

ICON Policy Working Paper

# The Anatomy of Mission Critical Neighbourhoods

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## **The Independent Commission on Neighbourhoods**

The Independent Commission on Neighbourhoods (ICON) was launched, with the endorsement of Alex Norris, Minister for Democracy and Local Growth, in September 2024, to address the significant challenges faced by the country's most deprived neighbourhoods and how tackling them could generate significant social and economic improvements in the lives that live in them. The initiative aims to build on existing research, generate new insights and propose concrete actions that could improve the lives and prospects of people living in these areas.

Its Interim Report '[Think Neighbourhoods](#)' was published in March 2025.

## **ICON Policy Working Paper Series**

Throughout the course of the Commission, the Secretariat will publish "policy working papers" to disseminate the emerging research and policy ideas from the Commission's activities. These are not official policy recommendations and are not necessarily the views of the Commission or individual Commissioners. They have been published to stimulate further thinking on how we can improve outcomes within neighbourhoods and how neighbourhood-level interventions can contribute to broader policy challenges.

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# Methodological Note

**Analysis in this paper draws largely upon the raw datapoints compiled to produce ICON's Hyper-Local Need Measure. This output relies heavily upon ONS Small area population-level estimates for lower super output areas (LSOA), as well as welfare data drawn from the Department for Work and Pensions' Stat-Xplore portal.**

Area-level welfare data is only published at aggregate levels, with limited available information on what individuals within areas may claim for. For some welfare spending – e.g. Universal Credit, which already has granular breakdowns by claimant type – this presents no issue. For others, such as Personal Independence Payment (PIP), which varies significantly by claimant according to their individual circumstances, we assume “average” levels of PIP spend per person, in the absence of individual-level data.

While this is a limitation of this analysis, high levels of variance in PIP claimant types mean we cannot determine which direction our estimates are skewed – i.e. it is equally plausible that our use of averages understates PIP spend in mission critical neighbourhoods (if individual's health conditions accrue higher-than-average costs), as it is that costs are overstated (if individual's health conditions accrue lower-than-average costs).

We also calculate a measure of “Excess spend”. We define this as the quantum that would be saved if the proportion of total national claimants living in mission critical neighbourhoods was equal to the proportion of all people living in mission critical neighbourhoods (1.7 per cent). An ‘excess spend’ above zero indicates the proportion of total national claimants living in mission critical neighbourhoods is larger than 1.7 per cent.

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# Executive Summary

The Independent Commission on Neighbourhood's (ICON) Interim Report, *Think Neighbourhoods*, identified 613 mission critical neighbourhoods – home to around 1m people (2% of England) – which are furthest away from contributing towards the government's missions.

But what are the challenges facing people living in these neighbourhoods?

- **Mission critical neighbourhoods are isolated from the workforce.** Half of adults in mission critical neighbourhoods (375,000) are economically inactive, compared to just 39% of adults elsewhere. One third of adults (250,000) in mission critical neighbourhoods have no qualifications – almost double the national average.
- **Welfare spending is dramatically higher in mission critical neighbourhoods.** Means-tested welfare spending in mission critical neighbourhoods is more than double the national average, with £5,372 spent per capita in mission critical neighbourhoods versus an average of £2,128 per capita nationally. Overall, we estimate that means-tested welfare spend in mission critical neighbourhoods is £3.2bn higher than if these neighbourhoods saw expenditure equivalent to the average neighbourhood in England.
- **Productivity is 40% lower in mission critical neighbourhoods.** We estimate that Gross Value Added (GVA) per working age person in mission critical neighbourhoods is 40% lower than all other neighbourhoods, at £33,100 compared to £54,500 elsewhere. **We estimate lost economic output in mission critical neighbourhoods at around £4.5bn a year.**

- **Health outcomes in mission critical neighbourhoods mirror those of developing nations.** Despite mission critical neighbourhoods making up just 2% of England's population, they account for half of the areas where life expectancy is below 70.

We believe that this data supports a neighbourhood-level approach to policy making with greater levels of targeting and capacity building at a neighbourhood level.

As outlined in our Interim Report, there is evidence that outcomes are influenced at a neighbourhood level through "neighbourhood effects". Rather than treating people as isolated individuals, we need to think at policy challenges at a collective level.

Moreover, policymakers need to ensure that there is sufficient social infrastructure and social capital within communities to be able to make progress in tackling these challenges. A lack of social infrastructure will make it harder to mobilise people to engage with policy changes to improve outcomes and harder to sustain any improvements that are made within places.

If we ignore the *Mission Million* – the million people living in Mission Critical neighbourhoods – we will not be able to make progress in achieving the government's governing objectives. The data shows the scale of the challenges these neighbourhoods face.

