

Debate Pack

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Town Deals and post Covid-19 recovery

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1 Background

There will be a debate in Westminster Hall at 9:25am on Wednesday 14 July 2021 on “Town Deals and post Covid-19 recovery”. The debate will be led by Damien Moore MP and will last 90 minutes.

Post Covid-19 recovery in general is a subject that affects the whole of the UK. However, Town Deals, as part of the Towns Fund, affect only England, so most of the background material in this debate pack will also focus on the situation in England.

1.1 Development of the Towns Fund

Town Deals are part of the Towns Fund, which was initially announced by the Ministry of Housing, Communities and Local Government (MHCLG) in July 2019. This was developed from the ‘Stronger Towns Fund’, which 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 announced, with £1 billion to be awarded on a needs-based formula and £600 million available via a competitive bidding process.¹

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 of 100 towns in England (later expanded to 101) that had 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. Towns were asked to establish 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. Funding allocations would then be 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.²

¹ Ministry of Housing, Communities & Local Government, [Stronger Towns Fund](#), 4 March 2019

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

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 develop Town 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.³

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
- Alignment to wider government intervention.⁴

Towns were then categorised as being high, low or medium priority – 40 of 541 towns were classed as high priority, 181 as low priority and 340 as medium priority. Regional allocation formulas 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).⁵

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.

³ NAO, [Review of the Town Deals selection process](#), HC 576, July 21 2020, pg. 7

⁴ NAO, [ibid.](#), pg. 8

⁵ NAO, [ibid.](#), pg. 9

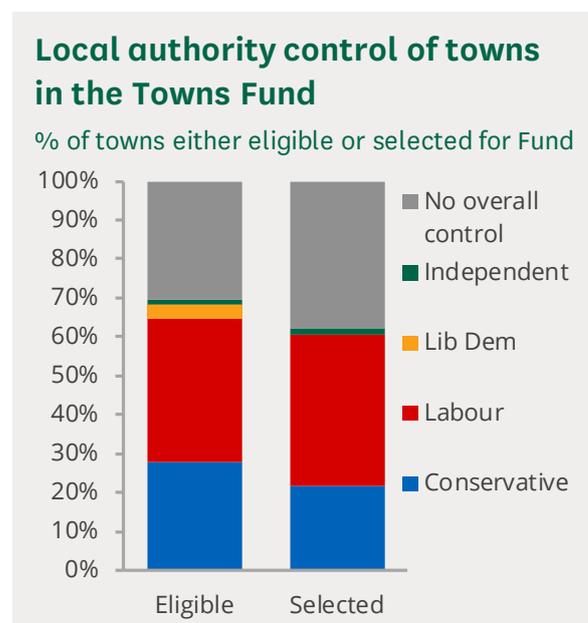
Successful Town Deals by region				
	Total	High priority towns	Medium priority towns	Low priority towns
North West	20	8	9	3
East Midlands	19	6	12	1
Yorkshire and Humber	16	8	4	4
West Midlands	15	7	7	1
South West	9	2	5	2
South East	8	2	5	1
Noth East	7	4	3	0
East of England	7	3	4	0
Total	101	40	49	12

Source: [National Audit Office](#)

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

- 22 are in local authority districts that were controlled by the Conservatives at the time
- 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 was no overall control.

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

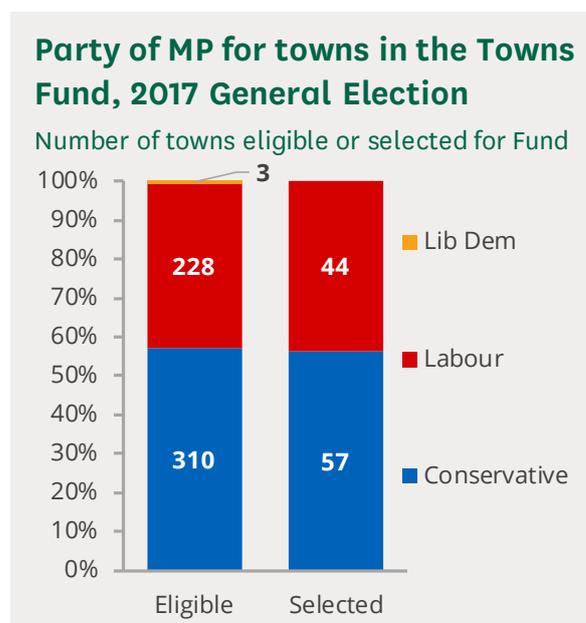


Sources: NAO, [Review of the Town Deals selection process](#), Appendix Two; local authority control calculated based on data from [Open Council Data UK](#); towns may cross local authority boundaries, so have been assigned to local authority districts based on the geometric centre (centroid) of the 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.”⁶

