

Towns Fund Further Guidance – FAQs

Issued by MHCLG 16 July 2020

Towns Fund

1. What are the priorities of the Towns Fund?

Through the Towns Fund we will work with more places to address growth constraints. The overarching aims of the Towns Fund are to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth.

This will be done through urban regeneration, skills and enterprise infrastructure and connectivity.

2. Will the Towns Fund change focus in response to Covid-19?

This investment in towns is needed more than ever and we have not changed the focus of the Towns Fund or the types of intervention we expect to support. For some towns, the Town Deal may take on additional purpose as a key part of the efforts to recover and rebound from the impact of Covid-19.

The overarching objective of the Towns Fund remains to drive the economic regeneration of towns to deliver long-term economic and productivity growth. The longer-term needs of towns and local populations that have experienced feelings of being 'left behind' should be addressed and prioritised through the Towns Fund.

It may be that some priorities have shifted considering the impact of Covid-19, or it could be that the same things are still critical – whichever is the case, the impacts of Covid-19 will form part of the evidence base and should be factored into decision-making.

3. Are you still expecting Local Authorities to carry out stakeholder engagement, given the restrictions in place?

We recognise that engagement with local communities is made more challenging due to the Covid-19 pandemic but urge Town Deal Boards to be innovative in ensuring that a diverse range of stakeholders are consulted throughout the development of Town Investment Plans. There are lots of ways to engage communities virtually. The Towns Hub can provide support and advice, and we would also encourage towns to share their approaches and ideas with each other.

4. When should we submit our Town Investment Plan?

We know that towns are at different stages in the development of their proposals and in response have *established* three deadlines (or 'cohorts') for submitting Town Investment Plans (TIPs). We have asked towns to confirm, by Monday 13th July, the deadline they are working to: 31st July 2020, 30th October 2020, or 29th January 2021.

You should work with your named area lead and town coordinator to determine which is the most appropriate for your town, confirming your choice by email. You should submit your Town Investment Plan to the Towns Hub by the agreed deadline. Please advise us in advance if you think there is a risk you will not meet the agreed deadline.

5. What support is available in developing our Town Investment Plan?

In May 2020 we appointed a consortium led by Arup that includes Nichols Group, Grant Thornton, FutureGov, Savills and Copper Consultancy to provide towns with support and advice across a range of core services and different subject topics, including but not limited to: regeneration, place design and built environment; visioning and strategy; local community engagement, consulting and stakeholder management; and, environmental monitoring and impact analysis.

Arup and its partners are currently contacting towns to offer their support. Further details can also be found at: <https://townsfund.org.uk/>

6. Can we commission our own consultants, or do we need to use the delivery partner?

Towns are free to use their own funding however they wish, but there will also be support available from the Towns Fund Delivery Partner mentioned above. We hope to confirm how much support each town will get through this by the end of July.

7. What needs to be formally agreed for a town to change its Town Deal boundary? And what is the process for doing this?

Towns must provide a map of their locally agreed town boundary. Where changes to ONS's original definition have been requested, a rationale for the change must be provided and a number of aspects will be considered, including: the population and land area change, whether new land included or exempted changes town taxonomy (e.g. urban/rural), and whether constituency boundaries have been crossed.

Town Investment Plans

8. When will you issue the Town Investment Plan template?

Town Investment Plans should be prepared using the guidance on TIP content in the Further Guidance including its annexes. Templates, along with the assessment framework, were circulated to towns on 9 July.

9. Is there an advantage in submitting our Town Investment Plan early?

Whilst we are keen to do deals and start the process of getting much needed investment into towns, we do not want any town to come forward before it is ready. There is no advantage in coming first: each Town Investment Plan will be assessed on its own merits.

10. Can towns still decide to go for a joint deal?

Yes. The towns will need to produce a joint Town Investment Plan. In developing this plan, both Lead Councils should have an equal role in the partnership, and if a joint Town Deal Board is formed, it should be equally representative of both towns.

Joint Town Investment Plans should also provide a sufficient level of context analysis for both towns, and project proposals should set out clearly how impacts will be distributed across the two towns and the wider area. Each proposal should be put forward with the full agreement of all stakeholders. The total funding available will remain the same, i.e. up to £50m for the two towns in total, except in exceptional circumstances.