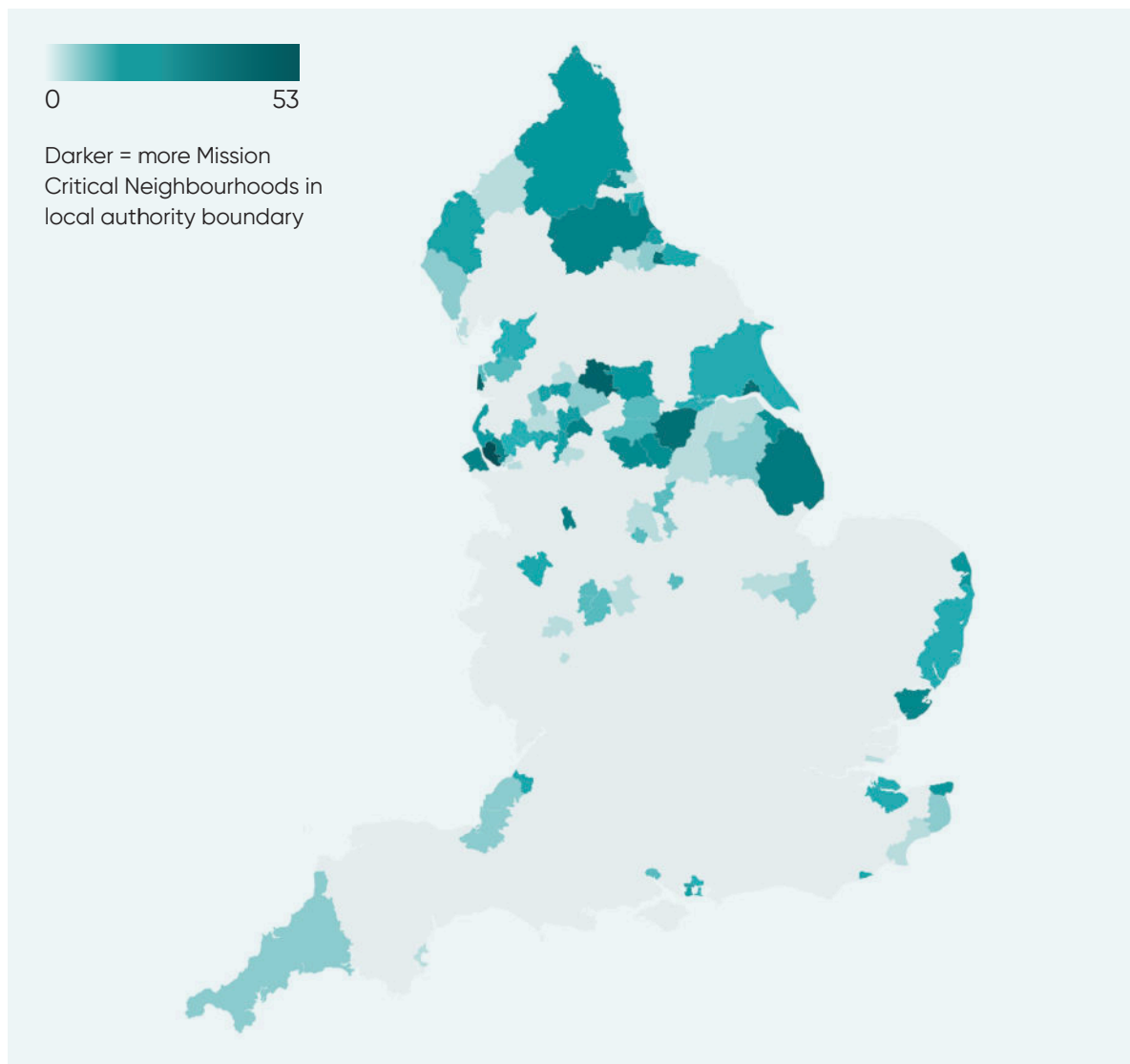
There is no excuse for inaction.

# 1. What are Mission Critical Neighbourhoods?

The Independent Commission on Neighbourhoods' Interim Report 'Think Neighbourhoods' revealed a set of 613 neighbourhoods across England where government is furthest behind on its missions. We term these the 'Mission Critical Neighbourhoods'.

These areas make up just under 2% of the neighbourhoods in England. Around 1 million people live in these neighbourhoods. We term these the 'Mission Million'. This paper is about these neighbourhoods and the million people that live in them.

Figure 1: Concentration of Mission critical neighbourhoods by local authority



Mission critical neighbourhoods are not evenly distributed throughout the country.

Just over a quarter (27%) of local authorities – 86 in total – have at least one mission critical neighbourhood. Mission critical neighbourhoods are often densely clustered: in Blackpool over a third of people (36%) live in mission critical neighbourhoods.

**Table 1: Top 10 Local Authorities with highest concentration of mission critical population, by count**

Local Authority	Number of mission critical neighbourhoods	Proportion of Local Authority
Liverpool	53	18%
Bradford	35	11%
Blackpool	34	36%
Doncaster	24	12%
Kingston upon Hull, City of	23	14%
Middlesbrough	22	24%
East Lindsey	20	24%
Stoke-on-Trent	18	11%
County Durham	17	5%
Knowsley	16	16%

Mission critical neighbourhoods are unevenly spread across the country. Three quarters (76%) are in the North of England. They are disproportionately concentrated in coastal communities, post-industrial towns, and on the peripheries of England's major second and third cities.

