Independent Commission on Neighbourhoods

Growth and Reform Network

ICON Policy Working Paper

The Missing Links: Connecting disadvantaged neighbourhoods to new economic opportunities

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The Independent Commission on Neighbourhoods

The Independent Commission on Neighbourhoods (ICON) was launched with the support of Alex Norris MP, Minister for Local Growth, in September 2024. The Commission aims to address the significant challenges faced in England's most disadvantaged 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.

ICON Policy Working Paper Series

Throughout the course of the Commission, we are publishing a series of Policy Working Papers to disseminate 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.

Acknowledgements

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ICON Independent Commission on Neighbourhoods

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Executive summary

Achieving higher levels of economic growth is one of the main objectives of the current government.

However, for many neighbourhoods in England, high growth is a distant memory. The areas that most need economic growth have not seen it.

The annual growth rate of Blackpool, one of the most disadvantaged places in England, has been 0.5% per year over the past twenty years. In Sunderland, 0.5% per year. East Kent, 0.5% per year. Bradford, 0.7% per year. These are all already well below UK average over this period of 1.4% per year, which by our recent historic norm remains low.

These figures are not arbitrary: they reflect deep divides in both living standards and opportunities, that have left the poorest neighbourhoods isolated from national prosperity. If the most disadvantaged neighbourhoods in England had experienced productivity growth at the same rate as the rest of country through the 2010s, they would have added another £9.8bn per year to national output. That is the equivalent of £2,618 of additional annual economic output per household in Mission Critical and Mission Priority neighbourhood that we have foregone.

How do we fix this?

1. We need to accept that **economic growth will not trickle-down to the most disadvantaged neighbourhoods, and we would be wrong to assume it will simply trickle out to them from major cities** – a rising tide in cities or regions will not lift the boats of disadvantaged neighbourhoods.
2. We need to **build social capital within disadvantaged neighbourhoods**, so that they are better primed to be economically successful over the long term.
3. We need **targeted policies that support investment, employment, connectivity and skills in disadvantaged neighbourhoods** – generic strategies that do not consider the specific challenges facing disadvantaged neighbourhoods will simply not work.

Key Findings

- **Job access in the most disadvantaged neighbourhoods is around half what it is in the least disadvantaged neighbourhoods.** In the 10% most disadvantaged neighbourhoods there are only 47.5 jobs per 100 people, compared to 84.5 for the 10% least disadvantaged. Our analysis of the Job Access score produced by Onward also finds that the number of jobs commutable from the 10% most disadvantaged neighbourhoods is less than half that compared to the 10% least disadvantaged.
- **The extent that residents of disadvantaged neighbourhoods may be able to access jobs in the priority sectors (IS-8) set out in the Industrial Strategy is mixed.** Jobs in these sectors are less likely to reach residents of disadvantaged neighbourhoods in Clacton, Grimsby, or Scunthorpe. However, there may be unique opportunities in places such as Corby, Boston, and Southend, to connect disadvantaged neighbourhoods with frontier economic opportunities.
- **The majority of the 613 Mission Critical Neighbourhoods (MCNs) – the neighbourhoods furthest away from success on the government's five missions – have experienced low economic growth and struggled to tap into economic opportunities when they have emerged around them.** New analysis in this report categorises economic change in the 2010s

into eight distinct categories:[1] for MCNs, 47% have been "Stuck" in a low growth trap, 18.3% were "Left Behind" as their neighbours pulled ahead, and a further 8% suffered "Isolated Decline" – falling backwards, despite different fortunes for their neighbours.

- **Disadvantaged neighbourhoods that have managed to see growth "trickle out" to them have tended to have higher levels of social capital, low shares of employment in low-productivity sectors, and better transport connectivity.** Our analysis of the characteristics of economically successful versus struggling neighbourhoods finds that a high density of civic assets, high levels of bridging social capital, a high presence of managerial jobs, and a low prevalence of low productivity service sectors, were several multiple times more likely to be present in economically successful neighbourhoods. Good transport was 6.5x more likely to be found in economically "Resilient" neighbourhoods compared to those that suffered "Isolated Decline".

Key recommendations

Building on our analysis in this report and the wider work of ICON, we set out several policy ideas to help kick start economic growth in the most disadvantaged neighbourhoods in England.

- **A Neighbourhood Jobs Guarantee.** The government should expand the new Youth Guarantee with an accompanying "Neighbourhood Jobs Guarantee", that would boost employment in disadvantaged neighbourhoods. The Neighbourhood Jobs Guarantee, like the Youth Guarantee, would offer guaranteed employment to economically inactive residents in disadvantaged neighbourhoods. While detail on the Youth Guarantee is not yet publicly available, we suggest the Neighbourhood Jobs Guarantee offers at least six-to-nine months of subsidised employment at the Real Living Wage, with a particular focus on filling jobs where there are local skills shortages as well as jobs in the IS-8 sectors.
- **Neighbourhood Investment Relief Budgets (NIRBs).** We propose the creation of new Neighbourhood Investment Relief Budgets (NIRBs), which would provide targeted relief on employer NICs and business rates for firms hiring from, or operating within, Mission Critical and Mission Priority neighbourhoods. Rather than universal exemptions, each Mayoral Strategic Authority (MSA) – or local authority where no MSA exists – would receive a ringfenced budget to reimburse firms directly. Rather than a nationwide tax relief, this approach will allow reliefs to be tailored to local priorities and focus on strategic sectors, with conditionality to support the creation of "good jobs" that pay the Real Living Wage, offering secure working conditions, and support personal skills development.
- **Working Neighbourhoods Transport Grants (WNTGs)** – a new grants programme that would provide five years of targeted funding to 250 disadvantaged neighbourhoods. Allocated via Mayoral or Local Transport Authorities, the grants would support Community Transport Organisations to deliver flexible, employment-focused transport services such as work shuttles, late-night buses, rural minibuses, or community car clubs. This would ensure reliable, affordable access to jobs, while also supporting the development of social capital among residents.

1 The categorised, defined in greater detail in the report, are: Catch Up, Isolated Uplift, Shared Uplift, Resilient, Stuck, Left Behind, Isolated Decline

- **Nightingale Skills Centres.** A new network of Nightingale Skills Centres - small, satellite training sites of Further and Higher Education providers, located directly in disadvantaged neighbourhoods - to make skills provision accessible where travel to formal training sites is difficult. Based out of community spaces or vacant high street units, they would focus on delivering foundational qualifications up to NVQ3 and work with local employers to align training with job opportunities. We recommend the Centres as a pilot programme, based in in areas also receiving investment in national neighbourhood programmes e.g. the Pride in Place Programme, with a view to a full national rollout towards the end of the Parliament.

We also make several recommendations specifically focussed on Mayoral Strategic Authorities (MSAs), and how they can use their powers through Local Growth Plans to ensure that their economic strategies make a direct contribution to the economic development of disadvantaged neighbourhoods.

These ideas would help to address the specific challenges facing disadvantaged areas such as difficulties in maintaining good jobs, attracting private investment, joining up government economic policy at a local level, helping people commute to good jobs and bringing skills provision directly to those that need it. These would complement the government's existing Industrial Strategy.

Introduction

We are in the middle of a "neighbourhoods policy moment".

Since entering office, the government has pledged billions of new investment into the most disadvantaged neighbourhoods, in programmes such as the Pride in Place Programme, the Neighbourhood Health Service, as well as revised measures in the English Devolution Bill to turn it into the English Devolution and Community Empowerment. Central to all of these initiatives is to create the conditions for economic growth and regeneration.

There is a growing realisation that the reason progress is not being made on key policy objectives, like economic growth, is the challenge of implementation on the ground. Places are 'sticky', with the most disadvantaged areas having multiple overlapping policy problems and negative feedback loops that make change hard to achieve.

We can see the implications of this rocky ground in the data. Blackpool has the highest concentration of 'Mission Critical Neighbourhoods' - the 613 neighbourhoods that are furthest away from success on the government's five missions. The annual growth rate of Blackpool (GVA, 2022 prices) over the past twenty years has been 0.5% between 2003 and 2023 (the latest year we have data for). In Sunderland, 0.5%. In East Kent, 0.5%. In Bradford, 0.7%. These are all well below the UK's average annual growth rate of 1.4% over the same period. These were also the places starting with considerable disadvantages; they have not caught up; they have fallen behind.

The growth gap is clear in the numbers. Between 2011 and 2021, GVA per capita in Mission Critical Neighbourhoods grew by just 32.3%, and in Mission Priority Neighbourhoods by 33.0%, compared with 39.5% in Mission Support neighbourhoods. Had the most disadvantaged neighbourhoods simply matched the growth rate of their better-off peers, they would today be generating an additional £9.8 billion a year in output: the equivalent of £2,618 per household. This is the scale of prosperity foregone when the poorest places are left disconnected from our national economy.

ICON classification of neighbourhoods

Mission Critical Neighbourhoods – the 613 neighbourhoods (Local Super Output Areas) that are furthest behind on achieving the government's five missions (roughly 2% of neighbourhoods in England).

Mission Priority Neighbourhoods – 5,566 neighbourhoods that have considerable disadvantages in achieving the government's five missions.

Mission Support Neighbourhoods – the remaining neighbourhoods in England that may have some aspects of disadvantage but at broadly on track or have achieved success in relation to the government's five missions.

Increasing economic growth in these places will not be a simple matter. Even during the 'best years' of economic performance over the past forty years, these communities have not seen high levels of growth. The national economy is now in a weaker position, making securing economic growth both more urgent and more challenging.

Whatever we have been doing simply is not working. We need a new approach.

Thinking about our economic challenges through the neighbourhood lens, as this paper does, provides a different approach.

We must stop assuming that growth is simply about pushing jobs and investment into places or dragging people from those places into areas of economic dynamism. 'Thinking neighbourhoods' starts with the question of whether places have the conditions to make the most of economic opportunities, particularly social capital, and the foundations for attracting and sustaining economic activity within them. If these conditions are not there, the prospects for economic growth are limited. It is the job of policymakers to create these conditions, a stable foundation for economic development, using all the tools available to us and working in collaboration with the private sector and civil society.

A neighbourhoods growth moment?

This approach appears to be gaining traction within government.

The new £5bn Pride in Place Programme recognises that "strong neighbourhoods and communities are vital to drive growth".[2] The government's Best Start in Life Strategy – which commits to a further £500mn for 1000 Best Start early years centres, describes the role of early years development as one of "setting the foundations for growth, learning, and emotional and physical development".[3] The 'Growth Mission Fund' is funding local projects, so far focused on social and cultural infrastructure, to create the conditions for growth. These policies are backed by evidence. Infrastructure that helps build social and human capital lay the foundations for a stronger economy.[4]

Yet there are other areas of the government's current approach where we should be looking to go much further.

For example, while the government's recent Industrial Strategy makes repeated reference to "revitalising communities", it offers very little in terms of proposals to improve access to economic opportunities in the sectors (IS-8) that are at the heart of the strategy. There is little-to-no discussion on what might be required to enable people in economically marginalised neighbourhoods to access new employment or training opportunities, or how growth in these sectors might best be harnessed to help revitalise the communities most in need of it.