Additionally, the report found the rationales given for the selection of towns from the medium priority group were “scant and appear based on sweeping

⁶ House of Commons Public Accounts Committee, [ibid.](#), pg. 8

assumptions” and that the failure of MHLCG to publish criteria used to select towns “fuelled accusations of political bias in the selection process.”⁷

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.⁸

In its response, the Government accepted most of the Committee’s recommendations and published some further details, but did not agree that the selection process had not been impartial.⁹

1.2 Funding allocations so far

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.¹⁰

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](#)

A further allocation was made at the 2021 Spring Budget in March, confirming [funding for 45 more towns](#) to a total of £1.02 billion. The largest allocations were for Southport and Stevenage, each of which are set to receive £37.5 million; the smallest was for Mansfield, at £12.3 million. Southport’s Town Deal Board has agreed to use its funding allocation towards a number of projects, including upgrading an entertainment and business events venue,

⁷ House of Commons Public Accounts Committee, [ibid](#), pg. 9

⁸ House of Commons Public Accounts Committee, [ibid](#), pg. 9

⁹ House of Commons Public Accounts Committee, [Treasury minutes: Government response to the Committee of Public Accounts on the Twenty-fourth report from Session 2019-21](#), January 2021

¹⁰ Ministry of Housing, Communities & Local Government, [First Town Deals worth almost £180 million announced](#), 27 October 2020

creating a light, water and sound show in Southport's Marine Lake, and creating business incubator space.¹¹

One further deal was announced on 7 April 2021, [allocating £3.6 million to Truro](#).

On 8 June 2021, [deals for thirty more towns were announced](#), totalling a little over £725 million. The largest allocation in this announcement was £62.6 million for a joint bid from Kirkby-in-Ashfield & Sutton-in-Ashfield), and the smallest was for Redditch (£15.6 million).

On the same day – but not as part of the same announcement – [Town Deals were also announced for Penzance, St Ives and Camborne](#), ahead of the G7 Summit in Cornwall. The figures for each town individually were not included, but the overall total for all three was given as “over £65 million”.

These announcements mean that of the initial 101 towns selected, only 15 have not yet had deals announced: Birkenhead, Bloxwich, Blyth, Crewe, Darwen, Dudley, Grays, Millom, Nelson, Newhaven, Runcorn, St Helens, Stainforth, Tilbury and Todmorden.

As of 21 June 2021, the Government said that it had “committed over £2 billion” and paid out “almost £90 million” in fast-tracked projects.¹²

1.3 The Levelling Up Fund

The original prospectus for the Towns Fund mentioned that there would be an opportunity for further Town Deals (beyond the initial 101 towns) in 2020.¹³ However, this was before the Covid-19 pandemic, and since then it appears that the Government has decided to provide funding through the new Levelling Up Fund instead. This Fund was announced in the [2020 Spending Review](#) last November. The Spending Review stated that the fund would be worth £4.8 billion, with £4 billion of this to be spent in England and £0.8 billion to be spent in Scotland, Wales and Northern Ireland. In response to a PQ in March 2021, the Government said that this “includes £300 million that had been set aside for a Towns Fund competition”.¹⁴

The Government published a [prospectus](#) alongside the 2021 Spring Budget, saying that the Fund would focus on capital investment in local infrastructure and would be delivered through local authorities in England, Scotland and Wales. The prospectus states that for the first round of funding, “at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3%

¹¹ MySefton, [Next steps towards £37.5m Southport Town Deal completed](#), 21 May 2021

¹² [PQ 16122 \[Towns Fund\], 21 June 2021](#).

