



DEBATE PACK

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The Towns Fund

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Summary

There will be debate on the Towns Fund on Thursday 4th February 2021. Paul Britsow MP will open the debate.

This briefing contains background information, parliamentary and press material, as well as suggested further reading which Members may find useful when preparing for this debate.

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1. Background

The Towns Fund was announced by the Ministry of Housing, Communities and Local Government in July 2019, with total funding of £3.6 billion - this funding is composed of three separate strands:

- **The Future High Streets Fund** – funding is distributed to towns in England, allocated following a bidding process, with the aim of renewing town centres and high streets “in a way that drives growth, improves experience and ensures future sustainability.”¹
- **The Towns Fund** – 101 towns in England were selected to develop “Town Deals” and bid for up to £25 million (or up to £50 million in exceptional circumstances) following a bidding process, with funding designed to address issues such as “ageing populations, limited regional economic opportunities and lack of investment.”²
- A further bidding round for towns not selected as one of the initial 101 towns invited to develop Town Deals.

Both the Future High Streets Fund and Towns Fund cover England only.

The Future High Streets Fund and Towns Fund are described in greater detail below; information on the further bidding round for towns not selected as one of the 101 towns invited to develop a Town Deal has yet to be published.

1.1 The Future High Streets Fund

The Future High Streets Fund was first announced [the 2018 Budget](#), with the then Chancellor Philip Hammond stating “if Britain’s High Streets are to remain at the centre of our community life, they will need to adapt.”

A new policy was announced to address this issue – the Future High Streets Fund, outlined in a [policy paper published alongside the Budget](#). The Budget also included a one-third reduction of business rates for retail premises up to a rateable value of £51,000 in 2019/20 and 2020/21.

The Future High Streets Fund was initially worth £675 million, with funding awarded on the basis of a competitive bidding process, with local areas invited to submit proposals setting out the “overall vision” of how they will transform their town centres and high streets. Bids were assessed according to value for money, deliverability, fit with the overall aims of the Fund and the areas’ ability to co-fund their proposals with the private sector.

¹ Ministry of Housing, Communities & Local Government, [Future High Streets Fund](#), 26 August 2019

² House of Commons Public Accounts Committee, [Selecting towns for the Towns Fund](#), HC 651, 2 November 2020, pg. 8

The Fund does not make awards to local areas seeking to expand traditional retail on their high streets, and is intended to fund capital projects such as:

- Improving transport access to town centres
- Improving vehicle and pedestrian flow in town centres
- Congestion relieving infrastructure
- Infrastructure to facilitate new housing and office space
- Projects that seek to substitute under-used and persistently vacant retail units into residential units.

101 towns were shortlisted in 2019 to progress to the “business case development phase” and would receive up to £150,000 to “work up detailed project proposals based on their initial plans.”³

In December 2020, it was announced that 15 towns and cities in England would be awarded £255 million – these are shown in the table below, with the largest award worth £25 million.

Future High Streets Fund allocations		
Town/City	Local Authority	Allocation (£ m)
Sunderland City Centre	Sunderland	25.0
Swindon	Swindon	25.0
Birkenhead	Wirral	24.6
Tamworth Town Centre	Tamworth	21.7
Kidderminster	Wyre Forest	20.5
Bishop Auckland	Durham	19.9
Blackfriars, Northern City Centre	Worcester	17.9
Stretford	Trafford	17.6
Sheffield High Street	Sheffield	15.8
Stockport	Stockport	14.5
Sutton	Sutton	11.4
Blyth Town Centre	Northumberland	11.1
Winsford	Cheshire West and Chester	10.0
Brierley Hill High Town Centre	Dudley	10.0
Old Kent Road	Southwark	9.6

Source: [Ministry of Housing, Communities and Local Government](#)

A further 57 areas received a provisional funding offers, worth up to £576 million, subject to finalised proposals – a list of these 57 areas has been published by the [Ministry of Housing, Communities and Local Government](#).