Instead, there is a blanket assumption that growth will simply trickle out to these places. As it puts it:

"City centres are where businesses, skilled workers, Higher Education providers, and innovation networks connect; and where knowledge-intensive service sectors flourish. In turn, they generate job opportunities for surrounding areas."[5]

We should not take this for granted.

Recent evidence has also shown that 'doubly disadvantaged' areas – those with both high deprivation and low social capital – are among the least likely to experience the benefits of economic growth when it occurs in surrounding areas.[6] Despite productivity and population growth since the 2000s

2 Ministry of Housing, Communities, and Local Government (2025). Pride in Place Strategy: https://www.gov.uk/government/publications/pride-in-place-strategy

3 Department for Education (2025). Giving every child the best start in life: https://assets.publishing.service.gov.uk/media/686bd62a10d550c668de3be7/Giving_every_child_the_best_start_in_life.pdf

4 Muringani, J., Fitjar, R. D. & Rodríguez-Pose, A. (2021) *Social capital and economic growth in the regions of Europe. Economy and Space*. https://eprints.lse.ac.uk/108914/2/0308518x211000059.pdf

5 UK Government (2025). *The UK's Modern Industrial Strategy*: https://assets.publishing.service.gov.uk/media/68595e56db8e139f95652dc6/industrial_strategy_policy_paper.pdf

6 Turner, D. *et al.* (2024) Breaking the cycle: Delivering good jobs for 'doubly disadvantaged' neighbourhoods. Centre for Progressive Policy & Local Trust: https://www.progressive-policy.net/publications/breaking-the-cycle

being largely concentrated within England's large cities, previous work by ICON has demonstrated how the geography of need has moved out of the inner cities and into the peripheries of urban areas.[7]

This is not to suggest that the industrial strategy is a *bad* strategy. We should build on our strengths and build new strengths where possible. But if our position is to take no targeted action to support growth in disadvantaged places and instead assume that growth will simply trickle out to them, then many of these places will likely deteriorate further.

Many of the most disadvantaged neighbourhoods we reference in this paper used to be engines of economic growth and modernisation. We believe that they can be again, if we create solid social foundations and use the right policy toolkit. This paper shows why we have this confidence and how this ambitious future can be realised.

7 For more, see https://www.neilobrien.co.uk/p/levelling-up-against-just-cities?hide_intro_popup=true & https://www.neighbourhoodscommission.org.uk/report/progress-and-pressure-understanding-economic-and-social-change-in-englands-neighbourhoods/

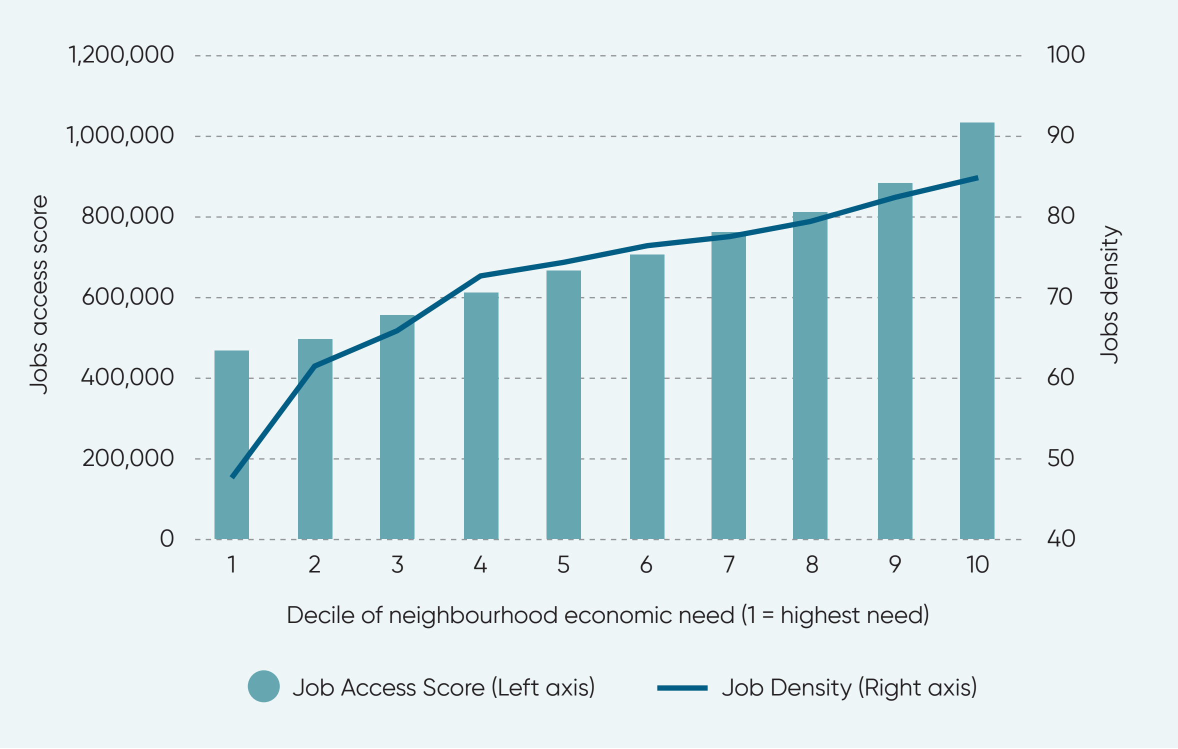
Economic growth does not trickle-down to disadvantaged neighbourhoods

The 'rocky ground' of disadvantaged neighbourhoods

The first step to economic regeneration is to understand the challenges and characteristics in these neighbourhoods. There are no quick fixes or short-cuts to economic growth.

One of the leading characteristics of disadvantaged neighbourhoods is that they tend to suffer from limited access to employment opportunities, both in terms of how many jobs are available locally within the neighbourhood, as well as how many are accessible within a reasonable commute time. Figure 1 shows that both jobs density, as well as jobs access (the number of jobs that are available within a reasonable commuting distance from those neighbourhoods), are in both cases lower in the most economically disadvantaged neighbourhoods.

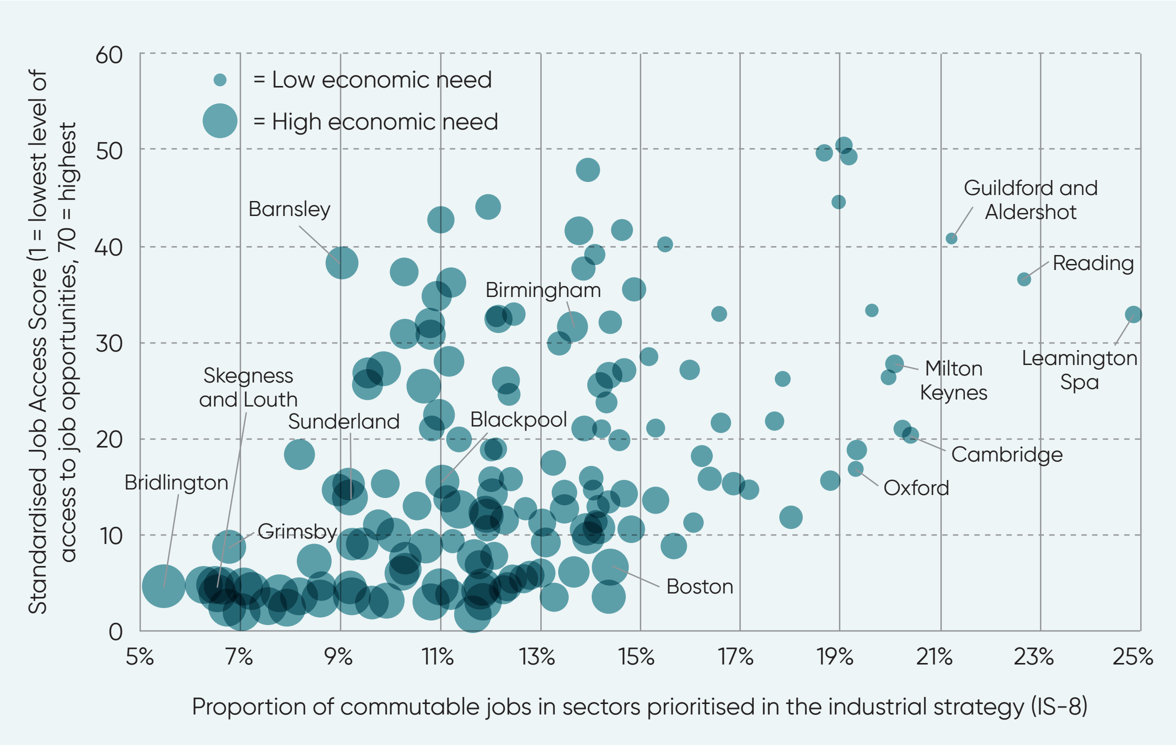
Figure 1: Relationship between neighbourhood economic need aggregated to need deciles, and job access and availability



Source: ICON analysis of ICON Hyper-Local Need Measure (HLNM), Onward (2021) Job access scores for LSOA; ONS jobs density

As Figure 2 and Table 1 also demonstrates, jobs in the IS-8 sectors can be far harder-to-reach in areas higher levels of economic need.[8] Places like Grimsby, Bridlington, Skegness and Louth face both low access have high levels of economic need, have low levels of access to jobs in IS-8 sectors, as well as a more broad disconnect from the wider labour market. Though there may be potential for some high need neighbourhoods, in places such as Boston, to tap into new opportunities created through the IS-8. Yet the policy toolkit on neighbourhoods renewal, and the IS-8, is not yet joined up in a way that is sufficient to deliver such opportunities.

