

Well-being, people and places: Policies for immigration,
diversity and better neighbourhoods:

Investigating people-place effects in the UK

using linked longitudinal survey and administrative records



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“Neighbourhood effects”



- Simple idea: Places are different! Some places have more a lot more productive environments for residents to flourish than others
- Spatial distribution of opportunities is unequal: e.g., access to quality-economic, social, and cultural resources
- Concentrated disadvantage affects people's wellbeing over and above what might be explained by their personal and family background alone

What can policymakers do about neighbourhood effects?



- If place matters because of different levels of spending: transfer resources across space (e.g., Single Regeneration Budget, New Deal for Communities, Towns Fund)
- If place matters because of peoples' behaviour: achieve “associational redistribution” (Durlauf 1996)
- Need to know:
 - Is the effect causal or due to selection?
 - Which scale matters?

Which effect mechanism is important?



- Our review of 91 empirical studies shows that catch-all, social interactive and environmental effects are most heavily researched:

Wellbeing outcome	Neighbourhood effect mechanism					All
	Catch-all	Social interactive	Environmental	Geographical	Institutional	
Employment	15	2	0	2	4	23
Income	33	21	0	0	1	55
Health	45	51	72	3	14	185
Life satisfaction	11	24	13	0	0	48
Total	104	98	85	5	19	311

Source: Project report [Knies and Melo \(2021\)](#), Table 3. Also see review data base: <https://data.mendeley.com/datasets/nkf79rtfk8/1>

Which neighbourhood scale is important?



- Most studies look for effects at “small” or “very small” scales:

Neighbourhood size (average number of people)	Wellbeing outcome				Total
	Employment	Income	Health	Life satisfaction	
Very small (<500)	3	3	24	16	46
Small (~1k-3k)	8	23	37	11	79
Intermediate (~4k-8k)	11	5	36	6	58
Large (10k-20k)	0	8	9	0	17
Very large (>20k)	0	16	6	2	24
Total	23	55	112	34	224

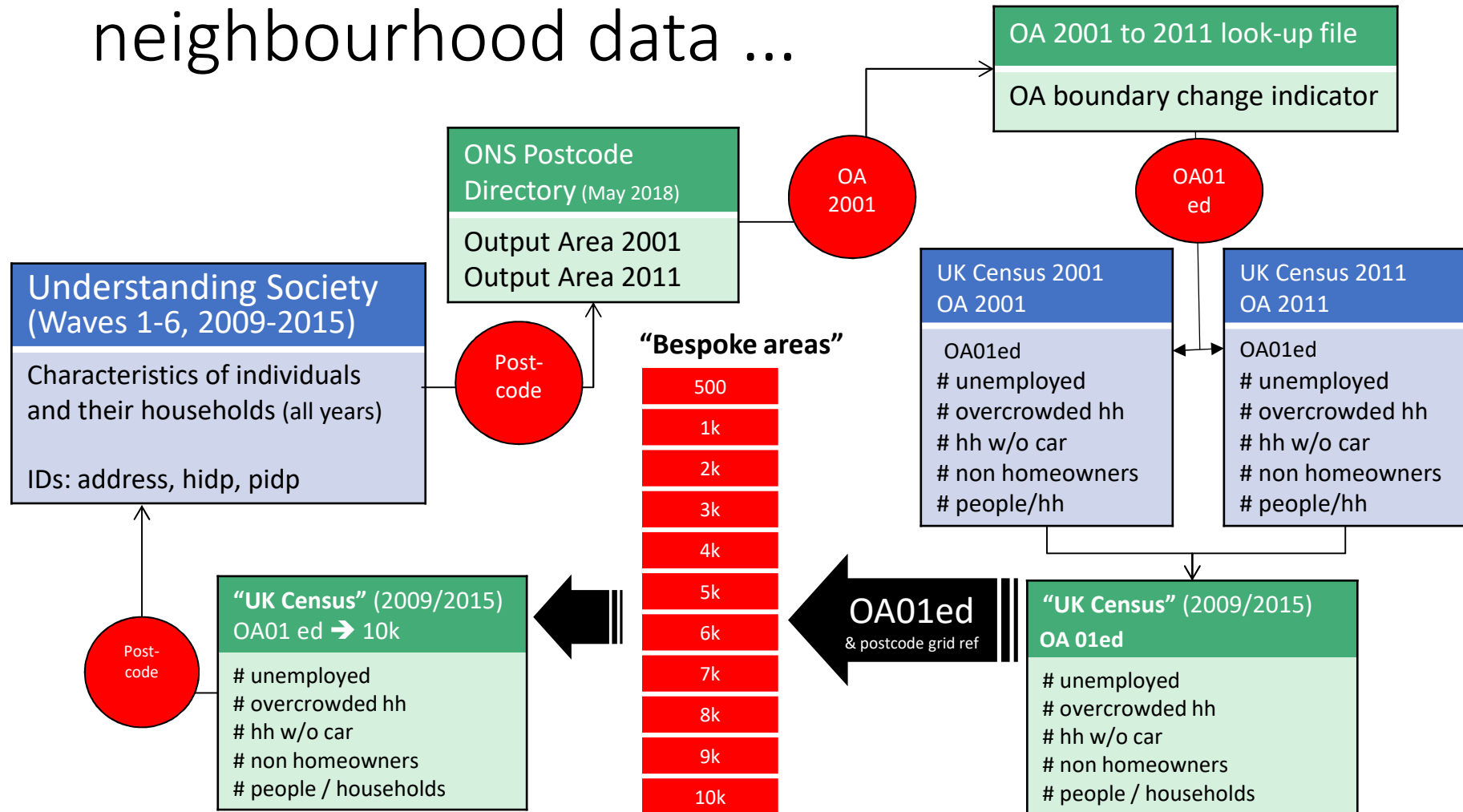
Source: Project report [Knies and Melo \(2021\)](#), Table 5. Also see review data base: <https://data.mendeley.com/datasets/nkf79rtfk8/1>