Beyond geography, there are other characteristics of mission critical neighbourhoods that stands them apart from much of the rest of England.

They typically have far lower levels of homeownership – both owned outright, or mortgaged. Social housing occupancy is nearly double the national average, with nearly half (43%) of people living in mission critical neighbourhoods being socially housed.

Mission critical neighbourhoods are home to fewer people of working age (62.4%, versus 67.5% across all other neighbourhoods), with higher concentrations of both younger and older people than average. They have a higher white population (84.2%) than average.

But what most sets mission critical neighbourhoods apart from other areas are the multiple, entrenched challenges that they face. Specifically, there are three major economic and social challenges facing mission critical neighbourhoods: **economic inactivity, ill health and skills.**

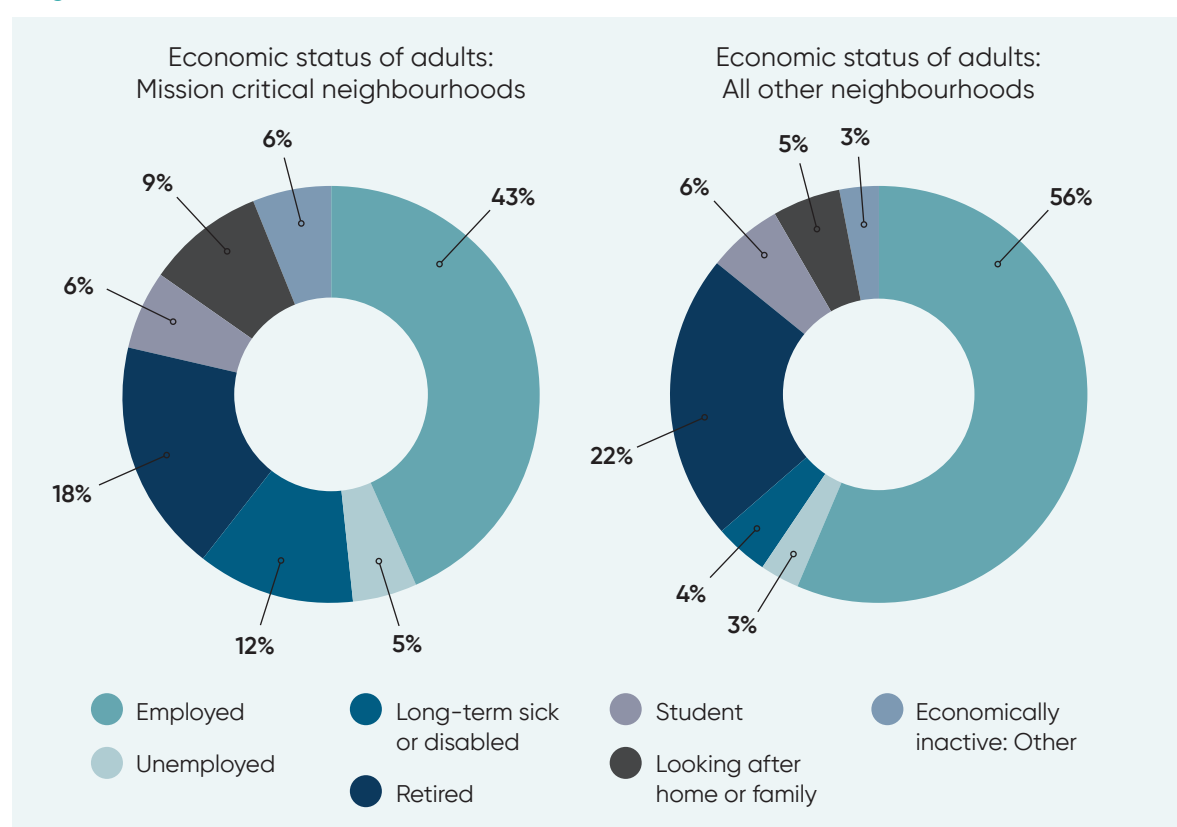
## 2. The challenges facing Mission Critical Neighbourhoods

### Half of all working age people in mission critical neighbourhoods are economically inactive

Half of adults in mission critical neighbourhoods (375,000) are economically inactive, compared to just 39% of adults elsewhere. This is driven by higher levels of ill health and caring

responsibilities, with people in mission critical neighbourhoods three times more likely to be long-term sick or disabled compared to other neighbourhoods.