¹³ MHCLG, [Towns Fund prospectus](#), 1 November 2019, p26

¹⁴ [PQ 166444 \[Urban Areas: Finance\], 17 March 2021](#).

for Northern Ireland” – this works out as £432 million for Scotland, £240 million for Wales and £144 million for Northern Ireland.

The prospectus states funding will focus on those areas “most in need of levelling up” – those areas are determined by [an index](#) published alongside the prospectus that ranks local authorities by on a scale of 1 to 3, with those ranked 1 considered most in need and those ranked three least in need. These ranking are split evenly between all local authorities in England, Scotland and Wales – a third are ranked 1, a third ranked 2 and a third ranked 3.

The ranking system is based on three criteria:

- need for economic recovery and growth;
- need for improved transport connectivity;
- need for regeneration.

In England, Category 1 places will be eligible to receive targeted capacity funding, to support them in preparing high-quality bids (all places in Scotland and Wales are eligible for this capacity funding, independent of their place in the index).

The methodology on how areas were ranked [is available here](#).

Every local authority is eligible to submit at least one bid. The Fund focuses on investment in projects that require up to £20 million of funding, though bids of between £20 million and £50 million will be accepted for transport projects. County councils with transport powers, combined authorities, mayoral combined authorities and the Greater London Authority are eligible to submit one transport bid; unitary authorities in England with transport powers are able to submit one additional bid which must be for transport.

The first round of the Fund will focus on three themes - transport projects, town centre and high street regeneration and cultural investment.

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Press articles

[Town Deals in Cornwall could fund £185 million of projects](#), Cornwall Live, 25 June 2021

Penzance, Camborne, St Ives and Truro have all been given funding for town deals but none of it is guaranteed until the projects have their business cases signed off by the Government

[Wentworth and Dearne MP asks why his deprived constituency is a lower priority for 'levelling up' funding than more affluent Yorkshire towns such as Whitby](#), Yorkshire Post, 21 June 2021

[Pork Barrel Politics – we have filed our claim](#), Good Law Project, 8 June 2021

The evidence Government is using public money to meet its own ends is hard to ignore. The latest on the [Towns Fund](#) makes for depressing reading, with 22 of 26 places that received funds in the latest tranche being represented by Conservative MPs. This was the very same Towns Fund that led to the Government being [criticised](#) by the Public Accounts Committee for its lack of transparency.

[Minister Luke Hall praises leadership of Bradford council weeks after Keighley MP Robbie Moore criticises authority for being too slow with Towns Fund bid](#), Yorkshire Post, 25 April 2021

[Levelling Up Fund design is unlawful, says UK campaign group](#), [Financial Times](#), 5 April 2021

Good Law Project claims ranking system favours seats with Conservative MPs or targets

[Pork barrel politics](#), Good Law Project, 5 April 2021

In every corner of public life, the Tories are or look to be bending the resources of the state to their own private advantage. The 2019 Towns Fund made unhappy reading for those who believe public money should not be used to promote Party interests.

[Boris Johnson's 'levelling up' plans unlikely to succeed, says watchdog](#), The Guardian, 23 March 2021

Industrial Strategy Council says plan relies too heavily on infrastructure spending and one-off funding

[The politics of the levelling-up agenda](#), Financial Times, 7 March 2021

Policy should be aimed at poorer towns and not Conservative electoral prospects

[Castle in Robert Jenrick's constituency to be restored using £25m handout](#), The Times, 5 March 2021

[Budget 2021: Rishi Sunak defends £1bn 'levelling up' fund with 40 out of 45 towns represented by Tory MPs](#), inews, 4 March 2021

Chancellor has faced question over whether the allocation of the funding is 'naked pork barrel politics'

[UK chancellor accused of playing politics over 'levelling-up' fund](#), Financial Times, 3 March 2021

Sunak's leafy constituency placed in more needy category for infrastructure financing than former mining towns

[£1bn more Towns Deals and details of Levelling Up Fund announced](#), Local Government Chronicle, 3 March 2021

[Budget 2021: £1bn Towns Fund for 45 areas of England](#), BBC News, 3 March 2021

The list of places receiving money from the [Towns Fund](#) is dominated by the north west, Yorkshire and the Midlands.

