

Introduction

1. Government launched the Towns Funds programme in November 2019 with the publication of a Prospectus and some initial advice and demands on how to proceed with the programme. Due to COVID-19 the programme became delayed with additional guidance only published in June 2020. The full guidance confirms the activities and timelines to successfully access up to £25m of Towns Fund monies.
2. The original Town Fund prospectus and the supplementary guidance published in June 20 is available [here](#). The HBC Town Deal webpage is [here](#).
3. The overarching objective of the Towns Funds remains the same as in the original prospectus: to drive the sustainable economic regeneration of our towns for long-term economic and productivity growth. However, the funds may take on a further purpose in helping us recover and rebound from the current Covid-19 crisis.
4. It is important to note that from the governments perspective the Towns Fund is part of its ambition to 'level up this country and make it a better place for everyone to live and work' (Simon Clarke MP, Minister for Regional Growth and Local Government).
5. After the initial November 2019 guidance, Hastings established the Town Board and meetings, held a visioning exercise and submitted a [checklist](#) to MHCLG regarding the readiness of proposals for the fund within a Town Investment Plan (TIP).
6. The June 2020 guidance is intended to enable towns to complete and submit their TIPs and work with MHCLG to agree their Town Deals. It sets out key information about interventions in scope, and the roles of different stakeholders throughout the process, and shows the path towards the implementation of Town Deals.

Towns Fund Agreement Process

7. The diagram (page 6) summarises the process for agreeing Town Deals and starting implementation. There are two phases, with a decision gateway at the end of each.
8. First, towns will have to develop TIPs, which will be assessed by MHCLG and Heads of Terms offered to towns with submissions of a 'sufficient' quality.
9. Towns will then develop agreed projects and business cases in detail, and government will assess that information before releasing funding for implementation.
10. Towns will be able to submit their TIPs in three cohorts, depending on when they are ready: **July 20; October 20 and January 21**. The government has made it clear that should towns fail to submit a TIP of sufficient quality, they will be given one more opportunity to do so. If they fail a second time, they will no longer be eligible for a deal.
11. A Government resourced 'Towns Hub' has been established to provide Town Deal Boards with the support to successfully complete the process.

Towns Fund purpose

12. The overarching aim of the Towns Fund is to **drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth**. It will also be a recovery route after the impact of Covid-19.
13. There are three themes for investment:

Urban regeneration

Ensuring towns are thriving places for people to live and work, including by:

- Increasing density in town centres;

- Strengthening local economic assets including local cultural assets;
- Site acquisition, preparation, remediation, and/or development; and
- Making full use of planning tools to bring strategic direction and change.

Skills and enterprise infrastructure

- Driving private sector investment and small business development; and
- Ensuring towns have the space to support skills and small business development.

Connectivity

- Developing local transport schemes that complement regional and national networks; and
- Supporting the delivery of improved digital connectivity.

14. There is flexibility for towns to prioritise investment across the town – in gateway areas, key education or employment sites. There is also recognition town centres and high streets are facing challenges. A clear plan for the town centre needs to be provided and be included as part of the spatial strategy in our TIP.

15. **The Towns Fund investments are not intended to target the social challenges directly**; these will be covered by other government policy and departments (see Annex B, page 40 for potential funders including DfE, DWP etc) – although we may include actions and investments in these spheres as part of the wider Town Deal.

16. TIPs need to be guided by sustainability – economic, environmental, and social and take into account the principles of clean growth.

What should be in a Town Deal?

17. A Town Deal is an agreement in principle between government, the Lead Council and the Town Deal Board, confirmed in a Heads of Terms document. It will set out a vision and strategy for the town, and what each party agrees to do to achieve this vision.

18. This document will be signed by MHCLG. Other signatories are likely to be the chief executive or leader of the local authority and the chair of the Town Deal Board. **Town Deals will cover a period of up to five years.**

19. Each town has been invited to put together proposals for up to £25 million from the Towns Fund – although more than £25 million will be considered in exceptional cases.

