seeks to examine the interaction of housing and locality changes for different area types by drawing on key housing and locality indices (Figure 1). The methodology consists of three components and each is discussed below.

[FIGURE 1 APPROXIMATELY HERE]

Stage 1: Spatial Analytical Units and Area Classification

The emphasis on the importance of interpreting policy performance against the broader socio-economic context (the structure-performance model) (see Wong, 2006) has, since the 1970s, given rise to the derivation of area-based classifications. Area classifications are useful in providing simple and robust contextual information on similarities and differences between areas and for monitoring policy performance (Wallace *et al*, 1995). The first stage of the methodology involved identifying an appropriate area classification to frame the analysis of housing and locality change. There are different typologies available but the analysis here adopts the 2001 Office for National Statistics (ONS) Area Classification for local authority districts (Appendix 1). The classification is used to group together geographic areas according to key characteristics common to the population in that grouping (Figure 2). The resulting 13-fold area classification provides a consistent basis by which to examine different types of areas across the UK. While the use of local authority districts is not ideal, it overcomes the problem that many housing and locality indicators can only be collected at this level. Appendix 1 provides a summary of the 13-fold area classification.

[FIGURE 2 APPROXIMATELY HERE]

Stage 2: Constructing Housing and Locality Indicator Bundles

The second stage of the methodology involved constructing the key housing and locality change indicators for 2006-2007 (pre-recession) and 2009-2010 (post-recession). The emphasis of this stage of work was to develop a conceptually rigorous process to guide the

indicator research. The method for constructing the indicators used in the analysis was underpinned by Wong's (1995) four-step procedure for indicator development:(1) conceptual consolidation (clarifying basic concepts to be explored in the analysis); (2) analytical structuring (developing an analytical framework within which indicators are developed and analysed); (3) identification of indicators (translation of key factors identified in step 2 into measurable indicators); and (4) synthesis of indicators (into either composite index/indices or an analytical summary).

A conceptual framework of housing and locality change, through a review of academic and policy literature (see Wong *et al*, 2008), was used to underpin steps 1 and 2. A series of semi-structured interviews (n=46) were then undertaken with key policymakers from across the four UK jurisdictions in 2009 (post-recession). These interviews were used to refine the analytical framework and to identify the key drivers, processes, opportunities and challenges facing the four jurisdictions. Informed by the analytical and conceptual frameworks and the results of the interviews, 14 conceptual and technical criteria were identified to appraise the indicators in a scoping exercise (Appendix 2).

The complexity of housing market performance coupled with the range of factors affecting the condition of wider localities means that single statistical indicators cannot adequately capture the performance of the housing market or the condition of the wider locality. What is needed is an approach that offers greater scope for untangling analytical complexity. Wong's (2006) 'analytical indicator bundle' approach facilitates such analysis by providing a technique that links a small number of separate indicators into groupings that reflect different aspects of the phenomenon being studied. In this case, two change indicator bundles are developed – the housing market bundle and the locality bundle. Indicators within each bundle offer complementary insights into housing and locality issues.

Following the appraisal and data scoping exercise, nine housing and eight locality indicators were chosen and taken forward in Stage 3 of the methodology (Table 1).

[TABLE 1 APPROXIMATELY HERE]

Stage 3: Developing Composite Housing and Locality Indices

Based on the chosen indicators, the third stage of the methodology involved developing a series of composite indices - three housing indices and two locality indices - for the 13 locality types. One-way analysis of variance (ANOVA) was first employed to determine whether the trends and patterns that were observed in the different housing and locality change indicators were statistically different across the 13 classification areas at the local authority level. The ANOVA procedure was used to test whether significant differences exist between different area groups for particular indicators. This was then followed by the creation of the five indices. The indices were intended to shed light on the interactive effect between the housing market and the wider locality. The 3 housing indices (defined based on work in Stage 2), cover different dimensions of housing market performance and functionality:

- Housing market index (HI-Mkt): including indicators on house price, house price change, affordability ratio, and market rent levels to measure the general level of pressure of the housing market.
- Housing supply index (HI-S): including indicators on household dwelling ratio, private and social sector new builds to provide a measure of the level of housing supply.
- Social housing needs index (HI-SN): including homelessness and social rent levels to measure social housing needs.

Likewise, two locality indices were calculated in the same way:

- Socio-economic conditions (NI-SE): this index includes population change, economic inactivity rate, burglary rate and unemployment rate as the core indicators; and
- Economic growth dynamics (NI-EG): indicators included are new enterprise birth and death rates, employment rates and education qualification levels.

Each index was calculated by in the following way:

- (1) Calculate the indicator value for each of the 13 area types through statistical aggregation procedures;
- (2) Rank the 13 areas on each indicator used in the housing/locality index;
- (3) Sum the ranks of the indicators to create a total index rank;
- (4) Calculate the maximum index rank: that is, the number of indicators in the index times the number of localities (e.g. HI-S has 3 indicators, so the potential maximum index rank is $3 \times 13 = 39$); and
- (5) Express the total index rank as a percentage: by dividing the total index rank in step 3 with the maximum index rank in step 4 and multiply by 100%.

Taking the five indices together allowed for patterns of both housing and locality issues for each of the 13 areas to be triangulated and provided insight into the trajectories of housing and locality conditions that are found common across different locality groups. The ranking undertaken in step 2 was then used to measure relative change in classification areas between 2006/07 and 2009/10. It is to the results and discussion that the paper now turns.

Results: Fragility and Recovery – The Spatial Divide

Trends in Housing and Locality Conditions

The change analysis of the individual indicators reveals that housing and locality performance has varied considerably among the 13 ONS area types between 2006/07 and 2009/10 (Table 2), which was true for both the pre-recessionary period (2006/07) and the post-recessionary period (2009/10). While there is a clear message that different types of areas responded significantly differently in terms of housing and locality performance to the recession, it is important to unravel the patterns of differences by examining the five indices further.

[TABLE 2 APPROXIMATELY HERE]

Trends in the Housing Market Indices

By focusing on the three housing indices, variable spatial change in housing market conditions (see Tables 3 & 4 and Figure 3) across the 13 ONS area groups can be observed over the three years since the onset of the economic downturn. The analysis of change in the housing market pressure index reveals evidence of particularly high increases in pressure for Regional Centres (Group 2) led by a 5.2% increase in market rent, and Industrial Hinterlands (Group 11) – in part due to a relatively small 0.3 percentage point decrease in affordability – as well as the Coastal and Countryside group (12). More moderate increases in housing market pressure were seen for Prospering Smaller Towns (Group 4), New and Growing Towns (Group 6), Prospering Southern England (Group 3) and Centres with Industry (Group 13). London Centre (Group 10) saw the lowest percentage point change over time, measuring a small increase in housing market pressure due in part to a slight 0.3 percentage point rise in affordability. The remaining three London groups, Thriving London Periphery (Group 1), London Suburbs (Group 8) and London Cosmopolitan (Group 9) all saw single

digit decreases in housing market pressure due to relatively stable market rent and affordability ratio change. Manufacturing Towns (Group 7) saw the largest percentage point decrease in housing market pressure over time, in large part due to a 14.3% drop in house price (from £162,279 to £139,059) between 2006/07 and 2009/10 in this group.