The government said the money would help to "level up" towns and aid recovery from the Covid-19 pandemic.

Shadow work and pensions secretary, Jonathan Reynolds, said there was "just no logic to where that money goes other than through a political ends".

[Sunak's £1bn of 'town deals' will nearly all go to Tory constituencies](#), The Guardian, 3 March 2021

In first tranche of towns fund spending, 39 out of 45 areas are represented by Conservative MPs

3 Parliamentary material

3.1 Written Questions

[Urban Areas: Finance](#): Question for Treasury: UIN 25057

Asked by Rachael Maskell

Asked on 30 June 2021

To ask the Chancellor of the Exchequer, what steps he is taking to ensure that there is a fair redistribution of funding to towns and cities.

Answered by Steve Barclay

Answered on 6 July 2021

The government is committed to levelling up opportunity and investing in local priorities across the UK, including in York. We have so far announced over £2 billion funding to 86 towns through the Towns Fund. Furthermore, at the Budget, the government confirmed the next stage of its levelling up agenda and launched three new investment programmes to support communities across the country, including, the UK Community Renewal Fund, the Levelling Up Fund, and the Community Ownership Fund.

[Towns Fund](#): Question for Ministry of Housing, Communities and Local Government: UIN 24984

Asked by Steve Reed

Asked on 30 June 2021

To ask the Secretary of State for Housing, Communities and Local Government, how many projects outlined in Town Deal bids have been identified by his Department as at risk of failing in the next six months.

Answered by Luke Hall

Answered on 5 July 2021

My officials are in regular contact with towns and expert support is also provided by the Towns Fund Delivery Partner. This allows us to spot issues early and work with towns to address them. We have a robust monitoring and evaluation strategy in place, with regular review points and payments linked to performance. As part of this strategy, places submit regular risk updates and spend/delivery data which results in RAG ratings so that issues can be flagged and resolved early.

Towns Fund: Question for Ministry of Housing, Communities and Local Government: UIN 18460

Asked by Ms Karen Buck

Asked on 18 June 2021

To ask the Secretary of State for Housing, Communities and Local Government, if he will publish the amounts allocated under the Towns Fund by (a) region and (b) nation of the UK to date.

Answered by Luke Hall

Answered on 23 June 2021

So far over £2 billion has been announced over 86 Town Deals as part of the Government's flagship Towns Fund, delivering on our commitment to Levelling Up communities who have long felt left behind.

Final funding awards for these towns can be found on gov.uk here: <https://www.gov.uk/government/collections/towns-fund>(opens in a new tab)

The Towns Fund is England only. The £4.8 billion Levelling Up Fund is a UK-wide fund.

Further Town Deals are set to be announced in due course. In addition, the initial bids of the £4.8 billion Levelling Up Fund and £220 million Community Renewal Fund are now being assessed, meaning even more funding is on the way to help communities build back better from the effects of the pandemic.

Towns Fund: Question for Ministry of Housing, Communities and Local Government: UIN 16123

Asked by Steve Reed

Asked on 15 June 2021

To ask the Secretary of State for Housing, Communities and Local Government, if he will publish a list of completed projects funded through the Towns Fund as of 15 June 2021.

Answered by Luke Hall

Answered on 21 June 2021

The Department will be publishing an annual report on the monitoring and evaluation of the Towns Fund programme for each financial year until funding ceases in 2025/2026.

3.2 Debates

[Levelling-up Agenda](#)

Volume 697: debated on Tuesday 15 June 2021

3.3 Select Committees

[Selecting towns for the Towns Fund - Public Accounts Committee - House of Commons \(parliament.uk\)](#)

[Treasury minutes: Government response to the Committee of Public Accounts on the Twenty-fourth report from Session 2019-21](#)

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Further reading

[The Levelling Up Agenda](#), House of Commons Library Debate Pack, 11 June 2021

[Town centre regeneration](#), House of Commons Library Briefing Paper, 21 May 2021

[Towns Fund recipients March 2021](#), 3 March 2021, Guidance

[The Towns Fund](#), House of Commons Library Debate Pack, 25 January 2021

[Towns Fund Selection: Summary of Accounting Officer advice](#), 14 January 2021, Guidance

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