**Figure 2: Economic status of individuals in mission critical neighbourhoods versus other neighbourhoods (2021)**



Source: ICON analysis of Census (2021)

Significant levels of economic inactivity make it harder to improve economic outcomes within these neighbourhoods as the lack of spending power makes organically sustaining businesses and employment challenging. This makes active intervention from the state essential to pump-prime places to become

economically sustainable. It also means that in these neighbourhoods we will need to explore forms of businesses, such as social enterprise and cooperatives, [which are more resilient](#) and can weather economic challenges with the right support.

### The £3.2bn excess welfare spending bill

The cost of economic inactivity to the state is considerable. Welfare comes at a significant cost to the state with a total spend of £303bn in 2024/25.

We looked at eight sources of means-tested welfare payments, for which data is available at an appropriate geography. These are Universal Credit, Personal Independence Payment, Housing Benefit, Carers Allowance, Disability Living Allowance, Employment Support Allowance, and Income Support.

Every one of these are disproportionately claimed by people in mission critical neighbourhoods. **Per capita spending on means-tested welfare benefits is more than double (£5,372) the national average (£2,128).**

Overall, we estimate that **total welfare spend in mission critical neighbourhoods is £3.2bn higher** than would be expected if they received funding in line with average spend per capita in neighbourhoods across the rest of England.

Table 2: Welfare payments in mission critical neighbourhoods relating to income

	Universal Credit	Housing Benefit	Pension credit	Income support
Claimants in mission critical neighbourhoods	272,000	80,360	42,300	6,450
Spend in mission critical neighbourhoods	£2,847m	£575m	£211m	£27m
Excess spend	£1,689m	£356m	£107m	£20m
Date	Oct-24	Nov-24	Aug-24	Feb-24

Source: ICON analysis of DWP Stat-Xplore; ONS Small area population estimates

Table 3: Welfare payments in mission critical neighbourhoods relating to health and disability

	PIP	Carers Allowance	Disability Benefit (DLA)	ESA
Claimants in mission critical neighbourhoods	140,000	40,800	41,000	53,550
Spend in mission critical neighbourhoods	£966m	£180m	£226m	£346m
Excess spend	£584m	£114m	£114m	£205m
Date	Jul-24	Feb-24	Feb-24	Aug-24

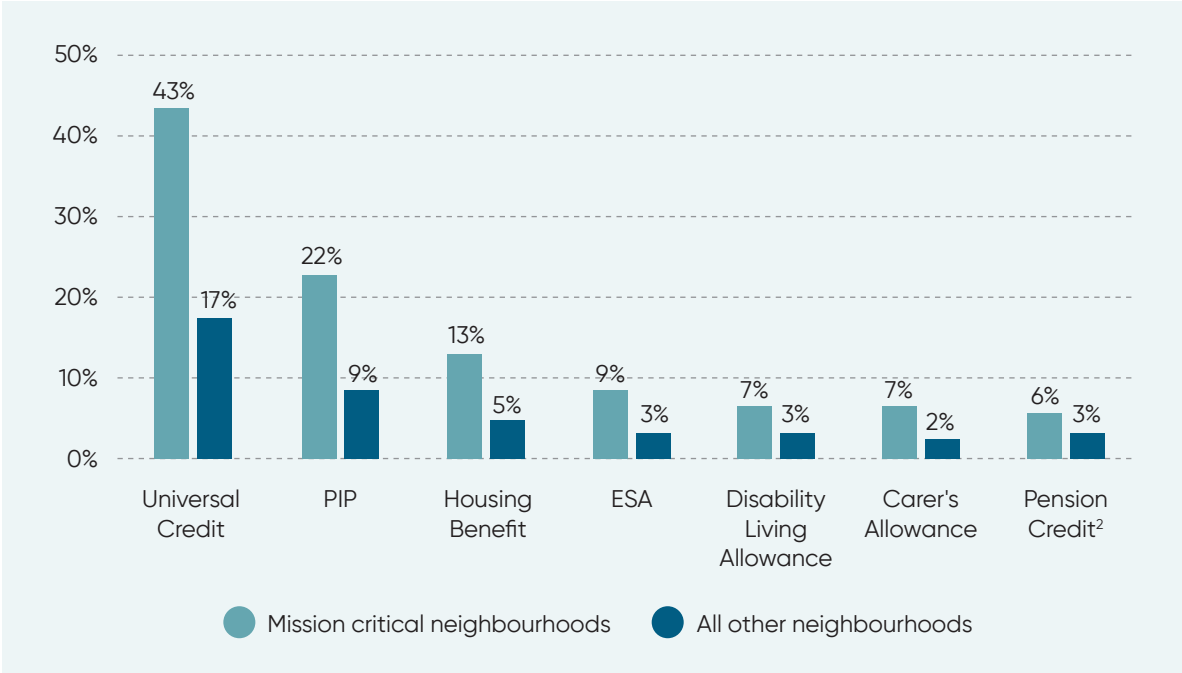
Source: ICON analysis of DWP Stat-Xplore; ONS Small area population estimates



In many cases, people in mission critical neighbourhoods are several times more likely to be claiming welfare payments than the average person in the rest of the country. **For example, 1 in 3 working age people in mission critical neighbourhoods (211,000) are on out**