[TABLES 3 & 4 APPROXIMATELY HERE]

The most dramatic shifts in housing market indices are in relation to housing supply. Sharp decreases in the level of housing supply were particularly noticeable in Prospering Smaller Towns (Group 4), in large part due to an almost complete abandonment of new build housing during the recession (a 99.6% decrease in private sector new build activity in Prospering Smaller Towns between the 2006/07 and 2009/10 period). Similar decreases in supply were also seen in Prospering Southern England (Group 3) (-98.9%), Manufacturing Towns (Group 7) (-99.0%), Industrial Hinterlands (Group 11) (-98.7%), Coastal and Countryside (Group 12) (-98.9%), and Centres with Industry (Group 13) (-98.6%) as private development and government led regeneration schemes tapered off. New build housing fared better, however, in and around the London area (Groups 1, 8, 9 and 10) (-93.9%, -95.7%, -84.2% and -90.9% respectively). Northern Ireland Countryside (Group 5) saw the greatest increases in housing supply as demand for housing dropped dramatically following a period of extensive new house building leading to an over abundance of housing stock, resulting in this group's supply ratio decreasing from 1.02 in 2006/07 to 0.93 in 2009/10.

Variations in social housing needs are apparent throughout the 13-fold classification areas. The recession brought about a significant rise in social housing need as the Industrial Hinterlands area (Group 11) and Coastal and Countryside area (Group 12) saw a rise, in part

due to a 4.4 and 2.1 percentage point increase, respectively, in homelessness rates. Double-digit percentage point increases in the social housing need index are also seen in New and Growing Towns (Group 6) and the Thriving London Periphery (Group 1). These trends highlight the asymmetric spatial impact of the recession on social housing need, as the areas noted embody considerably different socio-demographic characteristics. In a similar vein improvements in the social housing needs index is seen in diverse areas ranging from Manufacturing Towns (Group 7), due in part to a 1.8 percentage point decrease in homelessness, to London Suburbs (Group 8), as a result of a relatively modest 5.2% increase in social rent and slight decrease in homelessness (-0.9 percentage points) between 2006/07 and 2009/10. Regional Centres (Group 2) and Prospering Southern England (Group 3) saw no change in social housing needs as average social rent levels counter-balanced slight increases in homelessness rates in many local authorities.

These trends demonstrate variability in housing conditions throughout the UK and differing spatial impacts of the recession. This variability is plotted in Figure 3 in the form of a spider-graph showing the housing market indices in 2006/07 and 2009/10. What are apparent are the extremes across classification areas but also the variability in index levels within each classification. In addition, following a period of divergence, there appears to be a general converging trend within the housing indices following the end of the recession.

[FIGURE 3 APPROXIMATELY HERE]

Trends in the Locality Indices

Stark contrasts are noticeable between particular areas of the UK in relation to locality trends (see Tables 5 & 6 and Figure 4). Between 2006/07 and 2009/10 poor socio-economic

conditions have generally increased within most areas. Exceptions to this are apparent in Prospering Smaller Towns (Group 4), due in part to relatively low increases in unemployment of 1.3 percentage points between 2006/07 and 2009/10, but more so in Regional Centres (Group 2) and London Centre (Group 10) which both saw double-digit percentage point change improvement largely due to a decrease in inactivity rates (-0.5 percentage points) and in burglary rates (-7.9 percentage points) respectively between 2006/07 and 2009/10. Negative socio-economic conditions increased in two of the London groups: Thriving London Periphery (Group 1) and London Suburbs (Group 8) but degradation in socio-economic conditions was a feature of the development trajectory across the different area types.

[TABLES 5 & 6 APPROXIMATELY HERE]

The Enterprise and Labour Market index showed positive change between 2006/07 and 2009/10 for the areas in and around London (Groups 1, 8, 9 and 10) as well as Prospering Southern England (Group 3), buoyed by stronger enterprise birth rates (particularly London Cosmopolitan which saw an increase of 1.5 percentage points), lower enterprise death rates (led by a decrease of 0.8 percentage points in London Centre) and rising levels of educational achievement. For example, in Prospering Southern England and London Centre, education achievement increased 12 percentage points in each area type. Centres with Industry (Group 13), Prospering Smaller Towns (Group 4) and New and Growing Towns (Group 6) also experienced improvements, albeit on a more moderate scale. More significant decreases in the index were concentrated in the Industrial Hinterlands (Group 11) area (where educational achievement rates remained stagnant at 63% compared to

improvements in most other groups) as well as Coastal and Countryside (Group 12) and Manufacturing Towns (Group 7), where the decreases in enterprise birth rates of -1.1 and -0.7 percentage points were recorded between 2006/07 and 2009/10 respectively. The sharpest decrease, however, occurred in the Northern Ireland Countryside (Group 5) area as a result of negative change in all the enterprise and labour market indicators, particularly as a result of the greatest decrease in enterprise birth rates (-1.5 percentage points) and the greatest increase in enterprise death rates of any area (+1.1 percentage points). Figure 4 visually demonstrates the shift in indices across the 13 classification areas. There is a similar pattern of convergence in locality indicators, particularly for the areas in and around London.

[FIGURE 4 APPROXIMATELY HERE]

Relative Change in Housing and Local Circumstances

The previous discussion highlights the very different development trajectories for the 13 area groups in relation to housing issues and wider socio-economic conditions. The analysis now turns to examine how these areas have changed their relative positions in housing and local conditions since the onset of the recession. The change analysis here compares the 2006/07 rankings of the 13 area types over the five housing and locality indices with those compiled for 2009/10. The changes in the overall rankings of the housing and locality indices are shown in Figures 5 and 6 respectively. These reflect the shift in the relative position of different area groups but not their absolute performance level.

Overall, most areas have changed their relative position between the two time points. The Housing Market Index has seen the least relative change as Regional Centres (Group 2), Prospering Southern England (Group 3), Industrial Hinterlands (Group 11) and

Coastal and Countryside (Group 12) all experienced a relative increase in housing market pressure compared to Thriving London Periphery (Group 1), Prospering Smaller Towns (Group 4), New and Growing Towns (Group 6), Manufacturing Towns (Group 7) and London Cosmopolitan (Group 9).

The Housing Supply Index witnessed the most dramatic shifts, with Prospering Southern England (Group 3) and Prospering Smaller Towns (Group 4) seeing the greatest decrease in the supply of housing over time. Northern Ireland Countryside (Group 5) saw the sharpest rise in housing supply in relation to other areas due to the area's relatively low housing supply in the 2006/07 period. Areas in London (Groups 8, 9 and 10) also experienced sharp shifts in relative housing supply positions due to a higher level of new build activity.

[FIGURE 5 APPROXIMATELY HERE]

Turning to the Social Housing Needs rank change, the Coastal and Countryside (Group 12) area shifted seven positions higher due to it having the lowest index score in this category for 2006/07, along with Prospering Smaller Towns (Group 4), but rising to one of the highest scores in 2009/10. Relative rank change decreases in social housing need are particularly noticeable for Centres with Industry (Group 13) and Manufacturing Towns (Group 7) due to the two areas index scores almost halving between 2006/07 and 2009/10, resulting in the lowest two scores for this index in 2009/10 by a significant margin.

Dramatic relative changes in rank are also apparent in the locality indices (Figure 6), further highlighting the variable impact of the recession across the UK. The rank change for the Socio-Economic Index demonstrates that conditions for this index are not uniform

across London. While London Centre (Group 10) improved its relative position between 2006/07 and 2009/10, Thriving London Periphery (Group 1), London Suburbs (Group 8) and London Cosmopolitan (Group 9) all saw a relative increase in negative socio-economic conditions. This suggests that the social and economic conditions in London had deteriorated at a quicker pace than other locality types, probably reflecting the fact that areas with strong market-orientated economies tended to be hardest hit first by the recession. In contrast, there is evidence that areas – those disproportionately dependent on public sector employment – experienced a less volatile, albeit equally intense, downturn in fortune. Regional Centres (Group 2) – which include many of the cities where public sector employment is high – experienced the greatest relative decrease in negative socio-economic conditions. However, this may change as the full effects of the Government’s austerity measures – including spending cuts in the public sector – are felt.