Research Questions



1. Does living in a deprived area affect individual wellbeing?
2. At which spatial scale should resources be targeted to reduce inequalities in wellbeing arising from neighbourhood deprivation?
3. Should policy-makers be more interested in reducing the impact of neighbourhood deprivation on subjective or objective wellbeing outcomes?

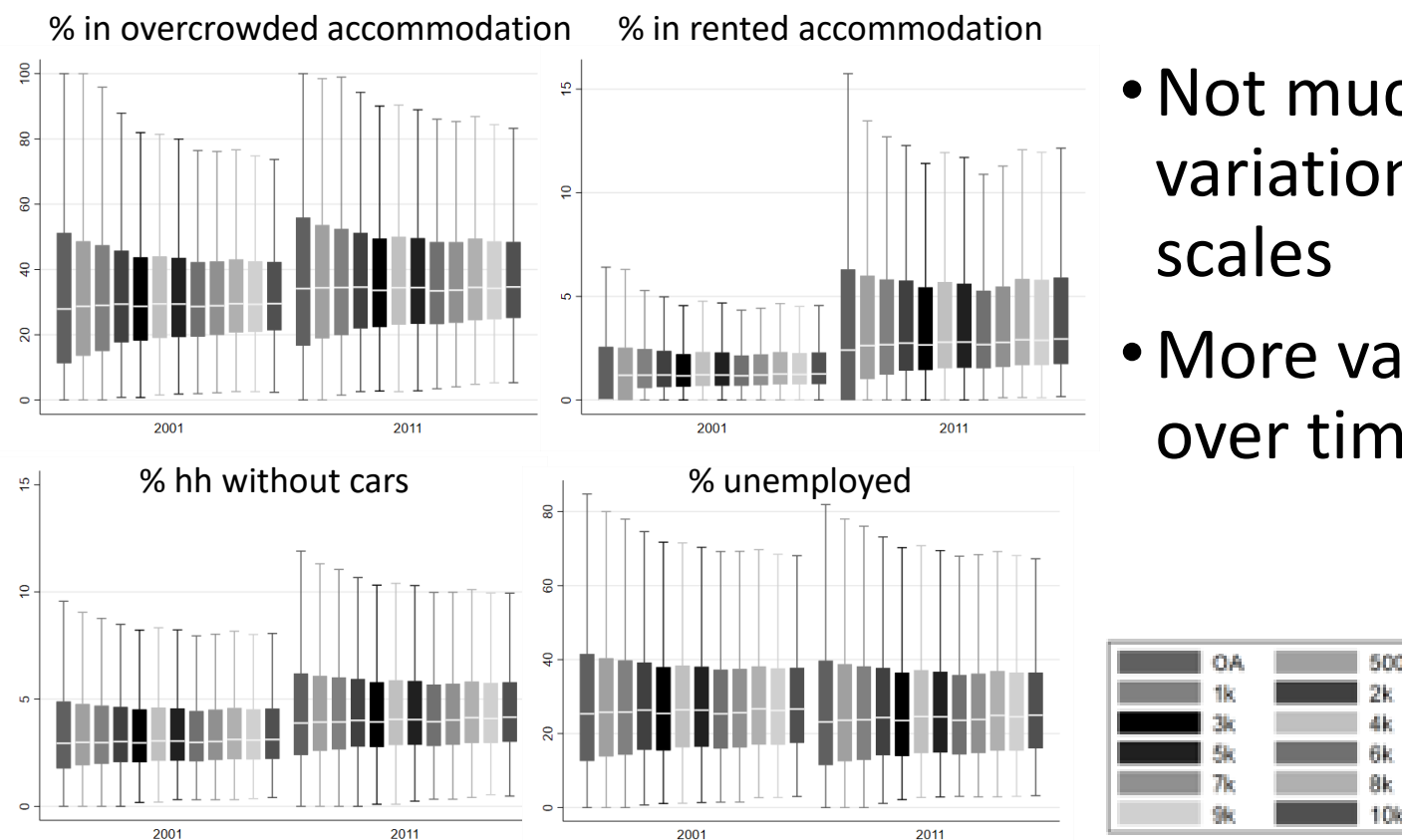
Data - panel data linked with longitudinally harmonised neighbourhood data ...