**of work Universal Credit, compared to 1 in 8 people in the rest of the country.** When factoring in those on Universal Credit who are in work, this rises to around 43% (272,000) of working age people in mission critical neighbourhoods.<sup>1</sup>

**Figure 3: Proportion of working age people claiming welfare in mission critical neighbourhoods and all other neighbourhoods**



Source: ICON analysis of DWP Stat-Xplore; ONS Small area population estimates

We further estimate that 141,000 people in mission critical neighbourhoods are on personal independence payments (PIP), which makes them over 2.5 times more likely to be on PIP than elsewhere. In addition, 40,800 (1 in 20) people in mission critical neighbourhoods are on Carers Allowance – 3 times more prevalent than elsewhere – this reflects the larger proportion of people in mission critical neighbourhoods that have care responsibilities.

The stark inequality in the level of need across the country also maps closely when looking at welfare spend at a local authority level. In our Interim Report we referenced Wokingham and Blackpool as opposite ends of the Hyper-Local Needs Index (HLNI), with Wokingham having the least progress to make against the central government’s five missions and Blackpool needing to make the most.

**As can be seen from the examples below, the cost of welfare expenditure in a Blackpool – a mission critical area – is £2,788 per capita higher than in Wokingham – a four-fold difference.** This is not simply due to regional variation – even within the North West, Blackpool is an outlier, with spending on welfare 45% higher per capita than the rest of the region. Braintree, Essex, is included in Table 4 as a representation of the ‘average’ Local Authority: the proportion of people claiming welfare in Braintree is similar to national averages and provides context.

<sup>1</sup> As of October 2024  
<sup>2</sup> Proportion of all adults is used for Pension credit

Table 4: Wokingham, Braintree & Blackpool (2024) welfare spend comparison

		Wokingham Local Authority	Braintree Local Authority	Blackpool Local Authority
Region		South East	East	North West
Total population <sup>3</sup>		188,481	159,810	142,395
UC	Claimants	9,072	13,857	25,516
	Spend	£95m	£145m	£267m
PIP	Claimants	4,158	7,231	15,091
	Spend	£29m	£50m	£104m
Housing Benefit	Claimants	1,904	3,470	6,837
	Spend	£14m	£25m	£49m
ESA	Claimants	1,649	2,503	6,057
	Spend	£11m	£16m	£39m
Carers Allowance	Claimants	1,187	2,114	3,608
	Spend	£6m	£16m	£17m
Disability Benefit	Claimants	2,760	3,603	4,730
	Spend	£15m	£20m	£26m
Income Support	Claimants	67	161	489
	Spend	£278k	£670k	£2m
Pension credit	Claimants	1,552	2,613	5,169
	Spend	£8m	£14m	£27m
Total Spend		£177m	£286m	£531m
Spend per capita		£938	£1,790	£3,726
Regional spend per capita		£1,710	£1,860	£2,553

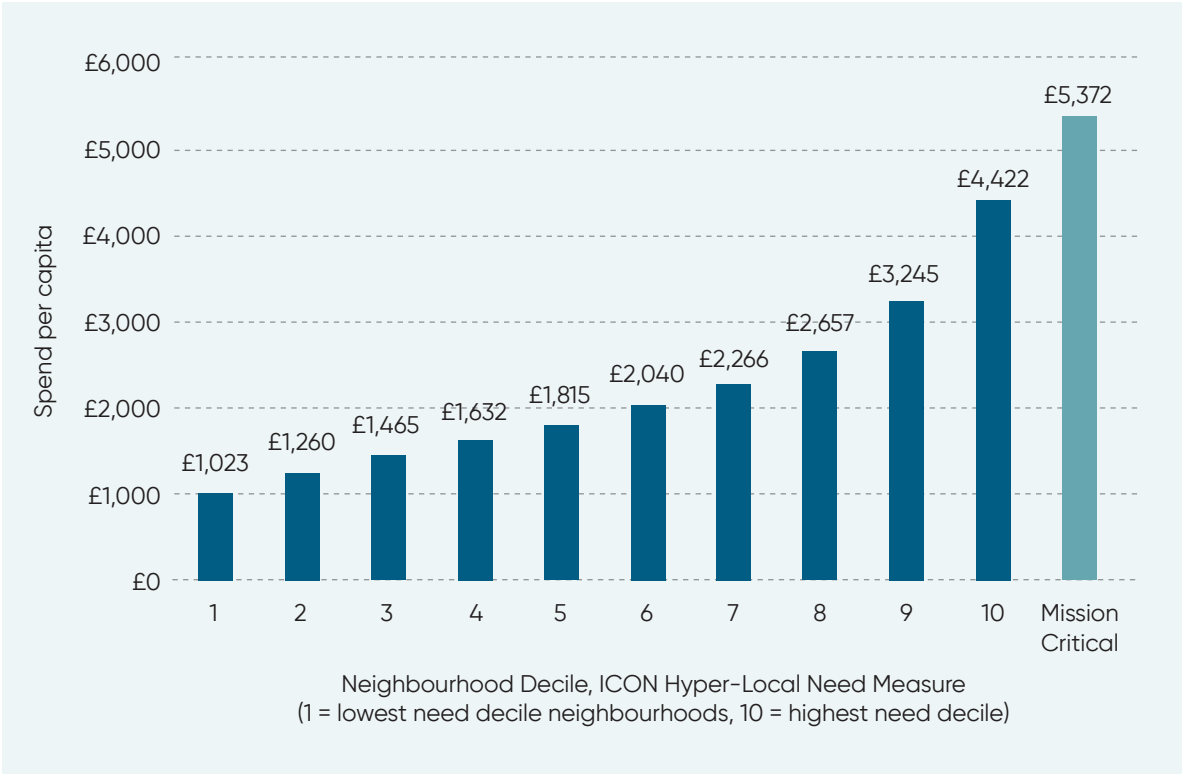
Source: ICON analysis of DWP Stat-Xplore; ONS Small area population estimates