1.2 Towns Fund

The ‘Stronger Towns Fund’ was first announced by the then Prime Minister Theresa May in March 2019 to aid those areas that had not “shared in the proceeds of growth.” Initially, £1.6 billion in funding was

³ Ministry of Housing, Communities & Local Government, [Multi-million fund to revitalise country's high streets](#), 9 July 2019. Shortlisted towns were announced in two separate tranches in July and August 2019 – lists are published [here](#) and [here](#)

announced, with £1 billion to be awarded on a needs-based formula and £600 million available via a competitive bidding process.⁴

In [a speech in July 2019](#), the Prime Minister announced a “£3.6 billion Towns Fund.” This £3.6 billion figure is composed of an additional £1 billion funding added to the funding previously announced for the Stronger Towns Fund, bringing its total value to £2.6 billion, combined with total value of funding available from the Future High Streets Fund.

In September 2019, the government announced a list 100 towns in England (later expanded to 101) that been invited to develop Town Deals and bid for up to £25 million each (or up to £50 million in exceptional circumstances) – [see here for a full list of these towns](#).

The MHCLG published the [Towns Fund Prospectus](#) in November 2019, giving further details on the bidding process, with invited towns asked to establish of a Town Deal Board by January 2020 to oversee the development of a Town Deal and its implementation, and a Town Investment Plan, setting out plans to increase economic growth, by summer 2020, with funding allocations decided on the strengths of Town Investment Plans. The MHCLG have stated that Town Deal Boards are “well constituted” and “meeting departmental stipulations” and are being chaired by a mixture of representatives from the private sector and charities.⁵

In October 2020, the first seven Town Deal funding allocations were announced, worth up to £178.7 million (see table below); the largest allocation was worth £39.5 million and was allocated to Blackpool to be used to update the Blackpool Illuminations as well as further development of the Blackpool Airport Enterprise Zone.⁶

Town Deal funding allocations

Town/City	Local Authority	Allocation (£ m)
Blackpool	Blackpool	39.5
Barrow-in-Furness	Barrow-in-Furness	25.0
Norwich	Norwich	25.0
Peterborough	Peterborough	22.9
Darlington	Darlington	22.3
Warrington	Warrington	22.1
Torquay	Torbay	21.9

Source: [Ministry of Housing, Communities and Local Government](#)

Selection Process

The process for selecting towns that were eligible to apply for the Towns Fund and the criteria used to select the 101 towns invited to

⁴ Ministry of Housing, Communities & Local Government, [Stronger Towns Fund](#), 4 March 2019

⁵ House of Commons Public Accounts Committee, [Selecting towns for the Towns Fund](#), HC 651, 2 November 2020, pg. 10

⁶ Ministry of Housing, Communities & Local Government, [First Town Deals worth almost £180 million announced](#), 27 October 2020

develop Towns Deals are described in the National Audit Office report [Review of the Town Deals selection process](#) published in July 2020.

541 towns across England were designated by the MHCLG as being potentially eligible for Town Deals – these were the 541 towns of the 1,082 towns in England (as designated by the Office for National Statistics) with an income deprivation above the median value.⁷

These 541 towns were scored and ranked based on a formula that combined scores against seven criteria to reflect local need and growth potential.

These were:

- Income deprivation
- Skills deprivation
- Productivity
- EU Exit exposure
- Exposure to economic shocks
- Investment opportunity and
- Alignment to wider government intervention.⁸

Towns were then categorised as being high, low or medium priority – 40 of 541 towns were classed a high priority, 181 as low priority and 340 as medium priority. Regional allocation formulae were also applied, with the aim of focusing on regions in greater need, using data on productivity, income, skills, deprivation and rural/urban classification (rural areas were assumed to have greater need).⁹

All 40 high priority towns were invited to bid for Town Deals, as were 49 medium priority towns and 12 low priority towns - the regional distribution and priority status of towns invited to bid for Town Deals is shown in the table below.