[FIGURE 6 APPROXIMATELY HERE]

The Enterprise and Labour Market Index sees the London areas (Groups 8, 9 and 10) performing relatively well compared to most other areas in the UK due in part to these areas being the only ones to see a positive change in enterprise birth rates between 2006/07 and 2009/10. This reflects the same strong market-orientated forces operating in these areas as described earlier, as enterprise and labour activity often leads growth after a recession while socio-economic recovery often trails it. In contrast, strong enterprise death rates in Northern Ireland Countryside (Group 5), along with a more moderate increase in enterprise death rates in Industrial Hinterlands (Group 11) and Coastal and Countryside

(Group 12) areas, resulted in a relative decline in position for these areas on the Enterprise and Labour Market Index.

Overall, there have been strong relative shifts in the housing and locality indices between 2006/07 and 2009/10 for each of the 13 classification areas. These shifts have not been limited to a North-South division of space, but rather are far more variable and dynamic than traditionally conceptualised.

Discussion and Conclusion

Focusing on housing and locality change, this paper analyses the fragility of different types of places and their differential capacities for resistance and recovery in light of the most recent recession at sub-regional level in the UK. The first question posed in the paper – what trends characterise housing and locality change in different types of places in the UK and how have these changed in the context of pre and post-recessionary shocks? – sought to unpack the nature of housing and locality change over time across the UK. The shock of the most recent recession has resulted in shifts in the spatial structure of the UK. While many of the UK's spatial divisions are historically rooted and socially reproduced, the paper highlights the variable responses of different areas to the impacts of the recession and their manifestation in spatial housing and locality outcomes. Each of the indicators studied have shown significant change between 2006/07 and 2009/10. By bundling the indicators into a set of indices and studying them at a sub-regional level – through the use of the 2001 ONS Area Classification – it is apparent that the impact of the recession has not been evenly distributed across the UK.

The indicators discussed in the paper suggest that recession does bring a degree of convergence between different areas of the UK, but that this is already diminishing as the

London region pulls away at a faster rate than other parts of the country as the economy recovers. Indeed, it was notable that the 'London-centred, super-region' (Morgan, 2006:202) showed considerable 'strength' in terms of its capacity for resistance and recovery in light of the recession compared to other parts of the country. The strength of London and the South East's economic performance helps, in many ways, to reinforce the traditional interpretation of the spatial divide of London and the South-East versus the 'rest' of the country. However, London *and* the South East – whilst considerably different to other parts of the country – also showed significant 'internal' variations on the housing and socio-economic measures. The implication is that at the macro-level, the London super-region is a special case in the spatial landscape of the UK but that there remains significant spatial variations within the region that policymakers need to take account of. The analysis demonstrates that changing housing and locality circumstances have not been limited to a North-South division of space, but are rather more variable and dynamic than the traditional conceptualisation of the spatial divide suggests: evidence of an 'archipelago' of spatial change and performance is clearly visible. This reading of the spatial divide supports the argument that attention should be paid to both inter- and intra-regional inequalities to develop robust policy frameworks for addressing different development issues.

The second question sought to unpack the implications of the analysis for understanding this 'archipelago' of housing and locality change in light of recessionary impacts. The UK already had a fairly defined set of housing and locality policy challenges prior to the arrival of the credit crunch and the recession that eventually developed. By 2007, housing markets across the UK had experienced more than a decade of uninterrupted – though locally variable – growth following recession in the early 1990s. Despite marked inequities in housing and local labour markets – as measured by relative deprivation and

performance – a continued period of growth was widely assumed by policymakers across the UK. The onset of the recession and subsequent recovery creates new challenges that have to be addressed at national and sub-national levels.

The first of these concerns relates to the fragile and patchy nature of the recovery of the housing market. As the UK emerges from the recession, housing market conditions are spatially varied, with some areas experiencing a dramatic oversupply of housing stock and others a lack of supply due to the reluctance of the private sector to commit to new build activities. This has had strong implications for house prices, creating affordability issues in some areas such as the prosperous parts of London and the South East as well as negative equity concerns in others (e.g. Manufacturing Towns).

Second, the Coalition government's commitment to reducing public spending in key areas of housing, welfare benefits, and regeneration will inevitably produce variable spatial impacts. The analysis here suggests that socio-economic conditions and economic growth dynamics vary considerably across the 13 area groups. The recovery period has seen areas that are more market-orientated emerge better positioned in socio-economic terms, while those areas that are more dependent on public sector support will most likely be worse off as the impacts of funding and public sector job cuts manifest themselves spatially.

Third, UK devolution creates unique policy environments in each nation. Devolution – enacted in 1999 – is characterised by different 'speeds' in Wales, Scotland and Northern Ireland. Since devolution, there has been evidence of both divergence and convergence in policy substance (Adams and Robinson, 2002). In addition, there is a general degree of pressure building to resolve more or less perceived anomalies in England, and, most recently, growing demands for greater powers in Wales and Scotland. While it is clearly true that housing and locally defined policies are affected both by national and global market

contexts and by UK fiscal tightening, they are also constrained by reserved matters that impinge directly such as housing benefit, housing and land taxation and public expenditure rules. Nevertheless, housing policy, physical planning policy and neighbourhood or area-based regeneration strategies are devolved to the respective jurisdictions. Devolution creates the opportunity for national governments to devise policy interventions that meet the unique needs of the areas that they govern. However, spatial processes and spillovers do not respect administrative boundaries. This is widely acknowledged in relation to local government and regional boundaries but the same is also true for national boundaries. As this paper demonstrates, there is a significant degree of spatial variation within and across the jurisdictions of the UK, in terms of post-recession recovery, that needs to be understood and accommodated within policy thinking.

The existence of a dynamic UK 'archipelago' highlights the need for a strategic spatial policy approach for addressing housing and locality issues. The UK is moving into a highly uncertain period resulting in coalescence of significant policy change and fragmentation. This research suggests that different area types are cross cut by varying housing market conditions, implying considerable local and regional complexity when thinking about future policy challenges. This complex layered picture suggests that it will be harder to support wider local area change in a joined up and coherent fashion without strategic policy and governance architectures in place. This is a particular area of concern in the English setting. The UK Coalition Government has advanced legislative proposals around the concept of 'localism' which have resulted strategic regional institutions and policy architecture being dismantled, including regional housing targets. While the downgrading of the leadership role of the Centre fits with the bottom-up localism imperative, it risks losing the positive sum benefits of joining up economic, social and environmental interventions. Rarely is

either side of the artificially constructed dichotomy between the local and the strategic wholly right or wrong. Rather, local innovation can and should work alongside strategic planning, resourcing and decision-making with the aim of addressing the dynamic and spatially contextual features that characterise localities in the UK.

The analysis of the UK's 'archipelago' illustrates that 'certain deep structures of uneven spatial development' can become entrenched (Brenner, 2010:30), whilst at the same time the morphology of their geographies can shift over time. The continued strength of the 'London super-region' coupled with its changing 'internal' spatial configurations of housing and locality conditions is illustrative of this. Crucially, debates about the existence of spatial divides – whether north-south, east-west, core-periphery or those defined more broadly as 'regional' divides – have long been powerful discursive devices for framing ideas of alternative understandings of territory and identity. In terms of wider policy lessons, the notion of the spatial divide is not unique to the UK. In countries such as Italy (Gonzalez, 2011), Spain (Rodríguez-López *et al*, 2009), Belgium (Thomas, 1990), Germany (Berentsen, 2006) and France (Combes *et al*, 2011), to name but a few examples, debates focusing on spatial development trends have been anchored around notions of spatial divides. The findings of this paper illustrate the value of challenging existing notions of the 'divide' and of testing existing and alternative conceptualisations of spatial development. This is crucial so that strategic and local priorities are recognised within spatial policy making at local, sub-national and national scales.