<sup>3</sup> Projected from 2022 based on 5-year LSOA average growth rates, not including 2019-20 or 2020-21,

As Figure 4 below shows, this relationship between our Hyper-Local Needs Measure and welfare spending at the neighbourhood level holds not just at the extremes, but right across the income spectrum; with each increasing decile of need, the total welfare spend increases. The relationship is not linear – neighbourhood welfare spend per

capita jumps sharply between deciles 8, 9 and 10. This indicates that the clustering of need becomes far stronger in the most deprived neighbourhoods. Mission critical neighbourhoods – which are a subset of Decile 10 – have even higher still levels of spending.

**Figure 4: Average annual neighbourhood spend per capita, means-tested welfare payments (2024/25)**



Source: ICON analysis of DWP Stat-Xplore; ONS Small area population estimates. Note: Each neighbourhood decile contains around 3,400 neighbourhoods, with roughly 4–6 million people in each decile. The deciles are ranked according to the Hyperlocal Needs Measure, with the top decile of neighbourhoods those scoring highest (i.e., highest levels of need). Mission critical neighbourhoods are a subset of this decile and make up roughly the most disadvantaged third of Decile 10.

The high concentration of welfare spending towards mission critical neighbourhoods is particularly pronounced in the North of England. For example:

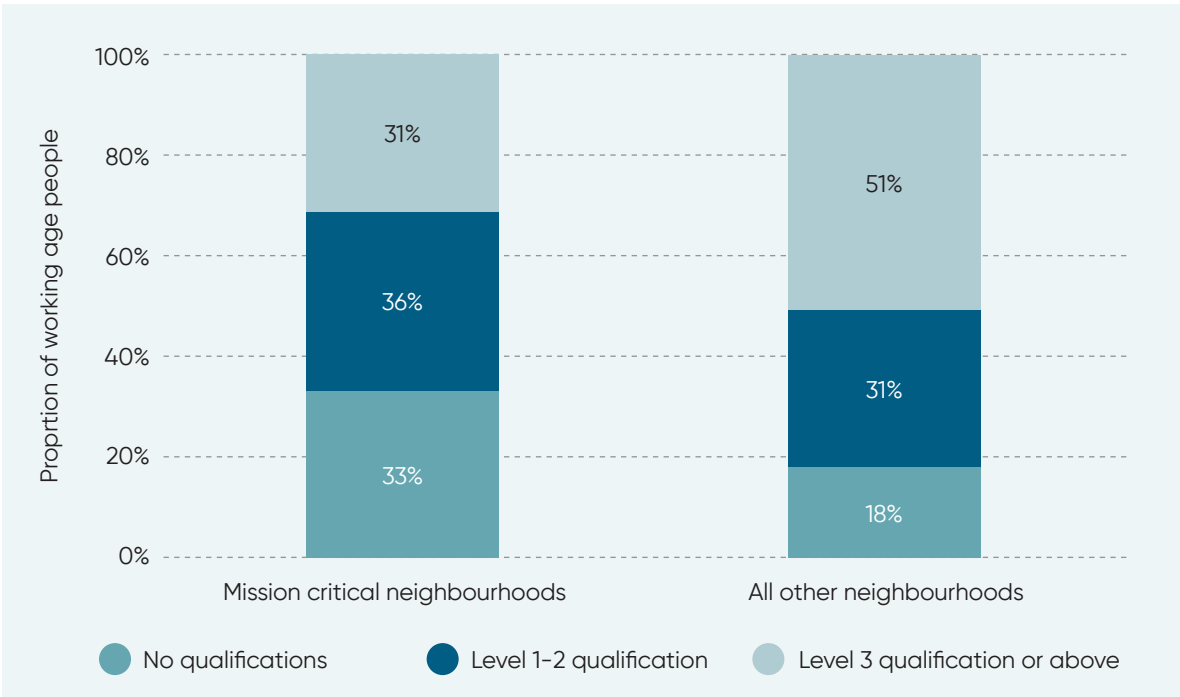
- In the North East, mission critical neighbourhoods hold 5% (134,000) of the population, yet 12% of out of work Universal Credit claimants (30,000), 10% of people on carers allowance (6,000), and 8% of people with no qualifications (33,500).
- In the North-West, mission critical neighbourhoods hold 5% (357,000) of people, yet 11% of out of work Universal Credit claimants (77,000), 10% of people on carers allowance (13,000), and 7% of people with no qualifications (85,000).
- In Yorkshire and the Humber, mission critical neighbourhoods hold 4% of (237,000) people, yet 11% of out of work Universal Credit claimants (51,000), 10% of people on carers allowance (10,000), and 7% of people with no qualifications (60,000).