Successful Town Deals by region				
	Total	High priority towns	Medium priority towns	Low priority towns
North West	20	8	9	3
East Midlands	19	6	12	1
Yorkshire and Humber	16	8	4	4
West Midlands	15	7	7	1
South West	9	2	5	2
South East	8	2	5	1
North East	7	4	3	0
East of England	7	3	4	0
Total	101	40	49	12

Source: [National Audit Office](#)

⁷ NAO, [Review of the Town Deals selection process](#), HC 576, July 21 2020, pg. 7

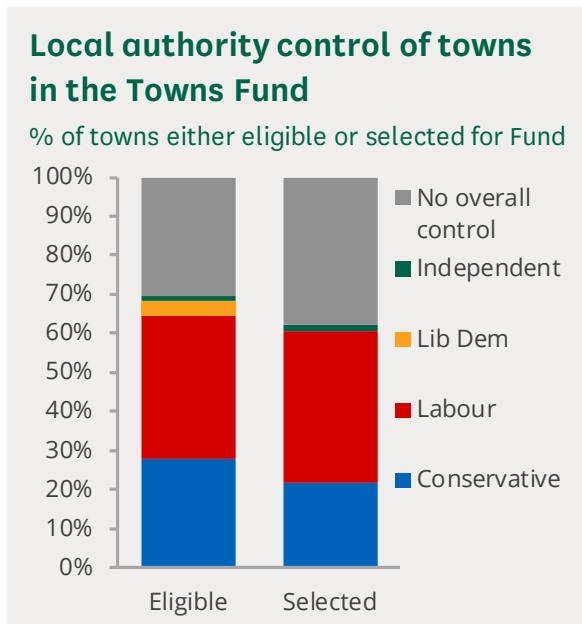
⁸ NAO, [ibid](#), pg. 8

⁹ NAO, [ibid](#), pg. 9

Of the 101 towns invited to bid for funding in a Town Deal:

- 22 are in local authority districts controlled by the Conservatives
- 39 are in Labour-controlled districts
- 2 are in districts controlled by independents (both are in Ashfield, controlled by the Ashfield Independents party)
- 38 are in districts where there is no overall control.

These proportions are broadly similar to those in the set of 541 towns that were eligible to be selected.

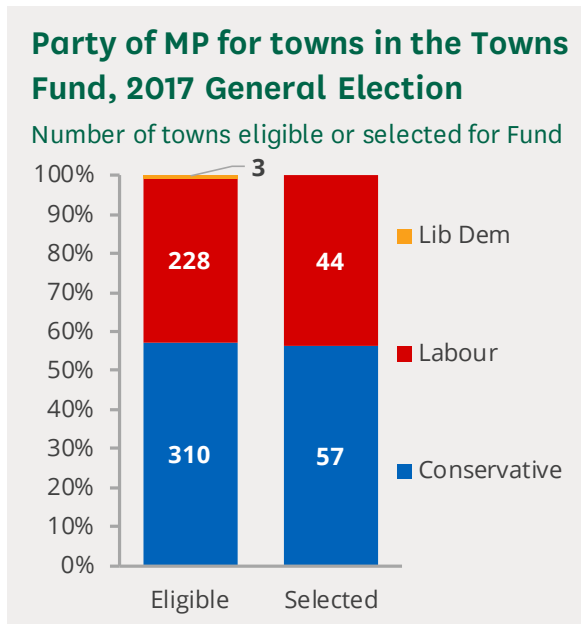


Sources: NAO, [Review of the Town Deals selection process](#), Appendix Two; local authority control calculated based on data from [Open Council Data UK](#); towns may cross local authority boundaries, so have been assigned to local authority districts based on the geometric centre (centroid) of the town's [built-up area](#).

In terms of Parliamentary constituencies:

- 57 of the 101 successful towns were in Conservative constituencies
- 44 towns were in Labour constituencies.

Again, this is also close to the political breakdown of the towns that were eligible to be selected.



Sources: NAO, [Review of the Town Deals selection process](#), Appendix Two; party allocations based on Commons Library data from [General Election 2017: full results and analysis](#); towns may cross constituency boundaries, so have been assigned to constituencies based on the geometric centre (centroid) of the town's [built-up area](#).