[APPENDICES 1, 2 & 3 APPROXIMATELY HERE]

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ⁱ The use of the terms 'regions' and 'regional' in this paper refers to the nine English regions (including London) and the jurisdictions of Scotland, Wales and Northern Ireland.

ⁱⁱ The UK General Election took place in May 2010. Labour – which had had successive governments since taking power in 1997 – was replaced following a hung parliament by a Coalition government comprising the Conservative and Liberal Democrat parties.

Table 1: Headline Housing and Locality Indicators

Housing Indicators	Locality Indicators
Supply Ratio (Household and Dwelling Balance)	Projected Population Change
New Build Starts: Private Sector	Level of Unemployment
New Build Starts: Social Sector	Economic Inactivity Rate
House Price	Employment Rate
House Price Change	Enterprise Birth Rate
Market Rent Level	Enterprise Death Rate
Social Rent Level	Secondary School Attainment Level
Homelessness	Level of Domestic Burglary
Affordability	

See Appendix 3 for definitions and data sources

Table 2: Analysis of Variance (ANOVA) Tests for Individual Housing and Locality Indicators

Indicator	F-ratio (2006/2007)	F-ratio (2009/2010)	F-ratio (Change in Indicator 2006/2007 – 2009-2010)
Housing Indicators			
Supply Ratio (Household and Dwelling Balance)	223.099	188.933	323.892
New Build Starts: Private Sector	191.112	301.308	43.506
New Build Starts: Social Sector	125.768	152.363	139.966
House Price	604.291	2034.681	6.736
Market Rent Level	545.552	4251.125	61.996
Social Rent Level	624.083	413.019	62.060
Homelessness	178.676	248.505	146.101
Affordability	641.955	1342.091	37.085
Locality Indicators			
Projected Population Change	60.330	207.488	59.452
Level of Unemployment	1008.306	1193.754	1048.984
Economic Inactivity Rate	317.992	434.662	58.791
Employment Rate	6.33.603	570.750	62.066
Enterprise Birth Rate	773.989	720.792	331.734
Enterprise Death Rate	787.430	356.690	432.138
Secondary School Attainment Level	81.912	282.537	79.767
Level of Domestic Burglary	843.753	824.184	170.712

Note: All housing and locality indicators are statistically significant ($p < 0.01$)

Table 3: Change in Housing Market Indicators (2006/07 – 2009/10)

Area Type	Code	HOUSING MARKET				HOUSING SUPPLY			SOCIAL HOUSING NEEDS	
		House Price % Change	House Price % Point Change	Affordability Ratio % Point Change	Market Rent % Change	Household Dwelling Ratio % Point Change	Private New Build % Change	Social New Build % Change	Homelessness Rate % Point Change	Social Rent % Change
Thriving London Periphery	1	-10.2	-31.7	-0.7	-4.1	0.00	-93.9	-89.5	0.35	10.6
Regional Centres	2	-5.6	-24.2	-0.4	5.8	0.01	-97.6	-92.3	0.80	9.7
Prospering Southern England	3	-7.2	-27.0	-0.6	2.7	0.00	-98.9	-98.0	-0.02	6.4
Prospering Smaller Towns	4	-10.7	-24.7	-0.9	-0.5	0.01	-99.6	-98.8	0.29	4.9
Northern Ireland Countryside	5	-	-	-	-3.2	-0.09	-95.1	-87.1	-	20.4
New and Growing Towns	6	-11.8	-25.5	-0.8	-2.4	0.00	-98.3	-94.3	0.13	5.3
Manufacturing Towns	7	-14.3	-33.3	-0.7	-17.9	0.00	-99.0	-96.6	-1.80	16.8

London Suburbs	8	-12.5	-32.7	-1.0	-3.0	-0.01	-94.7	-92.3	-0.90	5.2
London Cosmopolitan	9	-9.0	-35.6	-0.2	-0.2	0.00	-84.2	-92.2	-0.43	5.3
London Centre	10	-4.7	-41.5	0.3	-2.2	0.05	-90.9	-73.4	0.69	11.4
Industrial Hinterlands	11	-8.0	-25.6	-0.3	-2.0	0.01	-98.7	-98.7	4.42	4.5
Coastal and Countryside	12	-7.8	-26.6	-1.0	-0.5	0.01	-98.9	-97.8	2.08	10.6
Centres with Industry	13	-12.5	-26.5	-0.8	1.7	0.02	-98.6	-94.1	-0.61	3.5

Note: '-' indicates that 2009/10 data is not available for Northern Ireland Countryside.

Table 4: Percentage point change in Housing Market Indices (2006/07 – 2009/10)

Area Type	Code	HI-Mkt (06/07)	HI-Mkt (09/10)	HI-Mkt Chg	HI-S (06/07)	HI-S (09/10)	HI-S Chg	HI-SN (06/07)	HI-SN (09/10)	HI-SN Chg
Thriving London Periphery	1	80.8	75.0	<u>-5.8</u>	30.8	46.2	15.4	50	73.1	23.1
Regional Centres	2	34.6	55.8	21.2	74.4	79.5	5.1	61.5	61.5	0
Prospering Southern England	3	78.8	84.6	5.8	69.2	30.8	<u>-38.5</u>	42.3	42.3	0
Prospering Smaller Towns	4	44.2	53.8	9.6	87.2	23.1	<u>-64.1</u>	34.6	42.3	7.7
Northern Ireland Countryside	5	51.9	-	-	15.4	56.4	41	61.5	-	-
New and Growing Towns	6	40.4	48.1	7.7	64.1	61.5	<u>-2.6</u>	42.3	57.7	15.4
Manufacturing Towns	7	38.5	23.1	<u>-15.4</u>	64.1	41	<u>-23.1</u>	42.3	23.1	<u>-19.2</u>
London Suburbs	8	75.0	65.4	<u>-9.6</u>	41	74.4	33.3	73.1	61.5	<u>-11.5</u>
London Cosmopolitan	9	80.8	75.0	<u>-5.8</u>	35.9	64.1	28.2	92.3	84.6	<u>-7.7</u>
London Centre	10	98.1	100.0	1.9	20.5	51.3	30.8	76.9	84.6	7.7
Industrial Hinterlands	11	15.4	30.8	15.4	94.9	74.4	<u>-20.5</u>	42.3	53.8	11.5
Coastal and Countryside	12	42.3	55.8	13.5	84.6	64.1	<u>-20.5</u>	34.6	61.5	26.9
Centres with Industry	13	19.2	25.0	5.8	53.8	33.3	<u>-20.5</u>	46.2	26.9	<u>-19.2</u>

Note: HI-Mkt: Housing Market Index (positive change = more pressurised market) HI-S: Housing Supply Index (positive change = higher level of housing supply) HI-SN: Social Housing Needs Index (positive change = higher social housing needs).

Note: 2009/10 data is not available for Northern Ireland Countryside on HI-Mkt and HI-SN.