Figure 2: Scatterplot of job access and the share of commutable jobs within IS-8 sectors, weighted by aggregated economic need for England Travel to Work Areas (TTWAs)



Source: ICON analysis of ICON Hyper-Local Need Measure (HLNM); Onward (2021) Job access score; Census (2021) Employment by SOC2020. Data is aggregated upwards from LSOA to Travel to Work Areas (TTWA). SOC2020 data takes the occupations most closely associated with employment in IS-8 sectors

Table 1: Ten Travel to Work Areas (TTWAs) with lowest and highest proportion of commutable jobs within IS-8 sectors, weighted by aggregated economic need

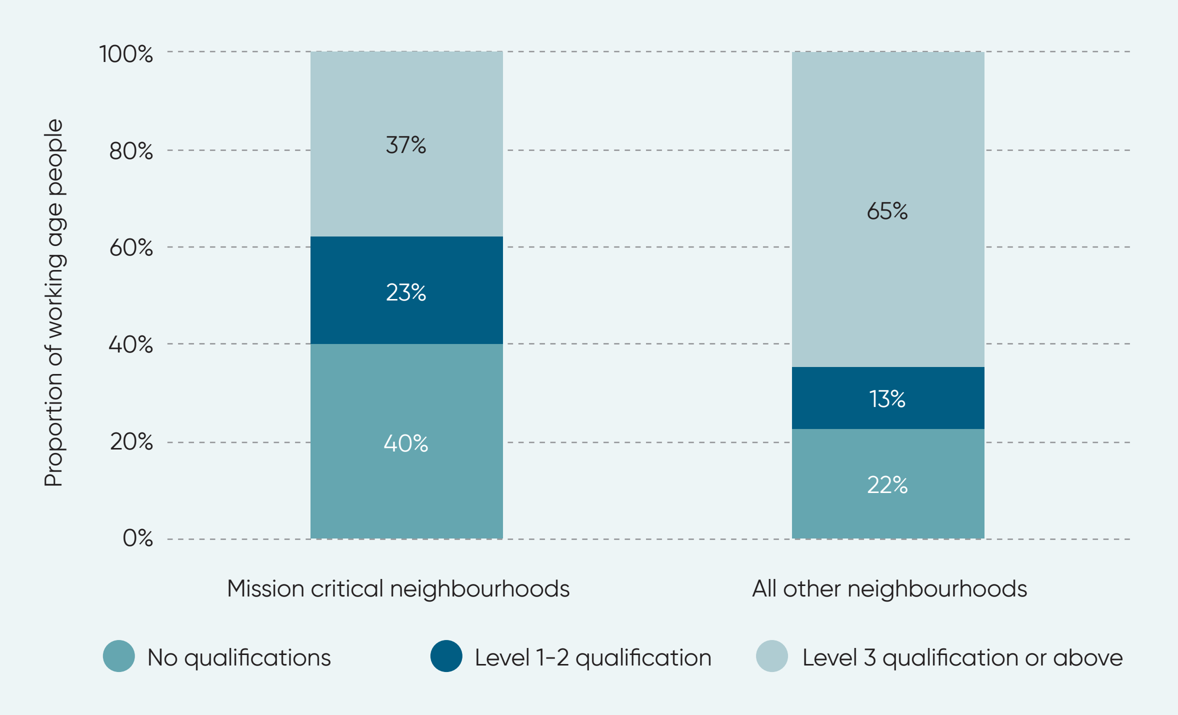
Lowest	Highest
Bridlington	Leamington Spa
Whitby	Reading
Launceston	Guildford and Aldershot
Skegness and Louth	Cambridge
Cromer and Sheringham	Andover
Grimsby	Milton Keynes
Clacton	Newbury
Minehead	Basingstoke
Scarborough	Oxford
Bideford	Slough and Heathrow

8 There is a strong correlation between our measure of economic disadvantage with employment in IS-8 sectors as a share of total employment at the Travel to work area (TTWA) level; $R2=0.66$.

But the economic challenges in these areas stretch far beyond employment alone. As we have outlined in our previous paper *The Anatomy of Mission Critical Neighbourhoods*:[9]

- Gross Value Added (GVA) per capita is 40% lower than in Mission Critical Neighbourhoods than in other neighbourhoods, contributing to an estimated lost economic output of £4.5bn per annum.
- Per capita spending on means-tested welfare benefits is more than double (£5,372) the national average (£2,128) in Mission Critical Neighbourhoods, or around £3.2bn per annum higher than would be expected if conditions were in line with the average.
- One third of adults (250,000) in Mission Critical Neighbourhoods have no qualifications – almost double the national average

Figure 3: Skills in Mission Critical Neighbourhoods are substantially lower than they are against the average in England



Source: ICON analysis of ICON Hyper Local Need measure; Census 2021, ONS small area population estimates

Despite this data there remains a big disconnect between the state's recognition of spatial inequalities and economic strategy. Political leaders are increasingly attuned to the risks posed by the persistent economic isolation of communities and the need to do more to support them, yet the machinery of economic policymaking remains poorly equipped to connect these areas to surrounding sources of growth.

Economic change in neighbourhoods in England

Industries come and go, but communities remain. Changes to the industrial composition of our national economy over several generations has contributed towards a vast divergence in economic conditions across our neighbourhoods.

However, decline is not inevitable.

9 Farrar, E. *et al.* (2025) The Anatomy of Mission Critical Neighbourhoods. ICON Policy Working Paper. Available at: https://www.neighbourhoodscommission.org.uk/report/anatomy-of-mission-critical-neighbourhoods/

Many neighbourhoods have found ways to interrupt and reverse it, seeing improvements over time while re-establishing their role as contributors to local, regional, and national growth. We have found, for instance, that inner-city neighbourhoods in major urban areas have been more likely to experience economic improvement over the last two decades, while economic disadvantage has become increasingly more concentrated in city suburbs and coastal, peripheral, and post-industrial towns.[10]

Yet this is not true of all inner-city neighbourhoods. Virtually all Mission Critical Neighbourhoods have been experienced deep, persistent economic disadvantage throughout the 21st century, with around a fifth of them being based within England's inner cities. There are other factors beyond geography alone. The Community Resilience Index, developed by Camacho et al (2024), identifies social capital and connectivity, and access to essential services and infrastructure, alongside broader measures of economic well-being that underpin a place's ability to withstand and adapt to shocks.[11]

To explore this further, ICON has commissioned the Growth and Reform Network (formerly the Centre for Progressive Policy) to analyse the broader characteristics of neighbourhoods that have become more integrated with their wider local economies.

This first stage of this analysis was to develop a typology that describes the nature of economic change in neighbourhoods' economies through the 2010s, and second, to try and draw out the characteristics that separate places that pulled ahead from those that did not, and vice versa.

Economic change in each neighbourhood (Lower Super Output Area) was assessed using two metrics – real GVA per capita, and the lagged GVA per capita of surrounding neighbourhoods. For both metrics, neighbourhoods were separated into the top 25% (High), middle 50% (Medium), and bottom 25% (Low), for two time periods (2011-2013; 2021-2022).

Combining these two metrics, over the two time periods, allows us to categorise neighbourhoods into eight groups.

Table 2: Eight types of neighbourhood economic change[12]

Economic change typology	Description
Catch-Up	Neighbourhood was lower in productivity than its neighbourhoods in the early period, and had caught up to them by the end period
Isolated Uplift	Neighbourhood productivity grew during the two period, while surrounding neighbourhoods stagnated or declined
Shared Uplift	Neighbourhood – and its surrounding areas – all grew together
Resilient	Neighbourhood and surrounding area were strong economic performers in the earlier period, and stayed that way
Stuck	Neighbourhood was a persistent underperformer, as were their surrounding areas
Left Behind	Neighbourhood did not see significant productivity growth, while surrounding areas did
Isolated Decline	Neighbourhood declined, while surrounding areas remained steady
Shared Decline	Neighbourhood, plus the surrounding areas, experienced economic decline

10 Mudie, R., Farrar, E. & Signori, C. (2025) Progress and pressure: Understanding economic and social change in England's neighbourhoods. ICON Research Working Paper. Available at: https://www.neighbourhoodscommission.org.uk/report/progress-and-pressure-understanding-economic-and-social-change-in-englands-neighbourhoods/

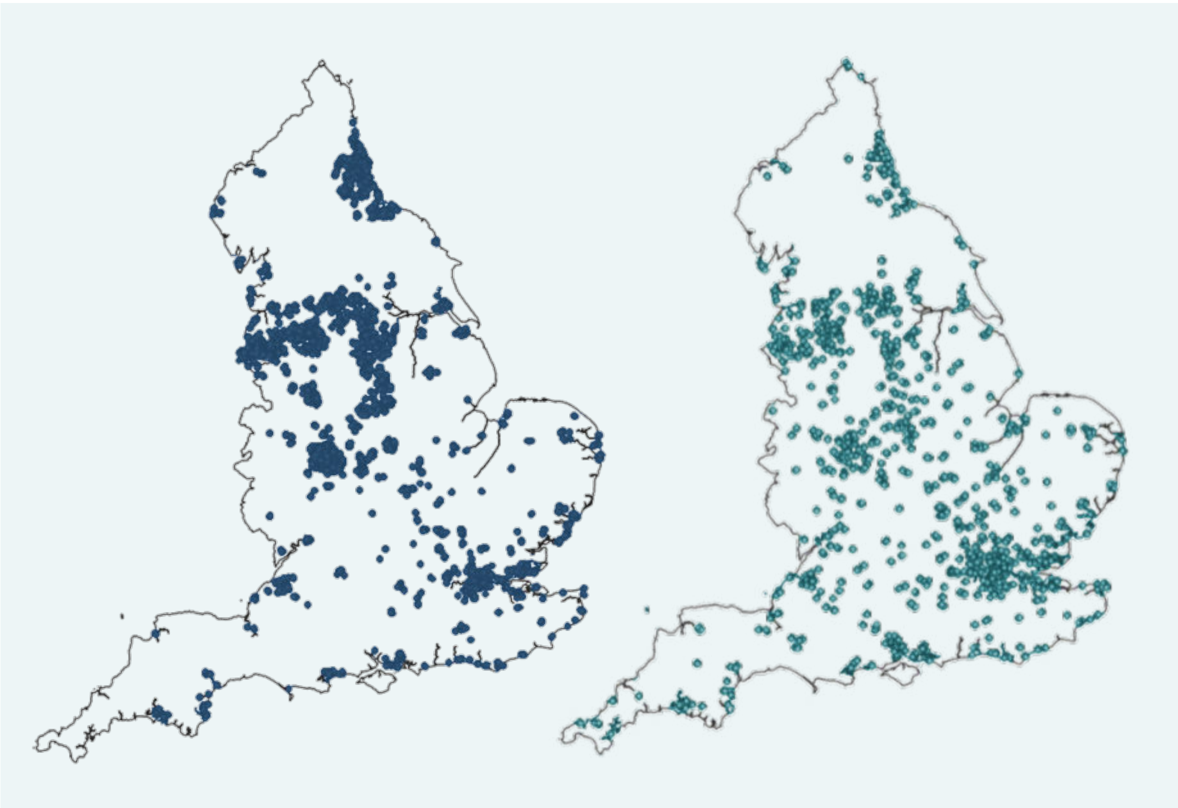
11 Camacho, C.; Webb, R.T.; Bower, P.; Munford, L. Adapting the Baseline Resilience Indicators for Communities (BRIC) Framework for England: Development of a Community Resilience Index. Int. J. Environ. Res. Public Health 2024, 21, 1012. https://doi.org/10.3390/ijerph21081012

12 Note that our methodology is based on transition types across three productivity categories (Low, Medium, High) – which, in total, gives us 81 unique categories of economic change. For this reason, we have reduced the types we focus on to just 8. We have excluded those which focus on medium and high productivity areas, and have settled on the 8 in this paper as they reflect the types we judge to be the most significant and analytically useful reflections of spatial variation in both productivity growth and spatial dependence.

