

# THE UK GOVERNMENT'S 'LONG-TERM PLAN FOR TOWNS'

## An assessment

### The announcement

On 1 October the UK government published what it calls *Our Long-Term Plan for Towns*.

The plan carries a foreword by the Prime Minister. "Politicians have focussed on cities and always taken towns for granted" he says. "Generations of young people have grown up thinking that the only way to get on is to get out" and "since the financial crisis, jobs growth in towns has been half that in cities, and a quarter of that in London". For those who have long argued that towns have been neglected, this is heartening stuff. But what exactly is the government offering?

The plan is to invest £1.1bn into 55 selected towns across England, Scotland and Wales<sup>1</sup>. All but six of the towns are in Britain's less prosperous regions (Midlands, North, Scotland, Wales) and two-thirds of the towns are 'older industrial' in character.

Each town will receive a ten-year endowment-style fund worth £20m. 75 per cent of the funding is expected to be spent on capital projects. A new Town Board will be established in each town in England bringing together community leaders, employers, local authorities and the local MP to develop a shared vision for the town and oversee the funding. The government expects these boards to be chaired by a local business or community leader. The board will be required to develop a ten-year plan for the town and, in collaboration with local authorities, will have access to a toolkit of new powers shortly coming into force. A Towns Taskforce is also being established to give towns a voice in government.

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<sup>1</sup> *East Midlands*: Mansfield, Boston, Worksop, Skegness, Newark, Chesterfield, Clifton, Spalding, Ashfield

*East of England*: Clacton, Great Yarmouth

*North East*: Eston, Jarrow, Washington, Blyth, Hartlepool, Spennymoor

*North West*: Darwen, Chadderton, Heywood, Ashton-under-Lyne, Accrington, Leigh, Farnworth, Nelson, Kirkby, Burnley

*South East*: Hastings, Bexhill, Ryde

*South West*: Torquay

*West Midlands*: Smethwick, Darlaston, Bilston, Dudley

*Yorkshire & Humber*: Grimsby, Castleford, Doncaster, Rotherham, Barnsley, Scunthorpe, Keighley, Dewsbury, Scarborough

*Wales*: Merthyr Tydfil, Cwmbran, Wrexham, Barry

*Scotland*: Greenock, Irvine, Kilmarnock, Coatbridge, Clydebank, Dumfries, Elgin

## Where's the money coming from?

Governments don't usually conjure up new money when there's a big budget deficit. The new funding for the towns is almost certainly the money that would have been spent on round 3 of the Levelling Up Fund. The announcement doesn't actually say so but the Budget in March flagged up that there was another £1bn of Levelling Up Fund money to be allocated later in 2023. What's more, in the supporting documentation to the new initiative there is no mention of a third round.

It's not difficult to see why the government has gone down this route. All the Levelling Up Fund monies were meant to be spent by March 2025, when the present Spending Round ends. It would have been nigh-on impossible to mount a third competitive bidding round and complete all the projects within just 18 months. By allocating the funding to towns as endowments, the Department for Levelling Up has also found a clever way to get all the money 'out of the door' even if it is then spent over a longer period. That should keep the Treasury off its back.

## Shortcomings

### 1. DERISORY COVERAGE

The documentation states that in England and Wales "towns are home to 56 per cent of our people" – that's 33 million people in all. The 48 towns targeted in England and Wales have a combined population of just 2.3 million<sup>2</sup>. That means that just 7 per cent of the population of towns – one-in-fourteen – is being targeted by the new initiative. Adding in Scotland doesn't change this figure.

What needs to be kept in mind here is that it is just 'towns' that are being funded, not the local authority as a whole. For example, within Barnsley borough (pop. 245,000) the money is just for Barnsley town itself (pop. 71,000). The rest of the borough, including its smaller towns, doesn't get anything.

The government is trying to target towns according to need, so it would be unreasonable to expect all or most towns to benefit from the new initiative. But if 'need' is the key consideration the initiative might have been expected to cover a far higher proportion of towns and a far greater population. 'Need' extends far beyond just this handful of towns.

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<sup>2</sup> This population figure uses the same definition of the towns and the same data as the UK government, as set out in the supplementary document *Long-Term Plan for Towns: towns selection methodology note*.

## 2. CLUMSY SELECTION

An article in the *Local Government Chronicle*<sup>3</sup> noted that almost two-thirds of the towns awarded funding are in marginal constituencies where the sitting MP has a majority of 10,000 or less. There are echoes here of ministers' allocation of the Towns Fund, back in 2019, in which marginal seats figured strongly.

The government's note on methodology explains that civil servants went through a three-stage process: ranking authorities according to need using a range of statistics, applying a size threshold and regional caps, and selecting the most deprived built-up area in each authority. The note adds that "the Secretary of State...approved the overall methodology. He did not add or remove any local authorities or towns from the process".