Table 5: Change in Locality Indicators (2006/07 – 2009/10)

Area Type	Code	SOCIO-ECONOMIC CONDITIONS				ECONOMIC GROWTH DYNAMICS			
		Population % Point Change	Economic Inactivity Rate % Point Change	Burglary Rate % Point Change	Unemployment % Point Change	Enterprise Births % Point Change	Enterprise Deaths % Point Change	Employment Rate % Point Change	Educational Achievement % Point Change
Thriving London Periphery	1	6.7	1.0	<u>-1.1</u>	1.7	<u>-0.2</u>	<u>-0.2</u>	<u>-0.9</u>	4
Regional Centres	2	2.9	<u>-0.5</u>	<u>-7.1</u>	2.5	<u>-0.4</u>	<u>-0.2</u>	<u>-1.5</u>	2
Prospering Southern England	3	5.2	2.5	<u>-0.6</u>	0.9	<u>-0.2</u>	<u>-0.5</u>	<u>-4.0</u>	12
Prospering Smaller Towns	4	3.1	3.1	<u>-1.5</u>	1.3	<u>-0.9</u>	<u>-0.1</u>	<u>-4.6</u>	10
Northern Ireland Countryside	5	4.9	0.2	3.4	3.5	<u>-1.5</u>	1.1	<u>-0.1</u>	<u>-4</u>

New and Growing Towns	6	6.0	2.0	<u>-1.7</u>	2.5	<u>-0.2</u>	<u>-0.4</u>	<u>-3.7</u>	6
Manufacturing Towns	7	1.0	3.0	<u>-1.5</u>	2.7	<u>-0.7</u>	0.3	<u>-3.7</u>	4
London Suburbs	8	7.0	1.5	1.9	2.3	1.1	<u>-0.3</u>	<u>-3.4</u>	9
London Cosmopolitan	9	2.9	<u>-0.8</u>	<u>-1.5</u>	3.0	1.5	<u>-0.5</u>	<u>-0.7</u>	11
London Centre	10	<u>-1.7</u>	1.7	<u>-7.9</u>	1.9	1.0	<u>-0.8</u>	<u>-3.2</u>	12
Industrial Hinterlands	11	<u>-1.1</u>	2.4	<u>-2.2</u>	3.3	<u>-0.7</u>	0.3	<u>-4.6</u>	0
Coastal and Countryside	12	2.0	3.3	<u>-0.9</u>	1.5	<u>-1.1</u>	0.2	<u>-4.2</u>	4
Centres with Industry	13	1.1	2.3	<u>-2.7</u>	2.8	<u>-0.2</u>	0.1	<u>-4.0</u>	12

Table 6: Percentage point change in Locality Indices (2006/07 – 2009/10)

Area Type	Code	NI-SE 06/07	NI-SE 09/10	NI-SE Chg	NI-EN 06/07	NI-EN 09/10	NI-EN Chg
Thriving London Periphery	1	42.3	57.7	15.4	67.3	76.9	9.6
Regional Centres	2	78.8	59.6	<u>-19.2</u>	44.2	42.3	<u>-1.9</u>
Prospering Southern England	3	26.9	26.9	0.0	61.5	75.0	13.5
Prospering Smaller Towns	4	34.6	26.9	<u>-7.7</u>	57.7	65.4	7.7
Northern Ireland Countryside	5	67.3	71.2	3.8	65.4	48.1	<u>-17.3</u>
New and Growing Towns	6	46.2	50.0	3.8	55.8	61.5	5.8
Manufacturing Towns	7	38.5	42.3	3.8	51.9	50.0	<u>-1.9</u>
London Suburbs	8	51.9	71.2	19.2	46.2	57.7	11.5
London Cosmopolitan	9	75.0	75.0	0.0	36.5	48.1	11.5
London Centre	10	88.5	71.2	<u>-17.3</u>	36.5	51.9	15.4
Industrial Hinterlands	11	40.4	50.0	9.6	51.9	40.4	<u>-11.5</u>
Coastal and Countryside	12	23.1	28.8	5.8	50.0	40.4	<u>-9.6</u>
Centres with Industry	13	67.3	69.2	1.9	32.7	42.3	9.6

Note: NI-SE: Socio-Economic Index (high = negative conditions) NI-EN: Enterprise/Labour Market Index (high = favourable conditions).