We find that:

- **Mission Critical Neighbourhoods are economically isolated.** Just under half (47%) of Mission Critical Neighbourhoods fall within the "Stuck" (14.8%), "Left Behind" (18.3%), and "Isolated Decline" (8%) categories. This is more than double nationally for Stuck (7.2%), and higher still for Left Behind (10.3%) and Isolated Decline (5.2%).
- **Where economic growth has happened in local economies, it has barely trickled out to Mission Critical Neighbourhoods.** Catch up growth has largely passed by Mission Critical Neighbourhoods. Only 3.5% fit this category, with low shares as well for Uplift (2%) and Shared Uplift (0.5%).
- **Trickle-down growth is rare and where it does happen is concentrated in the Southern commuter belt.** Just 124 (0.38%) neighbourhoods fall within the "Shared Uplift" category – over half of these (58.5%) are neighbourhoods in the Greater South East, and just under two thirds (62%) of the total are in urban towns. "Catch Up" Neighbourhoods are also more concentrated in the East and South East. Just under a third (32%) of catch-up neighbourhoods are based in these regions. A disproportionate share of catch-up neighbourhoods are based in rural areas, possibly suggesting the existence of spillover effects along commuter belts raising local productivity.
- **"Stuck" neighbourhoods are overwhelmingly high deprivation and urban.** Just under half (45%) are neighbourhoods in major urban areas, mostly concentrated in the cities of the North West and West Midlands. This compares to just 17.8% across the Greater South.

Figure 4: Distribution of "Stuck" and "Left Behind" neighbourhoods across England



Why distinguish neighbourhoods that have improved economically over others?

The second stage of this analysis tries to draw out the characteristics that separate places that pulled ahead from those that did not, and vice versa.

The long list of variables that we use can be found in Appendix A, but they include data on demographics, local economic characteristics (e.g. employment rates, economic inactivity rates, skills and qualifications), industrial and occupational mix, social capital, density of community and social infrastructure, housing and land use, transport connectivity, and health.

Limitations in the availability of data mean that we do not track change in these characteristics over time. Instead, this analysis offers a cross-sectional snapshot of the economic and social attributes of neighbourhoods that are disproportionately associated with different typologies.

This means that we cannot make direct causal claims on what factors may have driven economic progress, stagnation, or decline, within each neighbourhood. However, this analysis still provides important insights into the conditions that tend to be present in different types of places - highlighting patterns of association that can help inform policy, guide further research, and sharpen our understanding of what distinguishes areas that moved forward from those that remained stuck.

In order to understand how strongly specific local attributes are associated with different neighbourhood trajectories, we use pairwise odds ratios to compare the prevalence of each characteristic in one typology against a reference group. Pairwise odds ratios are useful for this work because they convert those differences into a clear, intuitive metric—showing, for example, that a value of 3 means the trait is three times as common in the focal group—thereby highlighting over- or under-representation without implying causation.

In doing so, we find that:

- **Catch-up areas often have more civic assets.** These neighbourhoods were over three times more likely to have a high density of community-owned assets compared to areas that were left behind.
- **Low densities of civic assets are more common in places that declined alone.** Areas experiencing isolated decline were over six times more likely to have low levels of community-owned assets compared to resilient areas.
- **Isolated improvers stand out for social infrastructure.** 'Isolated Uplift' areas were more than six times more likely to have high civic asset density compared to persistently stuck areas.
- **Bridging social capital differs sharply across neighbourhoods.** Isolated Uplift areas were almost three times more likely to have very high levels of bridging social capital than Stuck areas. Isolated decline areas were twice as likely as resilient areas to have very low level levels of bridging social capital.

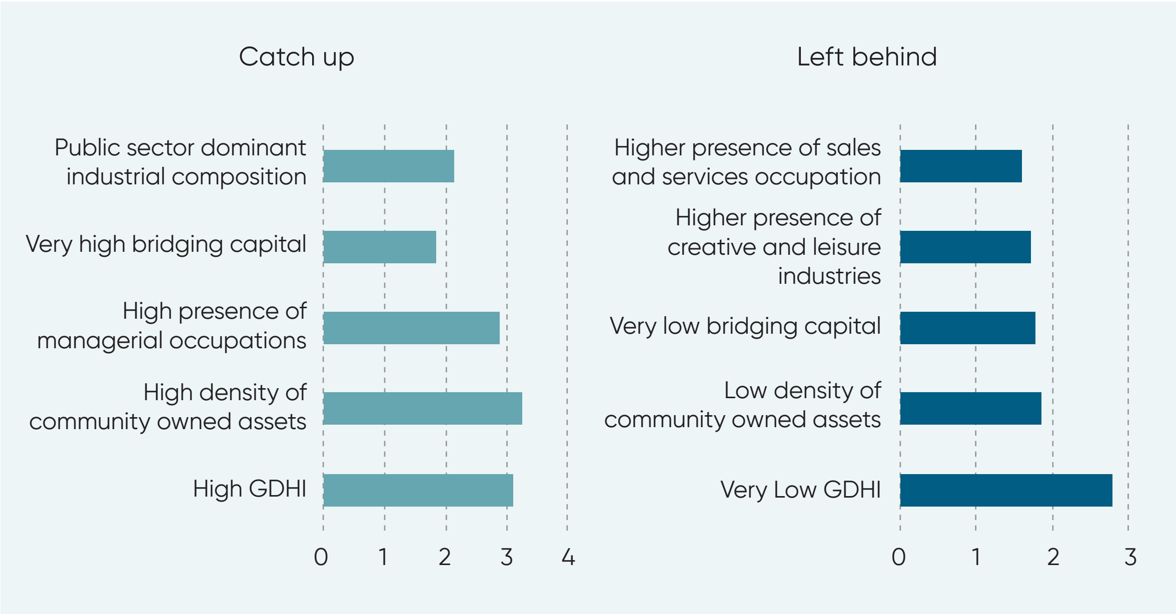
Catch-Up and Left-Behind neighbourhoods are a useful comparison because both started from similar, lower-productivity positions, yet only one group managed to close the gap with its surroundings. Juxtaposing them spotlights the conditions that are common in neighbourhoods that became more integrated with their wider local economy, versus those who were less able to integrate into surrounding, growing neighbourhoods.

Figure 5 shows that Catch-Up neighbourhoods are just over three times as likely to have high gross disposable household income (3.1×), more than three times as likely to sit in the top quartile for community-owned assets (3.2×), and almost three times as likely to have high managerial occupation shares (2.9×). They are also 1.8× as likely to have very high bridging social capital and 2.1× as likely to have a public sector–dominant industrial mix.

By contrast, Left-Behind neighbourhoods are 2.8× as likely to record very low household incomes, 1.9× as likely to have low community-owned assets, and 1.8× as likely to have very low bridging capital. They are also more likely to show a higher presence of creative and leisure industries (1.7×) and sales and service occupations (1.6×).

Together, these associations suggest that higher household incomes, stronger civic infrastructure, and a skills mix weighted towards managerial and public sector roles tend to coincide with neighbourhoods that close the gap on their peers. Conversely, lower incomes, weaker social capital, and a low-productivity-service-sector-heavy profile are more typical of places that have remained left behind. While this does not explain why progress occurred, it underlines the bundle of assets most often present when lagging neighbourhoods manage to catch up—pointing towards the potential enabling role of civic capacity, income security and occupational structure.

Figure 5: Pairwise odds ratios - Catch-Up vs Left-Behind neighbourhoods, most common characteristics

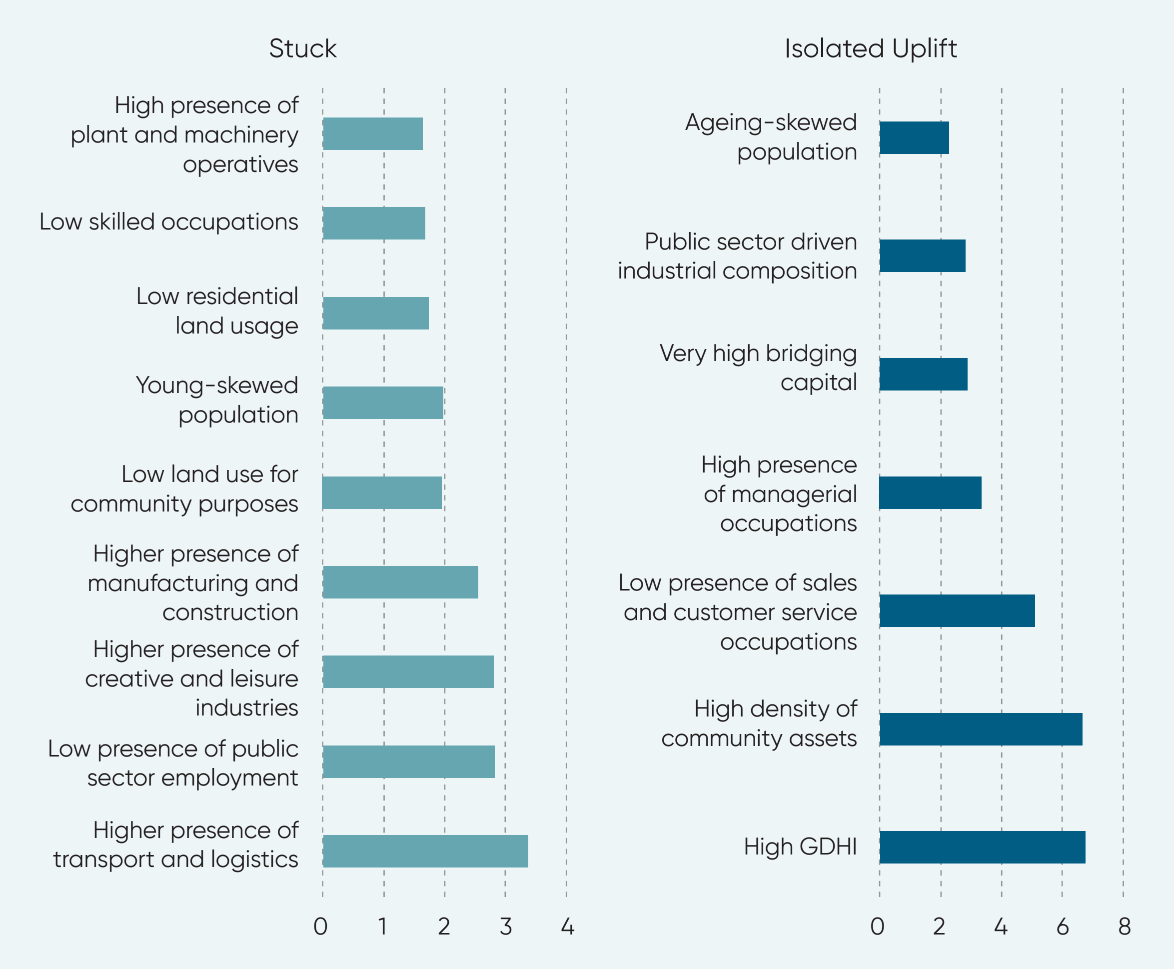


Source: GRN analysis for ICON, using ICON Hyper-Local Need Measure (HLNM); ONS (Census 2021, Mid-Year Population Estimates, GVA and GDHI datasets); ONS BRES (2023); DWP claimant count (2025); Harris et al. (2025) Social Capital in the United Kingdom; ONS Childcare Accessibility (2023); Police UK/Local Insight (2024–25); DLUHC Land Use Statistics (2022). See Appendix 1 for full variable list.

Next, we can compare Stuck and Isolated-Uplift areas which share the constraint of being located in underperforming local economies. However, Isolated-Uplift neighbourhoods managed to grow, despite their surrounding conditions being less conducive to higher growth. Comparing them helps isolate the local factors most often present when neighbourhoods achieve endogenous growth, in the context of a weak surrounding local economy.