Characteristics of bespoke neighbourhoods 2001 and 2011



(Box-Whisker plots)



- Not much variation across scales
- More variation over time

Source: Project report [Knies and Melo \(2021\)](#), Figure 4.

Empirical strategy (1)



- Comparing the effects from local deprivation on subjective vs. objective wellbeing - **4 wellbeing outcomes: Earnings; Life satisfaction; Health-related quality of life: Mental health; Health-related quality of life: Physical health**
- Comparing the effects across neighbourhood scales - **12 scales: from >100 people to >10k people**, as shown in the previous slide
- Comparing correlational effects vs. causal effects - **4 model specifications and additional sensitivity analyses**

Empirical strategy (2)



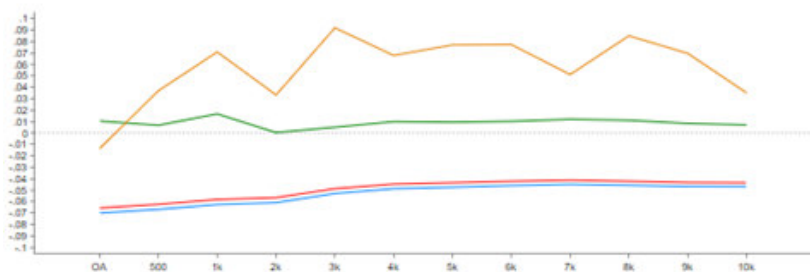
- Main goal: To assess whether apparent “neighbourhood effects” result from residential selection bias or if they are genuine causal effects
- 4 model specifications to control for sources of variation in wellbeing across individuals and which may be correlated with neighbourhood deprivation
 - 1) basic set of individual and regional controls (*pooled OLS*)
 - 2) + additional family background controls (*+ initial conditions*)
 - 3) + additional individual fixed effects (*+ FEs*)
 - 4) + additional neighbourhood fixed effects (*two-way FEs*)
- 3 sensitivity analyses to further test for residential selection bias by comparing groups with limited or no residential choice (i.e., social housing renters vs. private renters)