Because the towns in the Fund were selected during 2019 (and because MPs' party affiliations were unusually volatile around that time), seat allocations are based on the results of the 2017 General Election.

Aspects of the selection process were criticised in the Public Accounts Select Committee report [Selecting towns for the Towns Fund](#), published in November 2020.

This report concluded that the selection process was "not impartial" as, while MHCLG officials ranked towns against a set of criteria, the selection process gave Ministers "discretion to choose which individual towns would be eligible to bid" and that pre-selecting towns in this way "benefited towns that lacked the capacity and experience to put together competitive bids and would be disadvantaged by an open bidding process."¹⁰

Additionally, the report found the rationales given for the selection of towns from the medium priority group were "scant and appear based on sweeping assumptions" and that the failure of MHCLG to publish criteria used to select towns "fuelled accusations of political bias in the selection process."¹¹

The report also expresses concern that selected towns "may not have the capacity to deliver their plans and spend the money well" and that it remains "unclear what impact the Department is expecting from the Towns Fund" and how success of the Fund will be measured.¹²

¹⁰ House of Commons Public Accounts Committee, [ibid](#), pg. 8

¹¹ House of Commons Public Accounts Committee, [ibid](#), pg. 9

¹² House of Commons Public Accounts Committee, [ibid](#), pg. 9

2. Press Articles

[High streets can be resurrected if communities are empowered: Business rate relief returned by pandemic winners should be channelled to ailing town centres](#)

Vidhya Alakeson

Financial Times, 12 December 2020

[Crisis in retail: the UK town centres struggling to survive: With the collapse of Debenhams and Arcadia creating more empty stores, many urban centres need a new purpose](#)

Jonathan Eley and George Hammond

Financial Times, 4 December 2020

[Boris Johnson tells northern MPs he will push on with 'levelling up': UK prime minister promises red-wall Tories 'biggest infrastructure spend for a generation'](#)

Sebastian Payne and Andy Bounds

Financial Times, 16 November 2020

[£3.6bn struggling English towns fund 'not impartial', say MPs](#)

BBC, 11 November 2020

[Robert Jenrick admits approving funds for town in Jake Berry's constituency: Communities secretary and minister approved payments to towns in each other's constituencies](#)

Rajeev Syal

The Guardian, 11 October 2020

[A different way to save the high street: Revive local districts by changing them](#)

Josh Lowe

Prospect, 24 August 2020

[Labour questions impartiality of England's £3.6bn regeneration money allocation: Opposition raises concerns after it is revealed marginal Tory target seats were picked for funding](#)

Jim Pickard

Financial Times, 21 July 2020

3. Parliamentary material

3.1 Written questions

[Urban Areas: Regeneration: Question for Ministry of Housing, Communities and Local Government: UIN HL10855](#)

Asked by Baroness Eaton

Asked on 30 November 2020

To ask Her Majesty's Government what steps they are taking to support the regeneration of town centres.

Answered by Lord Greenhalgh

Answered on 14 December 2020

Government is working to deliver a package of long-term measures that support town centre regeneration. This includes the £3.6 billion Towns Fund, where we brought forward over £80 million funding this year to support immediate improvements in 101 towns selected for deals. The fund will support local areas in England to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability.

Our £1 billion Future High Streets Fund competition will help create jobs and build more resilient local economies and communities. We are in the final stages of assessing the proposals from the 101 shortlisted applicants and expect to announce the outcome of the competition soon.

Further, the Government is launching a new Levelling Up Fund worth £4 billion for England. This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery.

Government is also providing support through the High Streets Task Force, helping local leaders in their work revitalising their high streets and town centres by providing proactive support to local areas to develop data-driven innovative strategies and connect local areas to relevant experts.