Figure 6 shows that Isolated-Uplift neighbourhoods are more than twice as likely to have *very high bridging social capital* (2.9×) and over three times as likely to have *high managerial occupation shares* (3.3×) compared with other types. They also stand out for *high GDHI* (6.8×) and *high density of community assets* (6.8×), indicating both stronger household spending power and richer civic infrastructure. A public sector–driven industrial composition (2.8×) and an older age profile (2.3×) further distinguish these places, suggesting economic stability built on institutional anchors and accumulated social capital.

Figure 6: Pairwise odds ratios - Stuck vs Isolated Uplift neighbourhoods, most common characteristics



Source: GRN analysis for ICON, using ICON Hyper-Local Need Measure (HLNM); ONS (Census 2021, Mid-Year Population Estimates, GVA and GDHI datasets); ONS BRES (2023); DWP claimant count (2025); Harris et al. (2025) Social Capital in the United Kingdom; ONS Childcare Accessibility (2023); Police UK/Local Insight (2024–25); DLUHC Land Use Statistics (2022). See Appendix 1 for full variable list.

By contrast, Stuck areas are far more likely to show an industrial profile dominated by *transport and logistics* (3.4×), *manufacturing and construction* (2.5×) and *plant and machinery operatives* (1.6×), alongside a *low-skilled occupation mix* (1.7×) and low community land use (2×). They are also nearly twice as likely to have *low public sector employment* (2.8×) and *low residential land usage* (1.7×), hinting at weaker local service economies and less embedded civic activity.

The social determinants of economic growth

Given the current fiscal environment, we cannot expect to repeat the trick of the New Labour years and create an additional large wave of managerial public sector employment within disadvantaged neighbourhoods. The private sector, rather than the public sector, will have to do the heavy lifting.

Our earlier analysis suggests there are areas where high-productivity IS-8 sectors have a higher presence and may be well placed to help serve the most economically disadvantaged neighbourhoods. Growing the 'foundational industrial economy' – in energy-intensive manufacturing and the green economy - may be most effective, given relative lower barriers to entry than in professional services.[13] Previous research has highlighted how the majority of the growth opportunities in disadvantaged areas falls within these sectors.[14] In other places, it may be that improving the quality of jobs in the "everyday economy" is the most effective route to delivering more stable, secure employment options.

But, ultimately, what these comparisons show is the importance of social capital and social infrastructure, what ICON has called previously the 'social determinants of growth'.[15] Of course, these factors alone cannot explain the entirety of economic performance, but we believe that they lay out a strong argument for assuming that without creating the *social foundations* for economic growth, we are not going to create the conditions for disadvantaged neighbourhoods to grow in the future.

Yet social capital, and the social infrastructure in which it is often built, is too often seen as something to be invested in *after* stronger economic growth has been achieved, rather than as a precondition to it. This is despite the evidence connecting social capital and higher economic growth being well borne out in the literature, dating back to John F. Helliwell and Bob Putnam's (1995) seminal study following regional government reforms in Italy, finding that regions with higher social capital were better able to use new governance capacity to drive stronger economic growth.[16] This is particularly relevant given the push to deepen and expand English devolution is one of the key pillars of the governments agenda on economic growth.

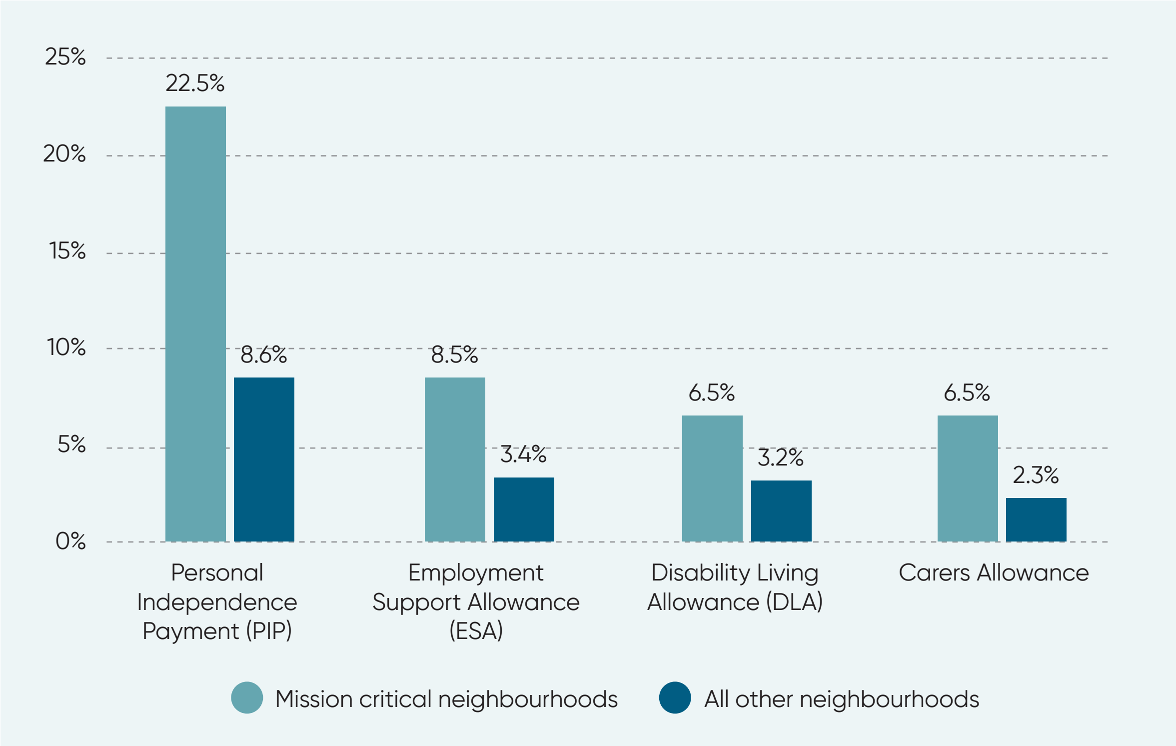
The same has been true for public service reforms or interventions. Ultimately, economic regeneration requires changes in behaviour or conditions within places and those changes in behaviour require a supportive social environment that rewards positive changes and sustains the habits required to maintain them (e.g. finding and staying in work, changing lifestyle, acquiring new skills etc.).

As part of ICON's work, we have had the privilege of visiting neighbourhoods across England and have seen this first hand.

Challenging circumstances make it much harder to sustain economic growth. Over 1 in 4 of all people in Mission Critical Neighbourhoods report a limiting long-term illness, compared to 1 in 6 elsewhere.[17] As Figure 8 shows, across the four main benefits relating to disability and care responsibilities, claimant rates are persistently above double those of the rest of the country.

13 Chad Witton, R. (2025). *Replacing the LCREE with the Foundational Industrial Economy (FIE)*. https://riancwhitton.substack.com/p/replacing-lcree-with-the-foundational
14 Mudie, R. *et al.* (2023) Open for Business: Unlocking investment in low-earning economies. Centre for Progressive Policy. Available at: https://www.progressive-policy.net/publications/open-for-business-report
15 O'Brien, A. & Glover, B. (2025) The social determinants of growth. Available at: https://www.neighbourhoodscommission.org.uk/news/the-social-determinants-of-growth/
16 Haldane, A. & Halpern, D. (2025) *Social Capital 2025: The Hidden Wealth of Nations*. Demos. Available at: https://demos.co.uk/wp-content/uploads/2025/01/Social-Capital-2025_The-Hidden-Wealth-of-Nations.pdf
17 Farrar, E. *et al.* (2025) The Anatomy of Mission Critical Neighbourhoods. ICON Policy Working Paper. Available at: https://www.neighbourhoodscommission.org.uk/report/anatomy-of-mission-critical-neighbourhoods/

Figure 8: Proportion of working-age residents claiming disability or care related welfare benefits in Mission Critical Neighbourhoods versus all other neighbourhoods



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

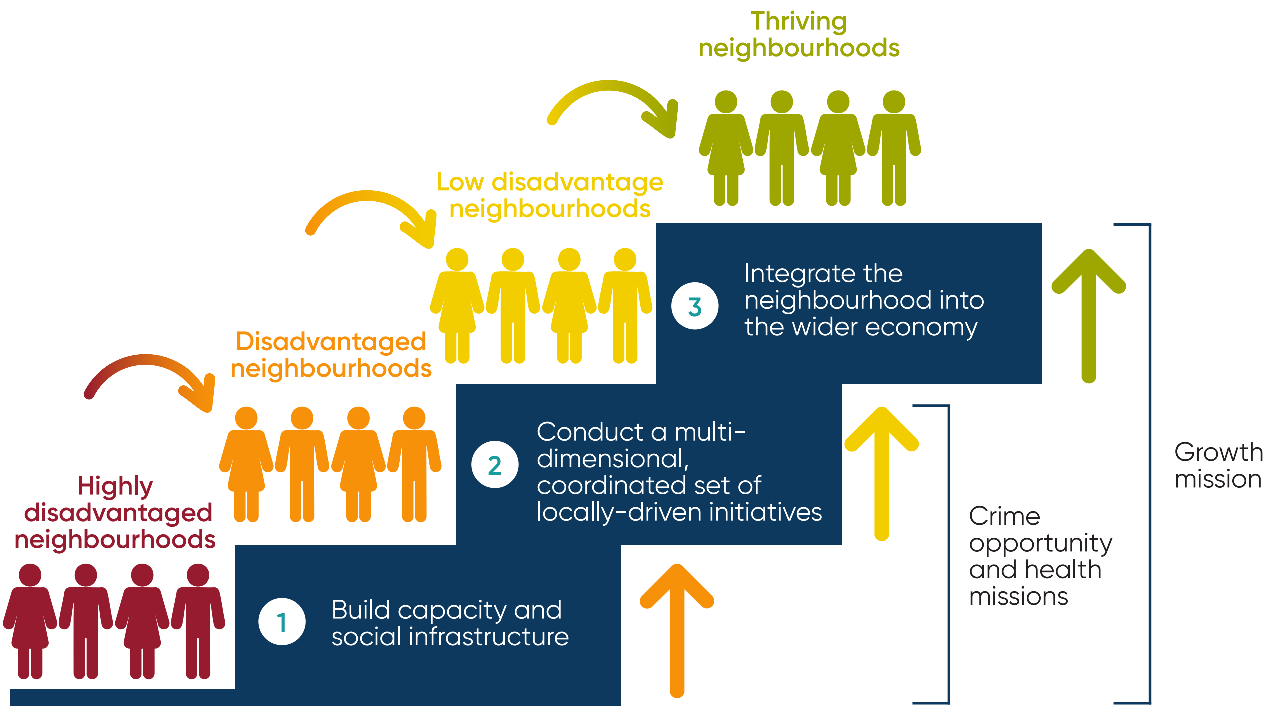
So, what for neighbourhood renewal?

Neighbourhood renewal will only be viable over the long term if it rebuilds the economic and social foundations that underpin sustained economic participation and resilience. That requires deliberate focus on developing the full set of conditions that enable people to access opportunity and contribute to economic progress. This includes traditional economic infrastructure such as roads and rail, but also childcare, skills training, employment support, and community hubs—services that not only remove practical barriers to work and training but also provide spaces where people build the social networks, trust, and relationships that sustain participation over the long term.