Figure 1: Methodological Framework

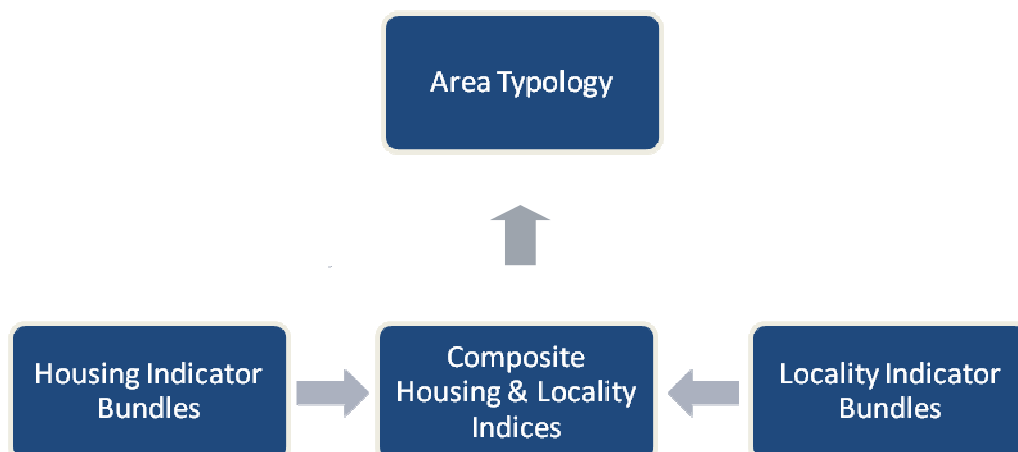


Figure 2: ONS Area Classification by Local Authority District, 2001

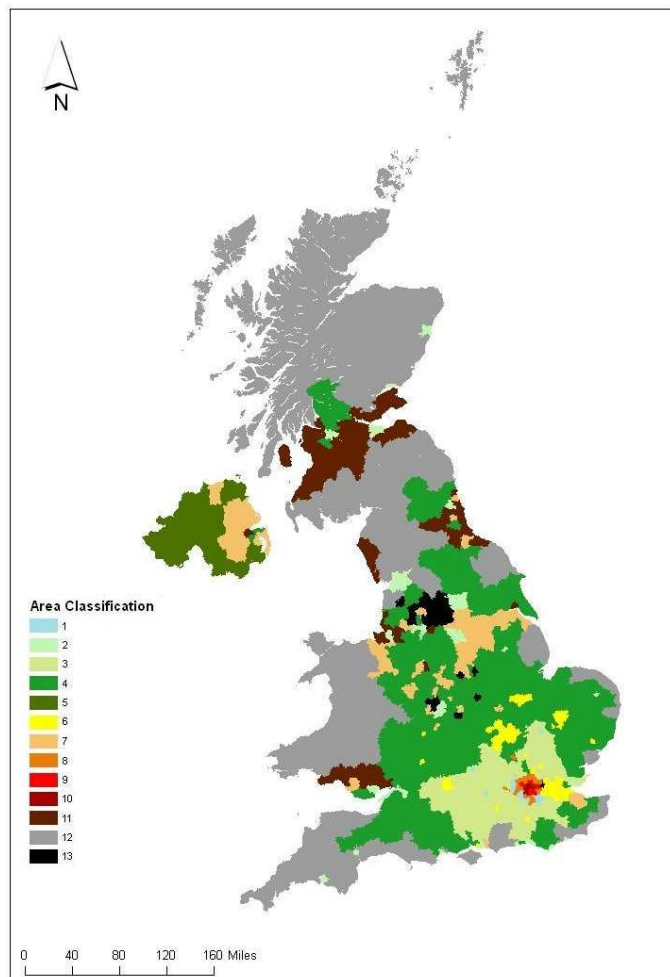
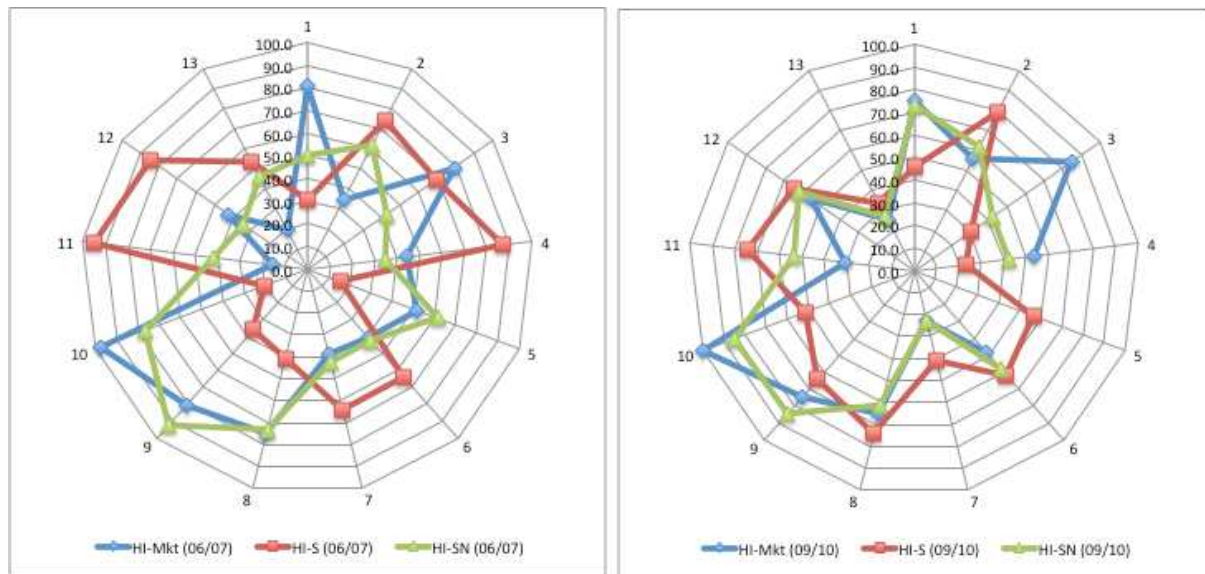
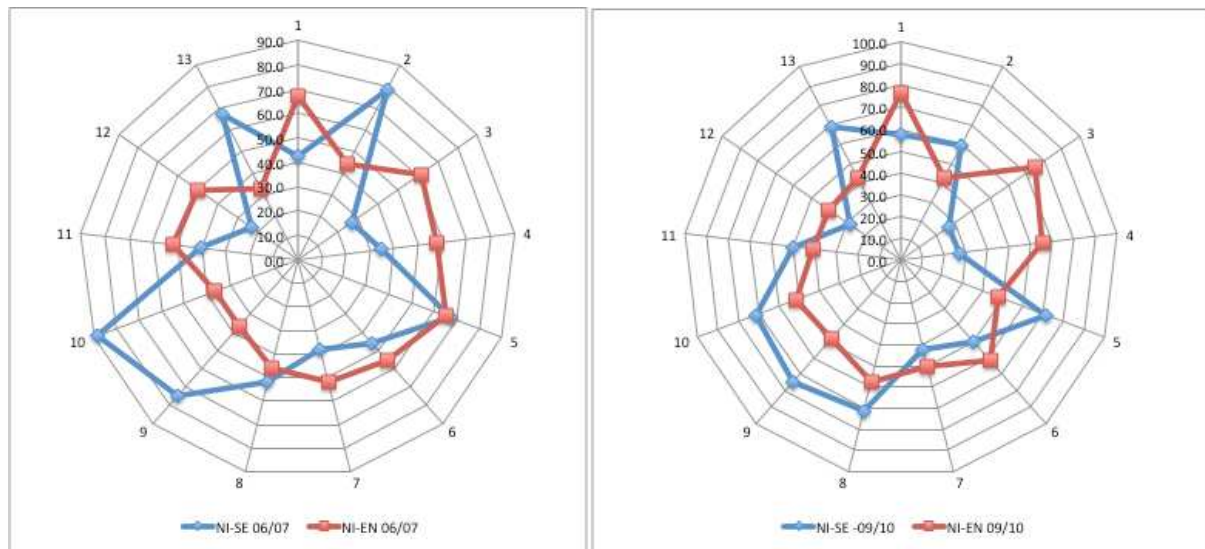


Figure 3: Visual change in Housing Market Indices, 2006/07 (left) and 2009/10 (right)



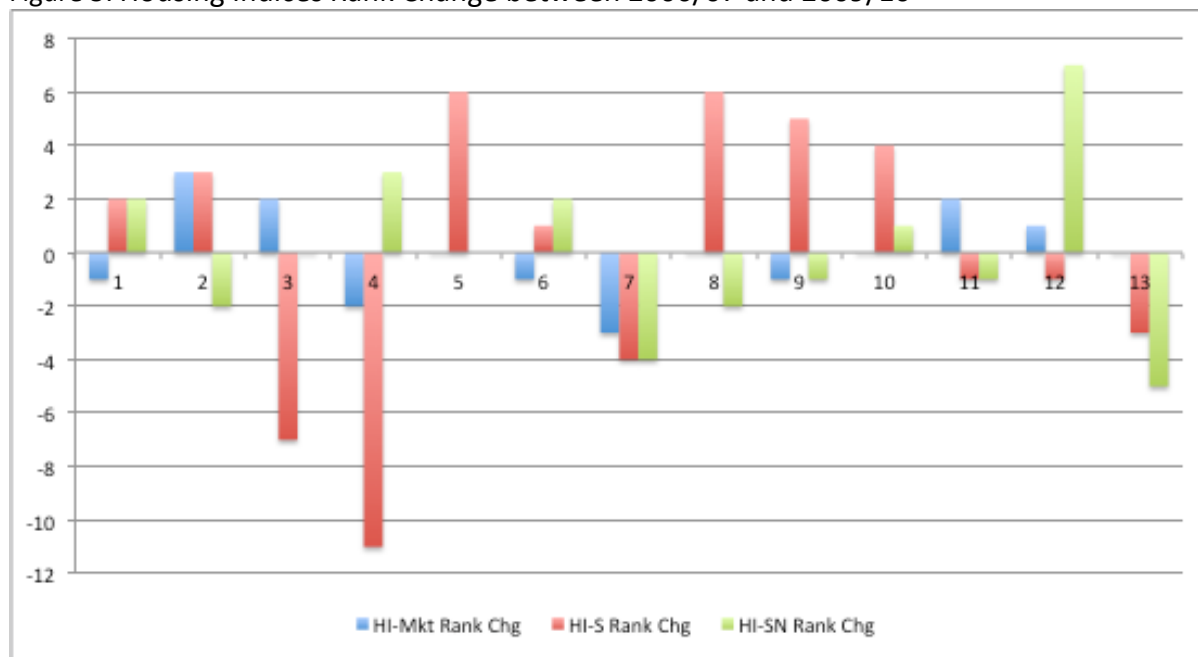
Note: HI-Mkt: Housing Market Index (high = pressurised market) HI-S: Housing Supply Index (high = high housing supply) HI-SN: Social Housing Needs Index (high = high social housing needs). Note: 2009/10 data is not available for Northern Ireland Countryside on HI-Mkt and HI-SN.

Figure 4: Change in Locality Indices, 2006/07 (left) and 2009/10 (right)



Note: NI-SE: Socio-Economic Index (high = negative conditions) NI-EN: Enterprise/Labour Market Index (high = favourable conditions).

