

THE INDEPENDENT COMMISSION ON NEIGHBOURHOODS

An assessment

What exactly is the Commission?

The Independent Commission on Neighbourhoods (ICON) was established in September 2024 with the support of Local Growth Minister Alex Norris MP. Its chair is Baroness Hilary Armstrong, a former MP and minister in the previous Labour government.

Though nominally independent, the Commission bears the hallmarks in terms of staffing, research and publications of an initiative driven by the Ministry of Housing, Communities and Local Government (MHCLG). Indeed, MHCLG's Chief Analyst sits as an observer to the Commission.

In quick succession in recent weeks the Commission has published an *Interim Report*¹ and what it calls a *Neighbourhood Policy Green Paper*². The term 'Green Paper' would normally only be used by government – an indication, perhaps, of the status of the Commission's work.

Clearly, the Commission's work needs to be taken very seriously. It is not the product of just another lobbying group.

The Commission's analysis and proposals

The Commission's data analysis defines 'neighbourhoods' as Lower Super Output Areas, statistical units each with a population of c.1,500.

The Commission identifies 613 'mission-critical neighbourhoods' – critical to delivery of the Labour government's five national missions for renewal – which it says require urgent attention. These have a total population of 920,000. Though the mission-critical neighbourhoods are not listed, the mapping indicates that they are concentrated in the North, Midlands and some coastal areas. Scotland, Wales and Northern Ireland are not covered by the analysis. The interim report says that "over six hundred neighbourhoods is too many for any government to transform at once, but it should be possible to begin developing a policy agenda that focusses on 100-200 neighbourhoods in this first Parliament".

¹ ICON (2025) *Think Neighbourhoods: a new approach to fixing the country's biggest policy challenges*.

² ICON (2025) *Delivering Neighbourhood Renewal: proposals for change*.

The Commission calls for:

- A new national neighbourhood intervention
- Rewiring the central and local state to ‘think neighbourhoods’
- Delivering a sustainable future for mission-critical neighbourhoods

The New Deal for Communities initiative, run by the 1997-2010 Labour government, is held up as an exemplar of the sort of programme that might be introduced in these places.

Limitations and concerns

1. LOCAL ECONOMIES DON'T OPERATE AT THE NEIGHBOURHOOD LEVEL

If the aim is to boost local economic growth, the investments that will deliver the greatest benefit to residents of deprived neighbourhoods will often be elsewhere in the town or sub-region. Labour markets operate over wide geographical areas – wider indeed than most unitary and district authorities – so raising employment and reducing worklessness generally requires improving the performance of the whole sub-regional economy. The days when most people lived very close to where they worked are long gone.

2. A FOCUS ON MISSION-CRITICAL NEIGHBOURHOODS IS TOO NARROW

With just 920,000 residents, the Commission's 613 mission-critical neighbourhoods account for less than two per cent of England population. Admittedly, these may be the very worst or most problematic neighbourhoods but it's hard to argue that disadvantage is concentrated in just these few places. A more reasonable assessment might be that 20-30 per cent of the country is in need of support to help promote regeneration and well-being.

3. A MISLEADING VIEW OF PAST INITIATIVES

The last Labour government's New Deal for Communities – held up as an exemplar – wasn't as successful as the Commission would like to believe. It made £50m available over ten years to each of 39 deprived communities across England (defined in this instance as places with c.10,000 people). The detailed evaluation commissioned by government³ found that the New Deal for Communities initiative had a more positive impact on housing, the environment and crime than on the local economy. Indeed, the evaluation concluded that “when assessed against what happened in comparator areas, there is no evidence for statistically significant net positive change in relation to worklessness” – a clear indication that addressing economic and labour market problems at the neighbourhood scale doesn't work.

³ Department for Communities and Local Government (2010) *The New Deal for Communities Experience: a final assessment*, CLG, London.

4. IT WON'T PLAY WELL WITH LOCAL AUTHORITIES

If all the Commission's proposals were to be adopted there would be a Neighbourhood Recovery Unit within MHCLG, a Commissioner for Neighbourhoods, Neighbourhood Recovery Zones, Neighbourhood Agreements, Neighbourhood Budgets, and a Neighbourhood Respect Duty. This doesn't sit easily with the new emphasis on devolution and combined/strategic authorities. It is surely for local authorities, working in partnership across sub-regions where appropriate, to determine local priorities, especially down at the neighbourhood level. Local authorities won't welcome being by-passed by Whitehall. It's disturbing to note that with the sole exception of the North East Combined Authority (whose Mayor is one of the Commissioners) not a single local authority from outside London was involved in the Commission's two-day policy workshop back in April.

5. WHERE ARE SCOTLAND AND WALES IN ALL THIS?

The local growth funds inherited from the previous government are the obvious source of funding for any new neighbourhood initiative. Nearly all the present local growth funding, including the newly rebranded Plan for Neighbourhoods (the former Long-Term Plan for Towns) covers places in Scotland and Wales as well as England. The Commission's work, by contrast, is presently England-only. If the Commission's proposals are a model for some or all of the future local growth funding in England, where does this leave funding for Scotland and Wales? A Barnett consequential that merely goes into a much bigger pot?

A way forward?

It's hard to see the Commission's proposals being ignored, and if press reports are to be believed they command support in Downing Street. So how can the Commission's proposals be squared with, for example, the proposals put to government by the Industrial Communities Alliance (ICA) and the Labour MPs Group on Local Growth Funding?

There are perhaps two points here:

- Whilst the ICA and the MPs Group have called for sub-regional allocations of local growth funding, both have also called for this to be complemented by local delivery. There are some types of schemes that are best delivered down at the local level. But it should be for local partners to decide on the local priorities and targets.
- The modest population coverage of the Commission's mission-critical neighbourhoods indicates that they could never be the sole or dominant target of local growth funding. There might be a case for a specifically 'neighbourhood' initiative within a wider restructuring of funding but there would need to be other accompanying initiatives too.

***Industrial Communities Alliance
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