As ICON have previously stated, determining what type of interventions and investments are most suitable for a particular neighbourhood depends on the stage of development that neighbourhood has reached.

The model below, developed by Frontier Economics, sets out the different stages of neighbourhood renewal - starting with building foundational capacity and social infrastructure, followed by a coordinated set of locally driven initiatives across multiple domains. These two initial stages lay essential foundations, enabling neighbourhoods to progress towards the third and ultimate stage: genuine integration into the wider economy. At this final stage, neighbourhoods are sufficiently connected - economically and socially - to benefit sustainably from broader growth, investment, and opportunity.

Figure 9: Frontier Economics, "Stages of neighbourhood renewal" roadmap[18]



Source: Frontier Economics

It is essential that we continue to see investment into the social infrastructure of disadvantaged neighbourhoods if we want to see progress. Good initiatives such as the Pride in Place Programme, Best Start programme, Growth Mission Fund and other initiatives must be maintained and supported.

The recent 10 Year Infrastructure Strategy is the first time that government has included social infrastructure within such a strategy and was included amid rising concerns over the quality of the public estate.[19] The latest review of HM Treasury's Green Book also proposes that projected impacts of a project on social capital can be used as supporting evidence within place-based business cases.

These are both positive steps in the right direction, that if used correctly have significant potential to raise overall levels of investment in both social infrastructure and in projects that would support the development of social capital.

Yet on the social infrastructure front, we believe that the current definition outlined in the 10 Year Infrastructure Strategy is too narrow – focused exclusively on upgrades to the government estate across health and social care, education, and justice. **A broader, practical definition of social infrastructure should be introduced**, and should include early-years and childcare provision; libraries and learning hubs; youth and family centres; community centres and village halls; cultural and civic spaces; parks, play and sports facilities; community transport; digital inclusion infrastructure (public Wi-Fi, device libraries, repair cafés).

To make the Green Book change **meaningful, government should urgently issue clear guidance on how to model social-capital impacts within place-based business cases**. This should set out a broadened definition of social infrastructure (as above) and standard methodologies for estimating

18 Frontier Economics (2025). The evidence for neighbourhood-focused regeneration. Available at: https://www.neighbourhoodscommission.org.uk/report/frontier-economics-the-evidence-for-neighbourhood-focused-regeneration/

19 HM Treasury and NISTA (2025). UK Infrastructure: A 10 Year Strategy. Available at: https://assets.publishing.service.gov.uk/media/6853c5db99b009dcdcb73649/UK_Infrastructure_A_10_Year_Strategy_Web_Accessible.pdf

potential impacts of projects on participation, volunteering, social trust, safety, health and labour-market access - specifying metrics, data sources and proportionate valuation approaches. Similar guidance should also be issued for the assessment of the counterfactual of not proceeding with a project, quantifying where possible the social and economic costs of inaction (e.g. rising isolation, deteriorating assets, lower employment participation) in line with Green Book principles.

Social infrastructure is typically more revenue-intensive than other forms of infrastructure – it is typically through the people and programmes that revenue spending sustains that "magic" of social capital development is formed. Given this, we recommend that special attention is paid to demonstrating, in any future guidance, how to assess the potential contribution of revenue expenditure for business cases with high social capital development potential.

Taken together, a wider definition, practical appraisal guidance and locally owned pipelines would create a coherent flow of investible projects and unlock sustained funding for neighbourhood assets that reduce isolation and open routes into work.

Policy makers working on the industrial strategy and on disadvantaged neighbourhoods should be working together on shared target areas, with timetables that provide time for social infrastructure and social capital interventions to bed in and create the conditions for economic development later down the line.

The Industrial Strategy and Pride in Place Programme are two sides of the same coin and that coin needs to be spent widely. ICON has outlined elsewhere how we see the social infrastructure side of that coin, in the next section, we consider bold economic policies that help capitalise on restrengthened social foundations.

Experiences of economic change within disadvantaged neighbourhoods

To complement our analysis, we conducted a series of interviews with individuals who have worked closely on neighbourhood issues in recent years.[20] These conversations aimed to capture the perspectives of those with direct experience of the factors that either enable residents to access employment and training or contribute to their continued isolation from such opportunities.

Key findings:

- **A lack of skills, and formal qualifications, was cited as a key issue affecting struggling neighbourhoods to improve deficits:** Participants consistently reported limited resident to education and training opportunities, or at least the perception of a lack of opportunity was felt by residents.
- **A poor living environment can often be negatively reinforcing, driving a culture that is isolated from economic life:** Many community organisers emphasised the need for a cultural shift to re-engage residents both socially and economically. They highlighted the presence of an intergenerational culture of dependence on welfare, as well as the wider effects of joblessness on mental health, substance use, and personal confidence. Cuts to local authority budgets were seen to have exacerbated these challenges by eroding social infrastructure and increasing isolation. Declining high street quality and the loss of local services were seen to foster a sense of danger, diminish local pride, and deter investment.
- **Interviewees believed truly "community-led" approaches to regeneration would yield the best results:** Local authority officers in particular recognised that sustainable regeneration requires agency to be shifted towards communities. Examples included adopting enabling and protective roles for community groups, engaging in listening exercises with residents, and promoting community asset ownership
- **Partnerships between the public sector and community groups often felt rare, but in cases where they existed they were seen as mutually beneficial:** Local authority officers typically saw their role as providing professional expertise and funding, while community workers saw their role as providing spaces that foster a sense of trust with residents, and reducing the stigma associated with accessing support.

The disconnect between interventions and local needs

Throughout the interviews, a prominent recurring theme was the misalignment between local skill levels, available employment, and the nature of economic investment. In several cases, capital investment in jobs or infrastructure had

20 Nine semi-structured interview sessions were held, with interviewees from the VCSE sector, local authorities, and Mayoral Strategic Authorities

been made, but with little connection to the realities of the local labour market. For example, in Collyhurst, economic regeneration of the area is not matched with vocational training opportunities for local people to fill these more skilled positions. Such training could help residents upgrade their skills in ways that align with the actual job market in surrounding areas.

However, when initiatives are designed from a top-down perspective without reference to local needs, their effectiveness is greatly diminished. In Blackpool, a respondent argued how a £300 million plan, currently stopped since the developer filed for administration, to create a new leisure centre would not have boosted local employment, as education levels in the area analysed were so low that community groups were running adult literacy courses for both immigrant populations and long-term local residents.

The provision of services also appears to lack contextual sensitivity. Again in Collyhurst, one resident explained that, under job centre regulations, individuals can be required to travel up to 25 miles to work. Given the poor transport connections from the area to major employment hubs, a seven-hour shift could easily extend to an eleven-hour day once commuting time is factored in.

A culture shift towards trust and community engagement

While structural barriers like limiting access to employment, including the shortage of local jobs, inadequate childcare provision, poor transport links to employment hubs, and limited educational opportunities, have been widely cited throughout the interviews, attitudes at the individual level are also mentioned as relevant. In places such as Barrowcliff and Longbridge, they described an entrenched intergenerational "benefit culture" that families rarely challenge. In these areas, the absence of visible opportunities reinforces a belief that there is little point in trying to achieve better life outcomes.

Interviewees often connected this mindset to the lack of "things to do" – including different activities and a lack of social infrastructure, which reinforces social isolation and drives a reluctance among some residents to take proactive steps for change. One community described how major cuts to youth-oriented spaces and services made it difficult to draw in many of the NEETs on their estate, making it more difficult to support them in accessing work or training. Several other participants described this dynamic – believing the lack of available space was contributing to isolation, a general lack of confidence, weak mental health, and issues of substance misuse.

An integrated partnership?

Local governments play a vital role not only as enablers of action but also as facilitators of partnerships between communities, VCSE groups, and public and private institutions. Yet some interviewees reported how they often felt that networks, or formal partnerships, between such institutions were lacking. One interviewee, for example, described how they had not met with the housing officer responsible for their estate in five years. It was not only local government that was referenced by some as being tough to engage with. For example, another described how a lack of interest in engagement from their local GP meant they had to move further to provide a pathway into a GP practise for their residents.

Yet in areas where such formal arrangements existed, interviewees described how they had helped support residents to develop, gain confidence, and begin participating in work or training.

Sometimes, this could mean agreements to co-locate services in a single space, with community spaces hosting workers from training providers, the Department for Work and Pensions (DWP), as well as other service providers in areas such as health and housing. We also heard how more informal, "light touch" contact between public sector bodies, community organisations, and residents, had helped develop shared goals and then target resources accordingly. For instance, at Moat House Community Trust in Coventry, residents are consulted every 2–3 months to ensure that activities reflect local need, allowing them to respond to changing circumstances. We heard how this kind of regular contact, in Bolton, enabled a young adult with special educational needs to engage in a meaningful way initially with community activities, eventually developing confidence and working with statutory service providers to support them into work.

Towards a Neighbourhood Growth Strategy

We have critiqued the current approach to economic growth, but what policy options might help shift the dial on economic growth within the most disadvantaged neighbourhoods?

Building on the data analysis and interviews in this report, as well as the wider work of ICON, in this section we lay out four policy ideas for how we can bring economic growth back to the most disadvantaged neighbourhoods in England:

1. A Neighbourhood Jobs Guarantee
2. Neighbourhood Investment Relief Budgets (NIRBs)
3. Working Neighbourhoods Transport Grants (WNTGs)
4. Nightingale Skills Centres

We also include a number of options for how Local Growth Plans, currently being developed by Mayoral Strategic Authorities (MSAs), can "think neighbourhoods".

These ideas would help to address the specific challenges facing disadvantaged areas such as difficulties in maintaining good jobs, attracting private investment, joining up government economic policy at a local level, helping people commute to good jobs, and bringing skills provision directly to those that need it. These would complement the government's existing Industrial Strategy.

We also need to be clear-eyed about the scale of resources that are required. Unlocking the potential of these disadvantaged neighbourhoods will require new, sustained investment.

But the cost of maintaining the status quo is already enormous. We have established in this report that had Mission Critical and Priority Neighbourhoods grown at the national average rate through the 2010s, they would be contributing an additional £9.8bn a year to national output. We are spending significant sums of money to maintain the economic isolation of these neighbourhoods through higher welfare spending, and through the wider costs of economic failure including higher crime and ill health.

Economically, and morally, we believe that further investment is worthwhile.

A Neighbourhood Jobs Guarantee

There is a strong economic case for programmes that link people living in disadvantaged neighbourhoods to good work. The economic cost of persistent worklessness is costly to both the state, through higher welfare spending and less revenue raising potential, as well as to individuals through lower incomes. Worklessness also breeds social isolation that undermines people's feeling of connection to others, as well as feeding poor mental and physical health, and crime.

In our interviews, and in our visits across the country, we have heard how the communities' sector and local and combined authorities have often struggled to engage local employers to develop routes into employment for residents in disadvantaged neighbourhoods. While these sectors have important roles as local convenors, their influence is not limitless - and in some cases a more direct role from central government in nudging and incentivising the private sector may be necessary.