20. The core funding component of a Town Deal will be money from the Towns Fund. Towns are not in competition with one another, the amount of Town Deal funding accessed is solely dependent on the quality of the proposals in the individual TIP.

21. The Town Deal should also be a ‘wrapper’ for other investments, whether from other government departments or private investors. The government would like the Towns Fund money to provide additionality, and help to bring in other funding, so Town Deals become more than the sum of their parts.

22. The Town Deal offers the council the ability to develop direct relationships with government departments and funding sources outside of the normal structures and its competitive landscape.

Towns Fund Interventions

23. The Towns Fund is primarily a capital fund (90%). Towns are asked to ensure that their funding bids concentrate on capital spend on tangible assets. There may be scope for a small amount of revenue funding to support implementation of the capital projects.

24. All interventions should be designed to help generate local inclusive economic growth whilst considering the principle of clean growth.

25. Interventions supported through the Towns Fund should be developed with input from the community. The government also want to support towns that are targeting interventions that will play a role in their immediate economic recovery.
26. The guidance provides a full intervention framework to select from for the TIP, detailing suggested interventions, related outputs, strategy linkages and outcomes expected (see page 10 and Annex A, page 41).
27. 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) and [here](#).
28. The profile of the overall fund is for five years from 2021 to 2026.
29. Towns should not bid for the full £25 million or more unless there is an objective rationale to do so. Any that do will be subject to a higher level of scrutiny and will be limited to the most ambitious and credible investment plans (e.g. shows transformational impacts for the region or at a national level).
30. It should be noted that the coherence of the TIP (i.e. the complementarity of project proposals and their alignment with the town vision and strategic planning) plays a key role in its assessment.

Alignment with other initiatives and funding

31. The Town Deal needs to be aligned with other existing government funds and initiatives. Towns are asked to consider and develop proposals on how the Towns Fund money may help crowd in and leverage other sources of funding.
32. For some of the other funding programmes the application process may happen in parallel to the Towns Fund process. They are however likely to have their own application and decision-making processes. The government will work to ensure it is joined up in how it assesses and awards these funds. Should this be agreed, alignment of the funds needs to be included as part of the Town Deal.

Co-funding and match funding

33. The government would like to see co-funding and match funding where possible. They encourage leveraging additional funding from other sources such as the private sector.
34. The government recognise that this may be difficult to achieve in some towns and will respect the different opportunities and constraints faced by each town, therefore there is no minimum level requirements set for match funding or for private investment.
35. As a minimum we need to evidence that we have fully explored investment opportunities and sought to initiate discussions with potential investors as early as possible. Evidence of buy-in already secured either recently or built up over a number of years from private investors is required

Phase 1: Preparing a Town Investment Plan

36. Town Deal Boards are responsible for developing a TIP that sets out a clear vision and strategy for the town. A TIP will be used as the basis for agreeing the Town Deal, including the specific projects which will be funded and the agreement in principle/Heads of Terms (before entering into phase 2 where funding may be granted).
37. TIPs should build on and recognise the good work that has already been undertaken in towns. The final Plan should be published on the lead council's website.
38. Ahead of agreeing a Town Deal, checks will be undertaken to ensure Town Deal Boards are meeting all the governance expectations set out here and in the Towns Fund

Prospectus (including conflicts of interest and decision-making process).

Community Engagement

39. Interventions supported through the Towns Fund should have the support of the community, through early and ongoing engagement and genuine partnership arrangements. The community should feel a genuine sense of ownership of the TIP and its proposals.
40. This is a key part of developing the Plan and we need to demonstrate that the buy-in has been achieved. Every TIP should also include a **stakeholder engagement plan** (see page 19).