### One third of adults in mission critical neighbourhoods have no qualifications

Closely linked to the challenges of economic inactivity are the lack of skills in mission critical neighbourhoods. **We estimate that one third of adults living in these neighbourhoods have no qualifications, almost double the national average.**

The proportion of people in mission critical neighbourhoods that have a Level 3 qualification or above is nearly thirty percentage points lower than elsewhere, driving lower levels of productivity.

**Figure 5: Qualifications of adults in mission critical neighbourhoods versus other neighbourhoods (2021)**



Source: ICON analysis of Census 2021, ONS Small area population estimates

A lack of skills means that wages and productivity are lower than in other parts of the country. We estimate that the economic output produced in mission critical neighbourhoods is far lower than elsewhere in the country. Gross Value Added (GVA) per working age person in mission critical neighbourhoods is **40% lower than all other neighbourhoods, at £33,100 compared to £54,500 elsewhere.**

Raising levels of skills would drive higher levels of economic output in these areas, increase local spending power and help to sustain broader economic activity. Again, given the baseline of low skills within mission critical neighbourhoods, investment above and

beyond the rest of the country will be essential to cut through and help to close the gap between mission critical neighbourhoods and the rest of the country.

**We estimate that the lost economic output from low productivity in mission critical neighbourhoods is £4.5bn a year.** This is equivalent to 50% of the total lost economic output within mission critical areas (economic inactivity and unemployment contributing the other half). There is clear evidence that increasing skills can significantly improve productivity, but we need to take a neighbourhood approach to ensure access and support, despite higher levels of spending on skills in recent years, this has not reached

those places that need it most.<sup>4</sup> It is important that institutions such as Skills England and Strategic Authorities that have responsibility for skills take a hyper-local approach if they want to significantly improve outcomes.

Moreover, this analysis indicates that investing in improvements in economic outcomes within these neighbourhoods could generate significant returns, more than justifying increased investment.

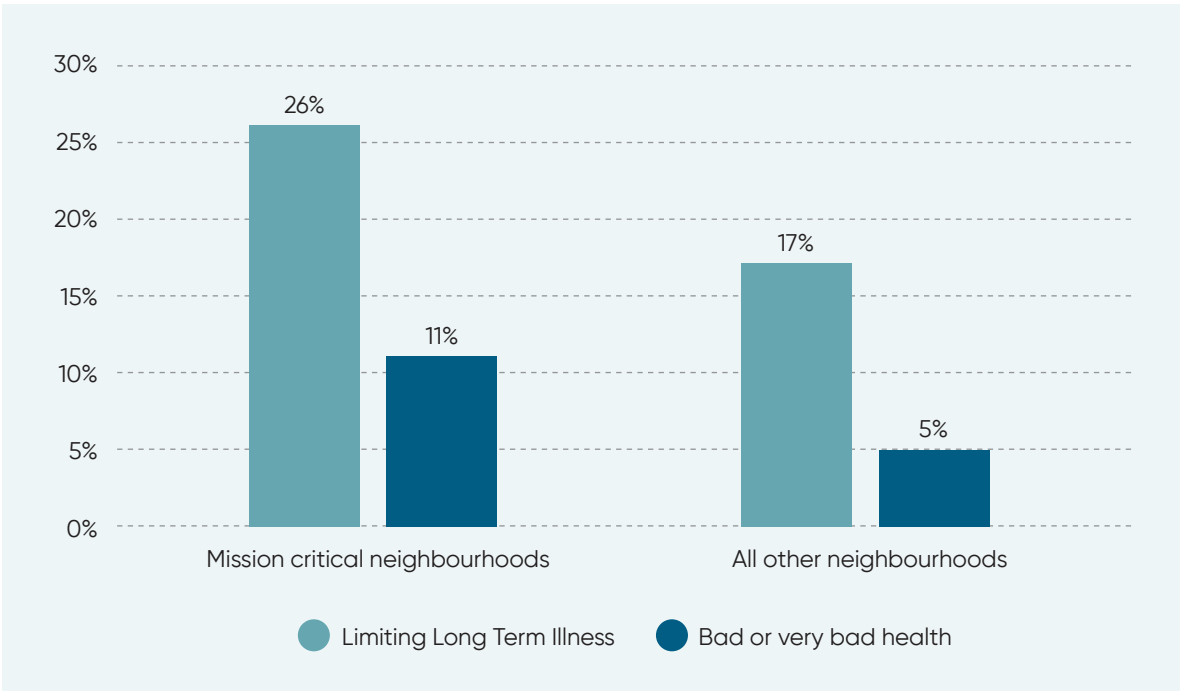
**A quarter of all people in mission critical neighbourhoods have a limiting long term illness**

Across several different indicators of ill health and sickness, the evidence clearly points towards a high concentration of health issues in mission critical neighbourhoods.