The economic conditions of the most disadvantaged neighbourhoods, as ICON has shown in this and in other publications, remain substantially worse than those of other areas. These neighbourhoods are often structurally disconnected from mainstream economic opportunities, leaving residents with fewer routes into secure and well-paid work.

One option the government should consider is a national wage subsidy programme designed to encourage employers to target their recruitment towards disadvantaged neighbourhoods.

The government has often turned to wage subsidy programmes in order to support higher levels of employment among specific social groups. In recent history they have mostly been introduced to support young people into work. The government has recently announced the Youth Guarantee – which offers a guaranteed paid work placements to young people who have been out of work for at least 18 months. It is based on the successful Future Jobs Fund (FJF), which was found to have delivered a net benefit of around £4,000 per participant to individuals, £6,850 to employers, and £7,750 to society, while increasing unsubsidised employment by 11 percentage points after two years and reducing benefit claims by 7 points.[21]

Given the distinct challenges around employment and economic participation in the most disadvantaged neighbourhoods, we believe there is a case for a deliberate, targeted programme of wage subsidies from central government to incentivise employers to develop pathways into employment focused on these areas.

Such a programme would target groups who are furthest from the labour market – particularly those who are long-term economically inactive. It would focus on Mission Critical and potentially Mission Priority neighbourhoods also. Replicating previous and similar programmes it may provide subsidies for at least six-to-nine months employment, paid at the Real Living Wage, with additional subsidy to cover costs of training and employer taxes.

We recommend that government be flexible, and set different contributions and maximum subsidies, potentially adjusting for different levels of neighbourhood need, as well as sector. For example, government may choose to set a higher subsidy rate for Mission Critical Neighbourhoods, where economic isolation and need is higher.

Government may also choose to offer different subsidies on a sectoral basis. This may include sectors with strong local multipliers and good career pathways such as construction and health and social care. It should certainly include IS-8 sectors, with government potentially covering 100% of costs of employment for the IS-8 sectors.

The Future Jobs Fund cost £1bn in 2025 prices and created 105,000 jobs. A similar scale of intervention will be necessary to stabilise economic inactivity rates at a level prior to the pre-Covid average, and to deliver a meaningful contribution towards the government's 80% economic activity rate target.

Neighbourhood Investment Relief Budgets (NIRBs)

Besides direct wage subsidies, there may also be a case for using the tax system as a means of incentivising business development and investment in productive sectors towards disadvantaged neighbourhoods. This would be complementary to programmes like the Neighbourhood Jobs Guarantee, with the wage subsidy supporting high intensity shorter-term job opportunities and enabling people to gain access to relevant experience, and investment relief acting as a lower intensity longer-term intervention to sustain employment.

To be effective a neighbourhood investment relief would need to reduce the costs and boost margins for firms operating in disadvantaged areas, considering the additional costs of hiring from or operating in the most disadvantaged areas. Firms are likely to be risk-averse and will want up-front reductions in the operating costs, rather than hoping for discounts in corporation tax and higher potential profits.

The most straightforward options would be to introduce an exemption on employer NICS on employees hired from disadvantaged neighbourhoods.

The government already offers some incentives for employers to recruit specific groups, such as National Insurance Contribution (NIC) relief for apprentices, under 21s and veterans, as well as further tax incentives in Industrial Strategy Zones (previously freeports, investment zones, and enterprise zones). However, these schemes

21 Department for Work & Pensions (2012). Impacts and Costs and Benefits of the Future Jobs Fund. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/223120/impacts_costs_benefits_fjf.pdf

are narrow, complex and often poorly promoted – evaluations of the veterans' NIC relief found that while employers welcomed the savings, the relief rarely influenced hiring decisions because many employers were unaware of it.[22]

Yet pure rates reliefs such as these alone, are unlikely to shift the dial on both employment and investment in disadvantaged neighbourhoods. Issues around low employer take-up for NICS exemptions, as we discussed earlier, are well documented. Similarly, previous attempts to use business rates reliefs to raise employment – most notably in the Coalition government's *Enterprise Zones* scheme – have fallen short of expectations on job creation. Furthermore, many of the jobs created have often been low-paying, in low-productivity sectors.[23]

Instead, we propose that each Mayoral Strategic Authority (MSA), and local authority (LA) where no MSA currently exists, should be allocated a new Neighbourhood Investment Relief Budget (NIRB). This budget would be ringfenced and would provide direct reliefs on employer NICS or business rates, allowing firms to be able to compete for reimbursement directly from their respective MSA/LA. Because local authorities collect business rates, implementation would require collaborative working between MSAs and their constituent councils.

Crucially, reliefs from the NIRB should not be universal. Instead, they should be linked to priority sectors that align with the long-term economic priorities of the wider local economy, as well as being conditional on job quality. For sectors, this may mean offering relief to IS-8 sectors or in other sectors of high strategic significance to the local economy. On job quality, reliefs should be available only to firms offering "good jobs" - paying at least the Real Living Wage, offering secure contracts with minimum hours, and providing a clear skills development plan for workers.

This approach would support better alignment of relief funding with both local and national economic priorities. It would also help ensure a higher uptake of the relief, given the conditionality requires an element of proactiveness from both local government and firms.

We recommend budget allocations are based on need – being set by the density of Mission Critical and Mission Priority Neighbourhoods within their areas.

The schemes would need to be carefully administered within the UK's subsidy control regime, but given the significant economic and social disadvantages, there is a clear rationale under existing guidance for the use of such measures.

Working Neighbourhoods Transport Grants (WNTGs)

A lack of access to affordable, reliable transport is one of the key bottlenecks to many people living in disadvantaged neighbourhoods from accessing training and employment.

Throughout ICON's work we have heard repeatedly from residents about the challenges they face in getting access to employment. Lack of affordable transport, such as buses, hampers the ability of people from disadvantaged neighbourhoods to be able to hold down employment and makes childcare more challenging.

Bus Service Operators have not been able to maintain routes to these neighbourhoods and the Department for Transport (DfT) should do more to ensure that operators are regulated to maintain routes, particularly in areas which lack other means of affordable transport. Disadvantaged neighbourhoods are typically more reliant on bus services than other modes of transports.[24]

22 For more information, see: https://www.gov.uk/government/publications/evaluation-of-the-employer-national-insurance-contributions-nics-relief-for-veterans/evaluation-of-the-employer-national-insurance-contributions-relief-for-veterans#:~:text=Respondents%20had%20a%20good%20understanding,related%20roles

23 Swinney, P. (2019). In the zone? Have enterprise zones delivered the jobs they promised? Centre for Cities. Available at: https://www.centreforcities.org/publication/in-the-zone-have-enterprise-zones-delivered-the-jobs-they-promised/

24 Local Trust (2021). Connecting communities: Improving transport to get 'left behind' neighbourhoods back on track. Available at: https://localtrust.org.uk/wp-content/uploads/2025/03/Connecting-communities-improving-transport-to-get-left-behind-beighbourhoods-back-on-track.pdf

Yet bus services that connect these neighbourhoods to major employment centres are often lacking. This is true mostly for "out of town" industrial centres which dominate sectors like logistics and warehousing, and most manufacturing including advanced manufacturing: just 1% of the population of South Yorkshire live within a 30-minute commutable distance of the Advanced Manufacturing Research centre (AMRC).[25]

We need to urgently plug the transport gaps in these areas. We cannot expect areas to economically regenerate if they remain isolated.

One low-cost way of achieving this through is Community Transport Organisations (CTOs), which are based in and run by the local community. Since 2010, grant funding and support for community transport has been significantly reduced. It will be difficult to reverse all these cuts in the short-term but targeted investment into work-based shuttle transport to key employment nodes should be possible.

There is a need for more grant funding for CTOs to provide transport services, particularly for work-related transport including shuttles to key employment areas and ensuring late night or early morning transport where existing bus services are not currently operating.

A £100m 'Working Neighbourhoods Transport Grant' (WNTG) would provide funding for CTOs or community transport projects delivered by Locally Trusted Organisations (LTOs). Grants would be distributed by the MSAs or Local Transport Authorities (LTAs) with responsibility for transport. Funding would be allocated to 250 disadvantaged neighbourhoods, with grants given in proportion to the number of eligible disadvantaged neighbourhoods in each locality. Funding would be restricted to helping these neighbourhoods so that the investment is appropriately targeted and not used to subsidised cuts in other geographies.

The distinct transport challenges that affect different neighbourhoods mean that funding should be flexible to give CTOs license to be creative in the solutions they develop. In more rural areas, for example, it may be that community minibus services, or community car hires may make sense given that employment is less likely to be congregated within a specific site or two. While these options may support better transport access, their potential to help increase social capital by fostering regular social connections between people from the same neighbourhood cannot by understated either.

But in all cases, projects would need to be employment focused and have a clear connection between connecting neighbourhoods with relevant employment centres, complimenting existing transport connections where they exist. The grants should be distributed over a five-year period to provide certainty to local organisations about the programme and to ensure that neighbourhoods are given consistent access to employment.

In addition to this, further efforts will need to be made to re-integrate disadvantaged neighbourhoods into their mainstream bus and metro networks. As the bus system in England moves further to a network of local franchises, it may be that rerouting existing networks and using cross-subsidisation to better connect disadvantaged neighbourhoods to major employment sites and training centres may be a more viable option than using the WNTG. Therefore, MSAs should work closely with CTOs who receive funding through the WNTG to ensure that solutions are complimentary to one another, tackling distinct local barriers.

Nightingale Skills Centres

In our work on neighbourhoods, we have found very low levels of qualifications, with one-third of adults in Mission Critical Neighbourhoods having no formal qualifications, compared with 18% across all other neighbourhoods. Only 31% of adults in Mission Critical Neighbourhoods have qualifications above an A-Level equivalent qualification (NVQ3), compared to half of all adults in all other neighbourhoods.

25 Metro Dynamics (2023). South Yorkshire Plan for Growth: Economic Analysis. Available at: https://www.southyorkshire-ca.gov.uk/getmedia/5a43a687-602d-41d8-95bf-dec52e29c555/Plan-for-growth-economic-analysis.pdf

This skills deficit needs to be urgently closed. Unfortunately, on our visits around the country we have repeatedly heard how hard it is to get to further education colleges or other institutions that provide skills training. This is particularly true in more isolated coastal and rural communities.

We need to bring skills provision directly to disadvantaged places rather than relying on people to travel miles, potentially tens of miles, to get access to basic qualifications and support.

The government should consider the introduction of new 'Nightingale Skills Centres' to be set up in disadvantaged, economically isolated neighbourhoods.

Funding should be provided directly to Further Education and Higher Education providers to create 'satellite' centres for provision directly in the most disadvantaged locations. In our work, we have often found community centres and spaces that could be used for these activities, but often they lack the revenue and relationships to be able to provide qualifications and education support.