Comparing effects of neighbourhood deprivation on wellbeing across scales

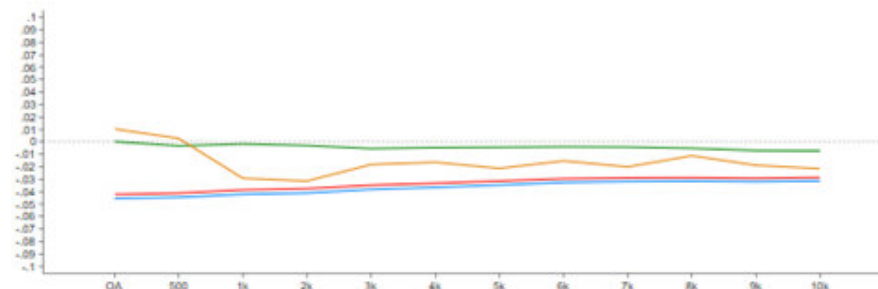
(controlling for different sources of unobserved heterogeneity)



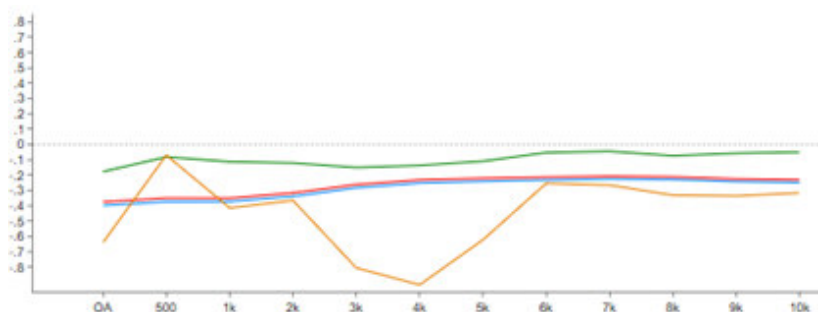
a) Life satisfaction



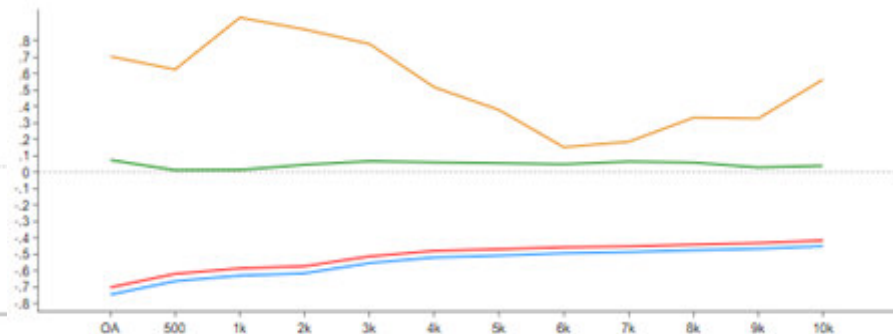
b) Log hourly wage



c) Health-related quality of Life: Mental Summary



d) Health-related quality of Life: Physical Summary



— Pooled OLS — + initial conditions — + fixed effects — + two-way fixed effects

Source: Project report [Knies and Melo \(2021\)](#), Figure 5.

Summary of main findings



1. Does living in a deprived area affect individual wellbeing?

Yes, but the negative effect from local deprivation is largely due to non-random selection into neighbourhoods, and not a genuine causal effect

2. At which spatial scale should resources be targeted?

There is no evidence of significant differences across spatial scales, which implies that there is no preferred spatial scale for more efficient resource allocation

3. Focus on subjective or objective wellbeing outcomes?

There are some instances of statistically significant effects of neighbourhood deprivation on the subjective wellbeing outcomes

Recommendations



- Targeting resources specifically on the most deprived neighbourhoods may not be more efficient in improving residents' wellbeing compared to targeting individuals/households directly (i.e., spatial targeting)
- Individual or household targeting also removes arbitrary definitions of which community is the most deprived
- Whereas spatial targeting is likely to be inefficient at reducing social disadvantage, area-based initiatives are important means of democratic renewal and community engagement to solve problems in deprived areas

Thank you!



For further information, see project website:

<https://www.researchgate.net/project/Investigating-People-Place-Effects-in-the-UK-using-Linked-Longitudinal-Survey-and-Administrative-Data>

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