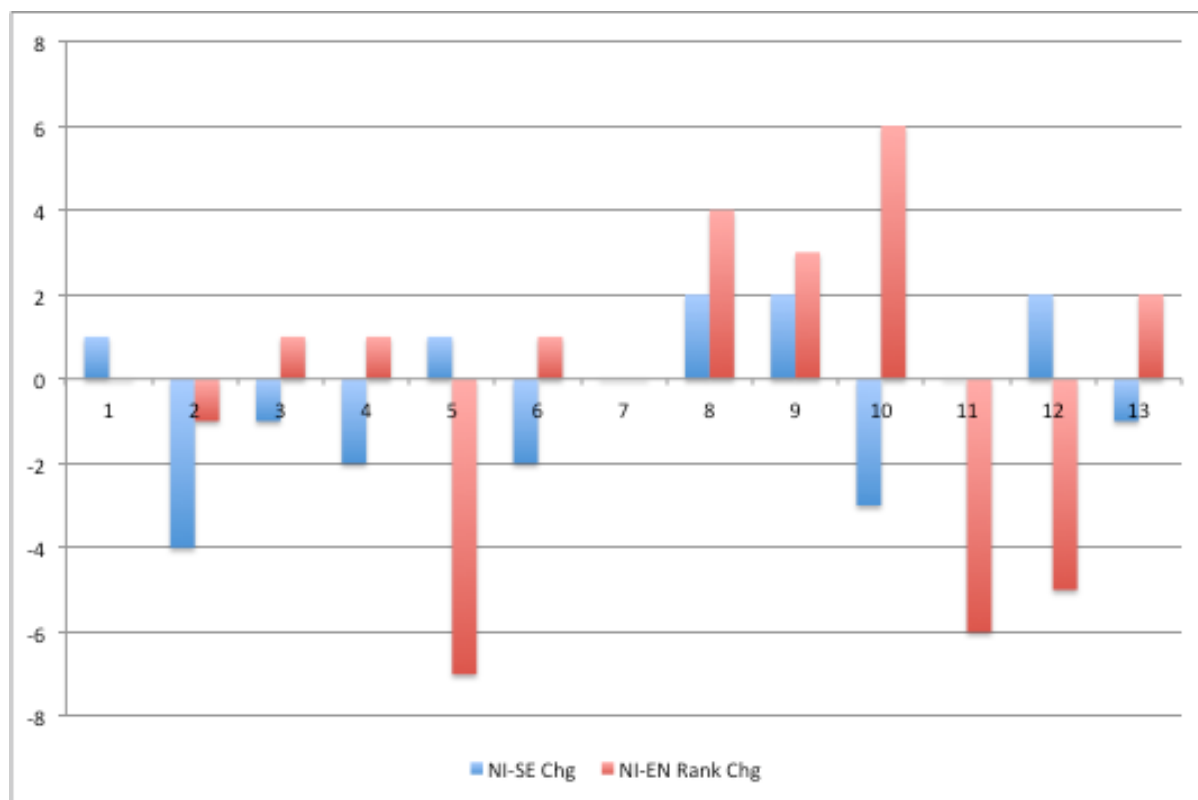
Figure 5: Housing Indices Rank Change between 2006/07 and 2009/10



Note: HI-Mkt: Housing Market Index (increase in rank = more pressurised market) HI-S: Housing Supply Index (increase in rank = increased housing supply) HI-SN: Social Housing Needs Index (increase in rank = increase in social housing needs).

Note: 2009/10 data is not available for Northern Ireland Countryside on HI-Mkt and HI-SN.

Figure 6: Locality Indices Rank Change between 2006/07 and 2009/10



Note: NI-SE: Socio-Economic Index (increase in rank = relative increase in negative conditions) NI-EN: Enterprise/Labour Market Index (increase in rank = relative increase in favourable conditions).

Appendix 1: Profiles of Different Area Types

Area Type	Description
(1) Thriving London Periphery	Local authorities located on the periphery of London, such as Kingston-upon-Thames and Bromley. The local authorities in this group are characterised by above national average levels of people who work in professional or managerial occupations; single person households (not a pensioner); people who are aged 25 to 44; people who travel to work using public transport; people with higher education qualifications; and above national average student populations.
(2) Regional Centres	This group consists of built-up areas throughout England and Wales and includes areas such as Leeds and Cardiff. Local authorities in this group have above average levels of single person households (not pensioners); flats; and above the national average of student populations.
(3) Prospering Southern England	Members of this group are located in and around the Home Counties and include areas such as Epping Forest and South Oxfordshire. This group is characterised by local authorities with above national average levels of households with two or more cars and people who work in professional or managerial occupations.
(4) Prospering Small Towns	Members of this group are located throughout the UK but are typically concentrated in the middle of England and include areas such as Stafford and Harrogate. The group is characterised by local authorities with national average levels of single person pensioner households; people who work in the finance industry; and people with higher education qualifications.
(5) Northern Ireland Countryside	Members of this group are located in western Northern Ireland and include areas such as Omagh and Armagh. The local authorities in this group typically have above national average levels of people of working age suffering from limiting long-term illness; people who work in agriculture or fishing; long-term unemployment; and people who work in routine occupations.

(6) New and Growing Towns	This group is spread throughout southern England and includes places such as Milton Keynes and Stevenage. Local authorities in this group are characterised by national average levels of people who work in manufacturing, professional or managerial occupations; households with two or more cars; two person households with no dependent children; as well as above national average levels of public rented housing.
(7) Manufacturing Towns	This group is made up of local authorities that are concentrated in southern Yorkshire and eastern Northern Ireland as well as other more isolated locations. The group includes areas such as Ellesmere Port and Neston, Flintshire and Antrim. The group is characterised by local authorities with national average levels of people who work in the health or social work industry; people aged 45 to 64; two person households with no dependent children; and above national average levels of terraced housing.
(8) London Suburbs	The local authorities in this group are predominantly located in outer London and include Luton and Slough. The local authorities in this group typically have above national average levels of young dependent children (aged 0–4); people aged 25 to 44; flats; people who travel to work using public transport; minority ethnic populations; and above average levels of people born outside of the UK.
(9) London Cosmopolitan	The local authorities in this group are all located in inner London with the exception of Brent. This group is characterised by above national average levels of rented accommodation from the public and private sectors; young dependent children (aged 0–4); people aged 25 to 44; people with higher education qualifications; student populations; single person households with dependent children; people who are unemployed; single person households (not a pensioner); minority ethnic populations; people who travel to work using public transport; and people born outside of the UK.
(10) London Centre	Members of this group are all located in inner London and include areas such as Camden and Islington. The local authorities in this group have above national average levels of unemployment; student populations; people who work in professional or managerial occupations; rented accommodation from both the public and private sectors; minority ethnic populations; people who work in the finance industry; people with higher education qualifications; people aged 25 to 44; people who travel to work using public transport; single person households (not a pensioner); and people born outside the UK.
(11) Industrial Hinterlands	Members of this group cover the M8 corridor, north-east England, a belt through south Wales and Belfast. The local authorities in this group are characterised by national average levels of people aged 25 to 44 and 45 to 64 and above national average levels of people of working age suffering from limiting long-term illness.
(12) Coastal and Countryside	The local authorities in this group are located around the coast of Great Britain as well as in some inland areas. The group includes areas such as Blackpool, Powys and Perth and Kinross. The group is characterised by local authorities with above national average levels of people working in hotel and catering jobs; single person households (who are pensioners); people who work from home; and people who work in agriculture or fishing.
(13) Centres with Industry	The local authorities in this group tend to be located around major urban centres and include areas such as Bolton, Sandwell and Bradford. This group is characterised by above national average levels of terraced housing; properties without central heating; and minority ethnic populations.