Nightingale Skills Centres could potentially operate out of community spaces, vacant high street units, or possibly in short-term units such as modular containers. Upcoming work by ICON will also highlight how vacancy rates in neighbourhood high streets are often higher in more disadvantaged neighbourhoods, and it may be that they could be refurbished and used as satellite centres. There are existing examples we can learn from, too. For example, the University of Bristol's emerging "micro-campus" network – based in some of the Bristol postcodes with the lowest rates of participation in Higher Education – is a model blends flexible skills training with integrated public service delivery, and other initiatives that would help boost social capital.[26]

These centres would be run by qualified providers but would work with residents to identify the key skills challenges in these areas, with a particular focus on foundational skills up to NVQ3-level qualifications, given the high levels of residents with no or low qualifications. Where possible, the centres should work with private businesses that are receiving investment or job subsidy support so that workers are able to get qualifications alongside employment – potentially completing a portion of their training on employer sites themselves.

The government should initially establish Nightingale Skills Centres as a pilot programme – operating for a fixed period, and in a large enough number of disadvantaged neighbourhoods to develop learnings on how they can be effective in working in neighbourhoods with different challenges.

We also recommend that they be established, initially, in areas receiving other programmes such as Pride in Place, Neighbourhood Health Centres or major infrastructure regeneration, so that skills are building social infrastructure development. There is a danger that if skills investments are made without broader interventions that there will not be the demand from residents and impact will be significantly reduced.

If the pilot Nightingale Skills Centres are able to demonstrate proof of concept – that hyper-local skills centres can be effective in improving skills in disadvantage neighbourhoods – then they should be expanded, scaling across England.

Using Local Growth Plans to "think neighbourhoods"

Beyond national policy, another opportunity to support economic development in disadvantaged neighbourhoods is through Local Growth Plans (LGPs), a new statutory obligation on Mayoral Strategic Authorities (MSAs) that requires them to produce 10-year strategic growth plans for their areas.

These plans are currently in development for most MSAs, although some including the West Midlands, North East, and West Yorkshire, have published draft plans for public consultation.

But in the small number of LGPs that have been published so far, references to neighbourhoods - and how to link people in these communities to local jobs and training opportunities – are generally thin. There are some positive examples – for instance,

26 For more on this, see: https://www.bristol.ac.uk/news/2025/september/skills-minister-opens-microcampus.html

in the North East LGP there are areas that have been identified as having potential for "Neighbourhood growth and regeneration".[27] But in most plans so far there are virtually no references to disadvantaged neighbourhoods and the potential contribution they can make to growth in their wider local economies.

In short, MSAs have yet to fully seize the opportunity to embed the neighbourhood's agenda within their economic thinking. Yet without targeted action to support the economic development of disadvantaged neighbourhoods in their patch, it is likely that the conditions of these areas will deteriorate further with gaps between richer and poorer places possibly rising.

But there are steps that MSAs can take, within their LGPs, to integrate disadvantaged neighbourhoods within their wider regional growth plans.

As a minimum, MSAs should work with their constituent councils to **define a clear list of priority neighbourhoods within the MSAs geographic footprint**. We also recommend that MSAs produce a supplementary document focused on these priority neighbourhoods, which outlines how the projects and programmes in the LGP will directly promote their economic inclusion.

There are other levers that MSAs can pull, too, in order to support economic development and inclusion of their priority neighbourhoods:

- **Earmarking additional investment for priority neighbourhoods.** MSAs could use funds such as the UK Shared Prosperity Fund (UKSPF), or their Integrated Settlements for those that are receiving them, to allocate a proportion of total MSA investment into priority neighbourhoods.
- **Neighbourhood Growth Strategies.** Developing distinct growth strategies – either for priority neighbourhoods as a whole or for particular individual neighbourhoods – would require MSAs to consider how they can ensure that particular developments or investments directly contribute towards supporting their priority neighbourhoods.
- **Using social value procurement to support priority neighbourhoods.** MSAs could adjust procurement frameworks so that bids creating jobs, apprenticeships, or supplier spend in priority neighbourhoods receive additional weighting, with clear delivery plans and regular public reporting.
- **Testing new approaches to raise economic participation through challenge and innovation funds.** Funds could be introduced to support the development and testing of new approaches to tackling barriers to participation in priority neighbourhoods. This could support, for example, pilot programmes seeking to increase engagement with employment support services, or to nudge employers to develop better skills pathways.
- **Working with anchor institutions to develop pathways into work.** MSAs could work with the wider public sector and major local employers and institutions to reserve entry-level and progression opportunities for residents of priority neighbourhoods, supported by pre-employment training and mentoring.
- **Promoting good employment through local charters.** MSAs could work with major public and private employers to commit to entry-level recruitment, apprenticeships and progression opportunities for residents of priority neighbourhoods, underpinned by shared standards on job quality, training and in-work support.
- **Reducing barriers to work through transport and childcare support.** Subsidised travel and funded childcare could be provided to residents of priority neighbourhoods when accessing training, interviews and the early months of employment, helping to remove common barriers to participation.

27 North East Combined Authority (2025). Creating Real Opportunity: The Interim North East Local Growth Plan. Available at: https://www.northeast-ca.gov.uk/local-growth-plan

Conclusion

Long-term regeneration of neighbourhoods requires economic development, built on a strong foundation of social capital generating social infrastructure.

We need to recognise that growth is not just going to 'happen' in neighbourhoods. Trickle-down economics is not a viable plan for disadvantaged communities. Neither is "trickle-out" economics, from major cities into disadvantaged neighbourhoods.

We also need to learn the right lessons from previous approaches where the sequencing of interventions and interaction between social and economic infrastructure has been undervalued or ignored.

The evidence outlined in this paper and the proposed policy interventions works alongside the broader agenda for neighbourhoods developed by the Independent Commission on Neighbourhoods. Overall, much more work needs to be done to fully embed neighbourhood analysis into the government's industrial strategy and economic policy.

However, we hope that this paper shows how we could start to bring disadvantaged neighbourhoods into the fold and create the conditions for long-term prosperity.

This will be a long and a hard road. You cannot overturn decades of neglect and decline in a few years.

But we must try to see the positive opportunities that these neighbourhoods can bring. The potential for catch-up growth and improvement is vast. It would be foolish to abandon hundreds of places and hundreds of thousands of potential workers at a time when we need every potential source of growth we can muster to get our economy back on track.

It is also simply unaffordable to continue as we are, relying on a few places to generate growth and hope that they can generate enough tax revenue to pay for failure elsewhere.

Disadvantaged neighbourhoods are the missing link in the government's economic strategy. It is a link that urgently needs to be reforged if we are to get our economy moving in the right direction.

Appendix 1: List of indicators used for pairwise analysis, each at the Lower Super Output Area (LSOA) level

Theme	Variable Name	Source & Notes
Demographics	Age profile	ONS Mid-Year Population Estimates (MYE) via NOMIS – usual resident population by age group, LSOA level
Economy & Income	GVA	ONS (1998–2022) UK Small Area GVA Estimates, 2011 Census boundaries. GVA per capita derived and converted to constant prices
	GDHI per capita	ONS (2021) Gross Disposable Household Income for other geographic areas
	Public sector employment share	Business Register and Employment Survey (BRES) 2023 – proportion of all employee jobs in the public sector
	Part-time employment share	BRES (2015–2022 average) – proportion of employee jobs that are part-time
	Unemployment (all)	Census 2021 – proportion of adults aged 16+ economically active but unemployed
	Youth unemployment (18–24)	Department for Work and Pensions (DWP), Mar 2025 – claimant count (JSA/UC) as % of all 18–24 year olds
	Older worker unemployment (50+)	DWP, Mar 2025 – claimant count (JSA/UC) as % of all 50+ year olds
Economic Inactivity	Economically inactive	Census 2021 – economic activity
	Long-term sick or disabled	Census 2021 – economic activity
	Retired	Census 2021 – economic activity
	Student	Census 2021 – economic activity
	Looking after home/family	Census 2021 – economic activity
Occupations	Managers, directors & senior officials	Census 2021 – occupation classification
	Professional occupations	Census 2021 – occupation classification
	Associate professional & technical occupations	Census 2021 – occupation classification
	Administrative & secretarial occupations	Census 2021 – occupation classification
	Skilled trades occupations	Census 2021 – occupation classification
	Caring, leisure & other service occupations	Census 2021 – occupation classification
	Sales & customer service occupations	Census 2021 – occupation classification

Theme	Variable Name	Source & Notes
Occupations *(continued)*	Process, plant & machine operatives	Census 2021 – occupation classification
	Elementary occupations	Census 2021 – occupation classification
	Occupation – composite category	The composite category aggregates standardised scores (z-scores) for higher- and lower-skill occupational groups, as defined by SOC skill levels. Areas are classified as Higher-Skill Dominated, Balanced/Mid-Skill Mix, or Lower-Skill Dominated based on whether higher-skill occupations outweigh lower-skill ones, using a combined threshold of ±1 standard deviation.
Social Capital	Bridging capital	Harris, Tom, Shankar Iyer, Tom Rutter, Guanghua Chi, Drew Johnston, Patrick Lam, Lucy Makinson, Antonio S. Silva, Martin Wessel, and Mei-Chen Liou. *Social Capital in the United Kingdom: Evidence from Six Billion Friendships.* No. kb7dy_v1. Center for Open Science, 2025.
	Bonding capital	Harris, Tom, Shankar Iyer, Tom Rutter, Guanghua Chi, Drew Johnston, Patrick Lam, Lucy Makinson, Antonio S. Silva, Martin Wessel, and Mei-Chen Liou. *Social Capital in the United Kingdom: Evidence from Six Billion Friendships.* No. kb7dy_v1. Center for Open Science, 2025.
Skills & Qualifications	No qualifications	Census 2021 – highest qualification
	Apprenticeship	Census 2021 – highest qualification
	Level 4+ qualifications	Census 2021 – highest qualification
Community & Social Infrastructure	Childcare ratio (places per 100 children aged 7 and under)	ONS (2023) Childcare Accessibility in England – ratio of registered childcare places to children aged 7 and under, LSOA to regional level
	VCSE presence	UK Third Sector Database (Sep 2024) – third sector organisations per 100,000 population
Safety & Crime	Total crime offences (rate per 1,000 residents)	Police UK / Local Insight (Mar 2024–Feb 2025) – incidents geocoded to LSOA
Housing, Transport & Land Use	Housing affordability (IoD 2019)	MHCLG (2016) – IoD Housing affordability indicator, modelled from house prices, rents, and incomes
	Transport access indicator	Travel time to nearest town centre by public transport/walk – Average minimum travel time (minutes) to a town centre by walking or public transport, derived from spatial analysis of transport networks and timetables, with a five minute allowance for public transport; 2019, Department for Transport (DfT).
	Population density	ONS (2022) Population density, LSOA – people per km^2
	Land use – community service	DLUHC (2022) Table 405a: Land Use – proportion of total land by use
	Land use – industry & commerce	DLUHC (2022) Table 405a: Land Use – proportion of total land by use
	Land use – residential	DLUHC (2022) Table 405a: Land Use – proportion of total land by use
	Land use – transport & utilities	DLUHC (2022) Table 405a: Land Use – proportion of total land by use

Theme	Variable Name	Source & Notes
Industry	Industry profile	ONS BRES (2023) – typology based on industry employment shares
Health	Self-reported general health	Census 2011 & 2021 – percentage of residents reporting very good, good, fair, bad, or very bad health