11. How are towns expected to incorporate sustainability and green projects into their Town Investment Plans?

The Towns Fund offers the opportunity to speed up the process of restructuring our industry, commerce and communities towards a greener future. This can be done, for example, by improving green transport infrastructure, sustainable energy production and nature conservation.

Investment from the Towns Fund should support clean growth where possible and, as a minimum, must not conflict with the achievement of the UK's legal commitment to cut greenhouse gas emissions to net zero by 2050.

12. What are the criteria for a project to be fast-tracked?

Projects which are ready to move fast – because, for example, they have planning permission, a contractor appointed, or work has begun on site already – can progress through the second stage, project development, quickly. Towns will still need to complete a full TIP of sufficient quality, but should flag in that TIP which projects they would like to be fast-tracked once Heads of Terms have been agreed.

13. What happens after we have submitted our Town Investment Plan?

Town Investment Plans and the projects contained therein will be assessed by a multi-disciplinary panel comprising officials from the Towns Hub (i.e. Policy, Project Management, Finance and Area Teams), OGDs and others including economists and finance specialists. Where the Town Investment Plan is of the required standard, government will assess the projects listed in the plan to decide on an initial funding offer. Final decisions will rest with ministers.

14. What metrics should towns use to focus or prioritise their projects?

We have not set out specific metrics that towns should use in the Further Guidance, but we would expect towns to satisfy each of the assessment criteria.

15. What is considered a 'good' Benefit Cost Ratio (BCR)?

We have not set a minimum requirement for benefit cost ratio, however, broader value for money considerations will be taken into account such as assessing the additionality of projects or the scale of outputs and outcomes delivered.

16. How is viability and BCR to be assessed? Is there further guidance about what you mean by high level BCR?

We have not set a minimum requirement for benefit cost ratio, however, broader value for money considerations will be taken into account such as assessing the additionality of projects or the scale of outputs and outcomes delivered.

17. How long will it take to agree Heads of Terms?

We expect it will take around two months from the submission of Town Investment Plans to the offer of Heads of Terms. This is not guaranteed and in some cases may take longer.

Funding

18. What is the capital/ revenue split?

This funding is principally capital. Town Investment Plans should focus on capital spend on tangible assets. In some towns, there may be a particular need for a small amount of revenue funding – perhaps to support implementation of a capital project. However, this will need to be fully evidenced and will be the exception.

19. Is it possible for my town to receive more than £25 million?

In some exceptional circumstances, an investment of more than £25 million may be considered. This will be limited to the most ambitious and credible Town Investment Plans, consisting of projects not only have a transformational impact for the town but are also significant for the wider region and nationally.

These proposals will be subject to a higher level of scrutiny around value for money and deliverability: all of the Town Investment Plan marking criteria must be fully demonstrated, the town will face a senior challenge session, and MHCLG assurance processes may be utilised to approve business cases. It must also be demonstrated that the Lead Council has the sufficient level of capacity and capability to deliver a larger deal.

We have not set out specific metrics that towns should use to prioritise projects in the Further Guidance, but we would expect towns to satisfy each of the assessment criteria in presenting the most effective Town Investment Plan possible. We would still anticipate towns to use the outcome indicators to demonstrate the greatest impacts that individual projects may have.

Where Town Investment Plans bid for more than £25 million, a challenge session will take place between the Lead Council and the Towns Fund Programme Board, as well as other relevant stakeholders. Additionally, if a single project is worth more than £25 million, the business case will be assessed centrally through Towns Hub processes.

20. What level of evidence is required to demonstrate match/co funding in the town Investment Plan?

We would like to see co-funding and match funding where possible. Leveraging additional funding from other sources such as the private sector can be an effective means of widening the scope and ensuring the success of a project.

As a minimum we want to see evidence that towns have fully explored investment opportunities and sought to initiate discussions with potential investors as early as possible. Towns should set out how the level of co-funding secured is reasonable for their local context and make clear the level of commitment behind any match funding. The Towns Hub can provide support to towns on project finance and private sector investment.