Content of the Town Investment Plan

41. The Town Investment Plan should be in two sections; section 1 setting out the context, strategy and process planning; and section 2 setting out the details of project proposals.
42. The Town Investment Plans should:
 - Set out investment priorities that could drive economic growth, supported by clear evidence, building on the strengths and assets of the town
 - Demonstrate how investment will be targeted into the economic infrastructure listed around the objective of the fund
 - Build on and add to existing partnerships and plans for the town, and complement pre-existing strategies such as Local Industrial Strategies, Skills Advisory Panel analysis, spatial strategies and local transport plans
 - Consider the wider strategic approach, including Northern Powerhouse, Midlands Engine, the Oxford-Cambridge Arc and other pan regional strategies
 - Align with the government's clean growth objectives
43. *Towns are expected to indicate where projects proposed are already well-developed and could be taken forwards quickly – e.g. where a business case already exists, planning permissions secured, or are otherwise 'shovel ready'. In these instances, MHCLG would support towns to complete the second stage of the process quickly for those projects, so that funding can be released as soon as possible.*

Project assessment

44. Where the TIP 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.
45. All towns will be able to put forward project proposals totalling up to £25 million (or more in exceptional circumstances). The exact amount offered, however, will depend on the total of all the projects that are assessed as viable. Requests above £25m will have a higher level of scrutiny, need to show wider regional impact and will be limited to £50m.
46. At this stage, **full** business case development is not required. Towns will progress to developing business cases for agreed projects once Heads of Terms has been agreed.

Phase 2: Developing detailed projects and business cases

47. Towns will have up to **one year** from initial agreement (about 2 months after TIP submission) to develop agreed projects in detail, complete and assure comprehensive business cases, and submit a Summary Document to MHCLG to show that this has been completed in line with the agreed conditions and requirements in the Heads of Terms.
48. During this phase, Towns will be in close contact with their named Towns Hub lead. The Towns Hub will ensure support is available to towns who need it most.
49. Government will work with relevant partners nationally and regionally to ensure complementarity with other initiatives, and to create opportunities for towns to connect

with each other where there are shared interests (e.g. if they are undergoing similar projects).

Assessing detailed project submissions

50. Once towns have developed detailed business cases for their agreed projects and submitted all the required documentation, government will carry out a high-level assessment of the document before releasing funding, including a check of Town Investment Plan stage criteria, confirming whether Heads of Terms criteria have been met.
51. Once the Town Deal is agreed, funding for the first financial year will be released to the Lead Council.

Implementation

52. When the first year of funding is released, implementation of the Town Deal will proceed, with each following year's funding delivered based on progress.
53. To ensure the successful delivery of their projects, towns – led by the Lead Council – will implement agreed projects and set up internal monitoring and evaluation arrangements. Lead Councils will also need to meet the external monitoring and evaluation conditions and ensure they submit regular reports to timetable.

Monitoring and Evaluation of the Towns Fund

54. A condition of receiving Towns Fund funding will be providing regular feedback on progress, to allow for monitoring and evaluation of projects.
55. At least every six months (or more regularly) Lead Councils will be required to provide government with a comprehensive set of data relating to each Town Deal project, including both total and forecast spend, and output metrics. These returns will need to be scrutinised and signed off by the Accountable Body's Section 151 Officer or equivalent.

The Towns Hub support

56. This Towns Hub consists of the central towns team within the Cities and Local Growth Unit (CLGU) in MHCLG, towns-focused colleagues in CLGU's regional teams, and the Towns Fund Delivery Partnership led by Arup.
57. Each town has a named representative from the Hub in the CLGU regional team, and one in the Towns Fund Delivery Partnership. The named contacts will be towns' first points of contact for guidance and will continue to provide support throughout the development of your Town Investment Plan and beyond.
58. The Towns Hub will also evaluate the emerging Town Investment Plans, encourage innovation in addressing the needs of towns, share best practice, case studies of successful town regeneration and evidence of **what works** and build on the Towns Fund investments for potential future support to towns from across government.
59. The Towns Hub will also provide central coordination and develop shared resources. This includes developing a package of expert support with an external contractor. The support offered will vary according to the needs of the Town Deal Board, and the timescales agreed to develop and submit the plans.