Source: Adopted from ONS (2008)

Appendix 2: Conceptual and Technical Criteria Used to Appraise Indicators

Criteria	Description

Conceptual	<ul style="list-style-type: none"> - Indicators need to be able to reflect UK-wide housing and neighbourhood policy objectives and to take into account of country-specific issues. - Include a more focused set of indicators by choosing indicators that examine the interactive effect between the consumption/production of the housing market and the neighbourhood. - Use analytical indicator bundles to capture the multi-dimensional interaction of changes in neighbourhood attributes. - Policy performance has to be interpreted in the light of the wider spatial context and external drivers by taking into account of neighbourhood typologies and policy and market factors. - Adopt a multi-spatial level view of neighbourhood that different attributes are best measured at the most relevant spatial levels of concern. - Neighbourhood change can be analysed and reported at different spatial levels by focusing on UK-wide and country-specific issues through a tiered indicator structure. - Choose the most appropriate timeframe to reflect the variations in durability of different neighbourhood attributes to gauge policy impact on housing and neighbourhood change.
Technical	<ul style="list-style-type: none"> - Consistency: clarity in definition and able to compare across different jurisdictions and over time. - Transparency: clearly stated objectives and issues being measured, the indicators and methods of monitoring. - Flexibility: monitor thematic and cross-cutting issues across different spatial levels. - Continuity: agreed and stated methodologies and routine data collection to encourage continuity in the methods and measures used. - Simplicity: succinct and simple forms of analysis which are easily accessible. - Relevance: intelligence has to be reliable and relevant to the understanding of housing and neighbourhood change across UK and in specific countries. - Time series: identify an appropriate timeframe for updating and reporting intelligence, taking into account the practicality of data availability.

Appendix 3: Definitions and Data Sources

Indicators	Definition	Data Source
Housing Indicators		

<p>Supply Ratio (Household and Dwelling Balance)</p>	<p>This indicator measures the number of households compared with the number of homes in an area and is a crude indicator of excess housing demand or supply in the market based on 2009 figures.</p> <p>This indicator, however, does not build in any adjustment for the quality or appropriateness of homes. In addition, there is no adjustment for second homes.</p> <p>Therefore, we cannot rule out the possibility that this indicator will show a surplus in some areas with poor availability of homes that are in demand by households.</p>	<p>DCLG, NIHE, Scottish Government, Welsh Assembly.</p>
<p>New Build Starts: Private Sector</p>	<p>This indicator measures the total number of new-build housing starts in the private sector to show the volume of new-build activities in the private sector.</p>	<p>DCLG; NIHE; Welsh Assembly; Scottish Government.</p>
<p>New Build Starts: Social Sector</p>	<p>This indicator measures the number of new-build starts in the social rented sector to show the volume of new-build activities in the social sector.</p>	<p>DCLG; NIHE; Welsh Assembly; Scottish Government.</p>

House Price	<p>This indicator measures house price levels based on the predicted price of a standardised dwelling, calculated using mean house price data. It has taken account of different property size and mix by using statistical regression techniques to calculate the average price of a standardised house in each local authority, so the variation across space reflects a consistent treatment of the value of locational differences (e.g. land values, accessibility, and property characteristics, etc).</p>	DCLG, NIHE, Scottish Government, Welsh Assembly.
Market Rent Level	<p>This indicator is based on local housing allowance (LHA) for broad market areas and aggregated to a local authority level. The LHA is a rent assessment scheme for tenants renting accommodation from private landlords and can be used as a measure of affordability in the private rented sector. This indicator is for a two-bedroom property.</p>	The Scottish Government and Rent Service Scotland, Valuation Office Agency (for England), Northern Ireland Housing Executive, Rent Officers Wales, Welsh Assembly Government
Social Rent Level	<p>This indicator measures the average weekly rent for a 'general needs' rental property. For the purpose of the indicator and to ensure comparability, a two-bedroom dwelling was used. Both the England and Wales Continuous Recording System (CORE) and Scottish Continuous Recording System (SCORE) compile rents on an ongoing basis and rely on the contributions of local housing associations.</p>	Scotland (SCORE - Scottish Continuous Recording System), CORE (England - Continuous Recording System) Wales (Data Unit Wales) and for Northern Ireland (NIFHA - Northern Ireland Federation of Housing Associations).

Homelessness	<p>This indicator measures the ratio of the number of households accepted as homeless by local authorities per 1,000 households. The definition of homelessness varies between countries. In England, it represents the total of (eligible, not priority) + (eligible, intentional) + (homeless at home). The definition in Wales is the same, except that figures for 'homeless at home' were not available separately and are therefore not included. In Scotland, it represents (eligible, priority) + (eligible, not priority) + (not recorded as having been housed, or outcome unknown).</p>	<p>DCLG; Welsh Assembly Data Unit; Northern Ireland Housing Executive; and Scottish Government.</p>
Affordability	<p>This indicator is a crude measure of housing affordability, and is measured using the ratio of house price to household income. However, different definitions are used between UK countries. In England, the lower quartile price to lower quartile income measure is used. This is the preferred measure, but is not available in Scotland or Wales. In Scotland, the median house price to median household income ratio is used, and in Wales the mean price to income ratio is shown. In Northern Ireland, the measure of affordability represents the ratio of mean, mix-adjusted house price to mean, gross household income for the period 2007-2009 (i.e. it is a 3 year average).</p>	<p>House Price Data: DCLG, NIHE, Scottish Government, Welsh Assembly. Household Income Data: England and Wales: ONS Neighbourhood Statistics; Scotland: Scottish Neighbourhood Statistics; Northern Ireland: Northern Ireland Neighbourhood Information Service.</p>
<p>Locality Indicators</p>		

Projected Population Change	This indicator explores projected net change in population from 2008 to 2023. The projections are calculated consistently for the four countries at local authority level which provides a means of comparing population dynamics across the four countries.	ONS Regional Trends
Level of Unemployment	This indicator measures the percentage of people aged 16–59 claiming Job Seeker’s Allowance (JSA). JSA data is collated by the Department for Work and Pensions.	ONS Neighbourhood Statistics
Economic Inactivity Rate	This indicator is a measure of the percentage of the working-age population (aged 16-64) who are economically inactive.	National Online Manpower Information System (NOMIS)
Employment Rate	This indicator is a measure of the percentage of the working-age population who are in employment.	National Online Manpower Information System (NOMIS)
Enterprise Birth Rate	This indicator measures the start-up of businesses based on a count of 'births' of new enterprises per 1,000 employed people. A birth is identified as a business that was present in year t, but did not exist in year t-1 or t-2. Births are identified by making comparison of annual active population files and identifying those present in the latest file, but not the two previous ones.	ONS Business Demography
Enterprise Death Rate	This indicator measures the closure of businesses based on a count of 'deaths' of enterprises per 1,000 employed people. A death is defined as a business that was on the active file in year t, but was no longer present in the active file in t+1 and t+2.	ONS Business Demography

Secondary School Attainment Level	This indicator measures the percentage of students achieving five or more A*-C grades at GCSE level in England, Wales and Northern Ireland, and the equivalent level in Scotland.	England: Department for Children, Schools and Families; Wales; Welsh Assembly Government (Stats Wales); Scotland: Scottish Government Education Directorate; Northern Ireland: Northern Ireland Neighbourhood Information Service.
Level of Domestic Burglary	This indicator measures the number of domestic burglaries per 1,000 households for England, Wales and Northern Ireland. The data in Scotland refers to housebreaking, which includes attempts at burglary/housebreaking.	England and Wales: Neighbourhood Statistics (ONS); Scotland: Scottish Neighbourhood Statistics; Northern Ireland: Northern Ireland Neighbourhood Information Service.