We know that in some towns it may be particularly difficult to leverage private sector funding for all projects, especially considering the impact of Covid-19. We have not set a minimum for match funding or private sector investment, and we will respect the different opportunities and constraints faced by different towns.

Where we find that the potential for match funding has not been sufficiently explored or met, we may attach target figures in the Heads of Terms.

21. Can LGF or Future High Streets Fund money be used as match-funding when submitting Town Investment Plans?

Ideally the Local Growth Fund will not be used as match funding due to the challenges of working around the timelines for both programmes.

Some towns selected for a Town Deal have also been shortlisted for the Future High Streets Fund. The two funds cannot be used as match for each other but can fund complementary projects.

22. Are you expecting Logic models or Theories of Change? If so, should these be for the Town Investment Plan as a whole or for each project?

In all instances, towns will be required to demonstrate how their interventions will lead to the agreed outcomes using a convincing, well-evidenced Theory of Change. Further guidance on producing a Theory of Change can be found within [HM Treasury's Magenta Book](#) (page 24, section 2.2.1).

Theories of Change should cover the Town Investment Plan as a whole but must show how each individual project contributes together to wider outcomes and impacts.

23. Will further funds be available in order to develop full business cases for individual projects within a TIP (once agreed) if they are to green book standards?

Capacity funding released in December 2019 was geared towards supporting towns to convene their Town Deal Boards and to start the planning process for TIPs. Additional support and guidance will be available through the centrally procured support package led by Arup.

Governance

24. Who should be on the Town Deal Board?

As stated in the Towns Fund Prospectus, membership of Town Deal Boards should comprise of a private sector chair, all tiers of local government for the geography of the town, the MP(s) representing the town, the Local Enterprise Partnership, local businesses and investors, community/local voluntary community sector representatives, and any other relevant local organisations such as FE colleges or Clinical Commissioning Groups.

25. How should the Town Deal Board work and what is their role in the Town Investment Plan?

A Town Deal Board should operate in a transparent and objective way for the benefit of the town it represents. This should fit within and complement existing arrangements for governance and assurance in the local authority and does not need to be wholly separate.

We have not been prescriptive about how we expect your Town Investment Plan to be drafted, reviewed and approved locally, but we do expect Town Deal Boards to agree on the Town Investment Plan being submitted.

Towns Fund Acceleration

26. How much will each town get?

Each of the 101 towns selected to work towards a Town Deal will be able to access funding of either £500,000, £750,000 or £1m depending on their population size.

27. What will towns be able to do with the money?

The accelerated funding for Town Deal towns will primarily support:

- Improvements to or new parks, green spaces and sustainable transport links
- Improvements to high streets and town centres, including repurposing empty properties
- Demolition or site remediation that improves the overall look and feel of a town.

28. Why are you doing this now?

Now more than ever towns and high streets need our support to restore pride and confidence, and build better, stronger local economies for the long term. The early investment will kick-start activity in towns and high streets across the country, ensuring local people can see and feel the benefit as soon as possible.

29. If you are in the first cohort, would it be preferred to confirm how the accelerated funding is being used along with the TIP submission?

We are asking Cohort 1 towns to confirm how the accelerated funding is being used at the same time they submit their TIPs – i.e. by 31 July.

30. Does the capital funding have to be spent this financial year, or does the funded project(s) have to be completed this financial year?

We recognise that whole projects may not be deliverable within the shorter timescale. Where accelerated funding is requested to deliver a specific phase of a project, this is permissible subject to the ability of the specific phase to deliver tangible benefits in the town, and the work on this phase to be carried out this year.

We would expect to see substantive progress in spending the funding in ways to make immediate impacts in towns. We would also expect towns to evidence the use of this capital funding by the end of the financial year.

31. What level of business case will be required from MHCLG for these accelerated projects?

Your S151 officer will need to write to MHCLG to confirm this is value for money and can be delivered this year.

32. Is the accelerated funding in addition to the potential £25m or will it be netted off?

Town Investment Plans (which are the basis of a Town Deal) will be assessed on their own merits and the exact amount of money offered under a town deal will be based on this assessment.