As research shows, ill health in deprived areas does not occur by chance but rather is a product of socioeconomic circumstances and local conditions, as found in the Marmot Review. It is not surprising, therefore, that the country's most socioeconomically deprived neighbourhoods are also furthest behind on the government's mission relating to health.

Over 1 in 4 of all people in mission critical neighbourhoods (260,000) report a limiting long-term illness, compared to 1 in 6 elsewhere, whilst over 1 in 10 people in mission critical neighbourhoods (104,000) have bad or very bad health, compared to just 1 in 20 elsewhere.

**Figure 6: Proportion of people in mission critical neighbourhoods with poor health versus other neighbourhoods**



Source: ICON analysis of Census 2021, ONS Small area population estimates

<sup>4</sup> <https://www.instituteforgovernment.org.uk/publication/levelling-up-skills-policy>

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Those experiencing long-term sickness and disability are also typically living shorter lives. Stark differences in life expectancy highlights the fundamentally lower level of living standards in mission critical neighbourhoods compared to elsewhere in the country.

Male life expectancy is 6 years lower in mission critical neighbourhoods (74) than elsewhere (80), whilst female life expectancy is 5 years lower in the mission million (78) than elsewhere (83).<sup>5</sup>

Whilst the average life expectancy of men in the United Kingdom is the 33rd longest in the world, men in mission critical neighbourhoods in England live on average to the equivalent of 82nd longest in the world. The average woman in the United Kingdom lives 39th longest in the world. **The average woman in mission critical neighbourhoods would be expected to live to the equivalent of 98th longest in the world.**

Men in South Promenade & Seaside's Way, Blackpool, live an average of 66.5 years. This is 28 years shorter than in one of the country's affluent neighbourhoods, Belgravia, Knightsbridge, and Hyde Park. **South Promenade & Seaside's Way places equivalent to 152nd in the world for male life expectancy, and 143rd in the world for female life expectancy.**

The example places given are not one-offs but are common across mission critical neighbourhoods. **Mission critical neighbourhoods make up less than 2% of all neighbourhoods in the country, but 50% of neighbourhoods where life expectancy is under 70.**

This data strengthens the case for a 'Neighbourhood Care Service'. However, it is important that this care service operates at a hyper-local level. The neighbourhoods that we have identified are relatively small – a few thousand of people at most. Yet the health service tends to think at a much larger level, tens of thousands and even hundreds of thousands of people. To be effective, a Neighbourhood Care Service will need to be much more granular in its delivery and to consider the social infrastructure within these neighbourhoods to improve outcomes.

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<sup>5</sup> Life expectancy as of 2024

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# 3. The case for thinking neighbourhoods

**We think that the data provided in this briefing provides a powerful case for why government should focus on mission critical neighbourhoods.**

The 'Mission Million' living in these places will make or break the government's attempts to achieve its governing objectives.

There are limited resources available to the state, but in focusing on mission critical neighbourhoods government is more likely to reach the people that need support. This data is simply the tip of the iceberg and more can be done to understand the challenges facing our neighbourhoods and the issues that they face.

We must ensure that there is capacity and capability to mobilise people within neighbourhoods to engage with the policy changes that government has already outlined. We also need to ensure that policy makers and institutional actors consider challenges from a hyper-local perspective. From a renewed focus on skills through Skills England to reforms to the welfare system to help people get back into work, we need to *think neighbourhoods*. The test of reforms and new policies is whether they can work in places such as Blackpool, Bradford and East Lindsey.

As we outlined in our Interim Report, one of the major factors that distinguishes these places from other areas is the lack of the social infrastructure to create effective partnerships on the ground to make deliver the government's missions. Social capital is also weaker there which makes it harder for people in these places to access the support that they need and make the changes that they need to transform their lives and their neighbourhoods.

The danger is that if we ignore the neighbourhood dimension and the social infrastructure within these places, the collective weight of the challenges within them will simply overwhelm any policy challenges. Additional effort will need to be made in mission critical neighbourhoods if we are going to make a meaningful reduction in welfare spend or boost levels of qualifications within place.

The data outlined in this briefing justifies as neighbourhood-based approach and a higher level of engagement and targeting at a neighbourhood level.

There is no excuse for inaction.