If the selection has identified a lot of towns in marginal constituencies, that's because towns are these days the main political battleground. The cities tend to be solidly Labour, and rural areas solidly Conservative.

But the selection process has been clumsy:

- If a town has a population of less than 20,000 it was automatically ruled out. This disqualified many former coalfield areas, where there tend to be numerous small towns.
- If a town has a population of more than 100,000 – which hardly makes it a city – it was automatically disqualified too, even if it was in demonstrable need.
- Limiting each authority to a maximum of one town discriminated in favour of small district councils (e.g. in the East Midlands) against large unitary authorities (e.g. County Durham).
- In Scotland and Wales, sub-regional caps were applied to the number of qualifying towns. There were no similar caps in the English regions. The effect in Wales has been to limit the number in the Valleys to just two (Merthyr and Cwmbran) even though many Valley towns are among the most deprived in the UK.
- It seems inexplicable that no towns in the East of Scotland have been selected (is this the size cut-offs at work??) or indeed in Cumbria (is this because the big new unitary authorities dilute measured disadvantage??).

There really should be consultation on selection criteria, in this context and many others. This used to take place, for example in drawing the UK's Assisted Area map. Consultation takes time and effort but it helps avoid mistakes and means that the outcomes are more likely to command confidence.

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<sup>3</sup> Local Government Chronicle, '*Marginal seats dominate latest towns funding*', by Sarah Calkin and Caitlin Webb, 3 October 2023.

### 3. INADEQUATE FUNDING

£20m for each of the selected towns will be welcome, but it really isn't a lot these days. It is likely to be helpful but not transformational.

To use Barnsley as an example again – redevelopment of the town centre has just been completed at a cost of £200m, ten times the sum now being allocated to the town by the government. Or more strikingly, on current costings (almost £400m per mile) £20m would pay for just less than 100 yards of HS2.

The additional funding should also be seen in the context of the large reductions in government grant that local authorities have experienced since 2010. In evidence to a recent inquiry<sup>4</sup>, Wigan Council put the loss at £484 per head – in a borough of 330,000 people that's £160m a year. The additional funding that Leigh (a town in Wigan borough) will receive – effectively £2m a year over ten years – rather pales by comparison.

### 4. QUESTIONABLE FOCUS

The government specifies three priorities for use of the funding:

- safety and security
- high streets, heritage and regeneration
- transport and connectivity

These are all worthy. The documentation points to a strong focus on town centres in particular – for example on crime, on vacant retail properties, on repurposing historic buildings, and on transport and pedestrian links into town centres. In this regard, several aspects of the new initiative seem not unlike the existing Future High Streets Fund.

That's fine up to a point, but in many of the most disadvantaged towns, especially older industrial towns, the core problem is an underlying weakness in the local economy. Increase the number of jobs in the local economy, boost wage levels and raise the employment rate among residents and the resulting increase in spending power should go a long way towards supporting town centres.

Unfortunately, there is little in the specification of the new initiative about strengthening the wider local economy, whether by attracting new businesses, supporting the growth of existing businesses or up-skilling the local workforce.

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<sup>4</sup> All-Party Parliamentary Group on Coalfield Communities (2023) *Next Steps in Levelling Up the Former Coalfields*, APPG, Westminster.

## 5. MARGINALISATION OF LOCAL AUTHORITIES

The language in the Prime Minister's foreword to the proposals is quite alarming:

*“On the occasions over the years when governments have tried to help towns, the story has always been the same. Short-term funding pots, often put in the control of councils that are already failing, with little or no consultation with the people that really matter – local people. It's time to invest directly in the places that need it most, not politicians that squander the most.”*

It is hardly surprising therefore that the Town Boards set up to oversee the funds are to be “made up of local community leaders and employers – putting local people, not politicians, in charge of their own town's future”. One wonders what the government sees as the purpose of local councillors and local elections.

But will government really be able to marginalise local authorities so comprehensively? Who is going to do the hard work in setting up the Town Boards – that's not specified in the documentation – who is going to provide their officer support, and who is going to hold the money in a bank account?

## 6. BY-PASSING THE DEVOLVED ADMINISTRATIONS

There's no evidence in the documentation that the devolved administrations in Scotland and Wales have been consulted in any way in the development of this new initiative. The UK government's intention is simply to use its powers under the Internal Market Act to intervene to provide support for four towns in Wales and seven in Scotland.

The best the UK government is able to offer is that “in Scotland and Wales we will also work with local partners, including local authorities and the devolved administrations, to make sure funding and support aligns with other programmes to have the best possible impact”.

**National Secretariat  
Industrial Communities Alliance**

**4 October 2023**