In addition, Government has recently reformed the use classes order to create a new 'Commercial, Business and Service' use class which will give businesses greater flexibility to change to a broad range of uses, such as shops, leisure, and offices as well as nurseries and health centres, without the need for planning permission. More widely we are looking to transform the planning system as set out in the White Paper 'Planning for the Future' which will make it simpler, quicker and more accessible, and more certain for developers.

[Towns Fund: Question for Ministry of Housing, Communities and Local Government: UIN 122728](#)

Asked by Mrs Emma Lewell-Buck

Asked on 30 November 2020

To ask the Secretary of State for Housing, Communities and Local Government, which organisations have received funding from the Town Deals Fund; how much funding they received; and what the criteria was for its allocation, in each year since its creation.

Answered by Luke Hall

Answered on 3 December 2020

The £3.6 billion Towns Fund includes £1 billion for the Future High Streets Fund, as well as funding for 101 places that have been selected to develop proposals for Town Deals.

In 2019, we paid all places shortlisted for the Future High Streets Fund grants of up to £150,000 revenue funding to develop full business cases. In December 2019 we paid out £16.4 million in capacity funding to local authorities from the initial 100 towns selected for Town Deals to establish Town Deal Boards and develop their proposals. In both cases the money was paid to the lead local authority.

In May 2020, following a competitive tender and pre-market engagement exercises, we appointed an Arup-led consortium to provide commercial support to all 101 towns selected for Town Deals to help develop their plans and proposals to bid into the fund. Further details about the contract can be found

at: <https://www.contractsfinder.service.gov.uk/Notice/18a3b1d6-1624-42c4-a0fb-70311c335584>.(opens in a new tab)

In September 2020, we paid £81.5 million in accelerated funding to the lead local authorities for the 101 towns selected for Town Deals. Each town received between £500,000 and £1 million to help them respond to the immediate challenges of Covid-19.

On 27 October 2020, Government announced the first seven places in England set to benefit from up to £178.7 million in new Town Deals: Barrow-in-Furness, Blackpool, Darlington, Norwich, Peterborough, Torquay and Warrington. Work has begun to confirm final funding for these places. Further announcements on more Town Deals will be made in due course.

[Towns Fund: Question for Ministry of Housing, Communities and Local Government: UIN 114822](#)

Asked by Dr Dan Poulter

Asked on 12 November 2020

To ask the Secretary of State for Housing, Communities and Local Government, what steps he is taking to ensure that funds awarded

through the towns fund are deposited with the accountable local authority as the responsible body.

Answered by Luke Hall

Answered on 20 November 2020

Each town was asked to nominate a lead local authority for the Towns Fund. All payments are made through those lead local authorities, using Section 31.

[Towns Fund: Question for Ministry of Housing, Communities and Local Government: UIN 114821](#)

Asked by Dr Dan Poulter

Asked on 12 November 2020

To ask the Secretary of State for Housing, Communities and Local Government, what steps he is taking to ensure financial accountability and transparency on the use of funding allocated through the Towns Fund.

Answered by Luke Hall

Answered on 20 November 2020

Every Town Investment Plan we receive is robustly assessed against a range of criteria, with value for money a central consideration.

Funding is distributed through local authorities who are the accountable body. Funding for projects will only be released when full, green book compliant, business cases have been approved.

3.2 Debates

[Local Government Finance Settlement](#)

HC Deb 17 Dec 2020, c 426-45

[The Future of the High Street](#)

HC Deb 10 Dec 2020, c 1070-1100

3.3 Oral questions

[Regeneration: Towns and Cities](#)

HC Deb 11 Jan 2021, c 15

[High Street Regeneration](#)

HC Deb 11 Jan 2021, c 5-6

[Towns Fund](#)

HL Deb 19 Nov 2020, c 1550-53

[Towns Fund](#)

HC Deb 18 Nov 2020, c 345-60

[Towns Fund](#)

HC Deb 16 Nov 2020, c 14

[Town Regeneration](#)

HC Deb 16 Nov 2020, c 8

3.4 Select Committees

[Selecting towns for the Towns Fund](#), House of Commons Public Accounts Committee report, published 2 November 2020.

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