

**AGENDA ITEM 12****REPORT TO THE TEES VALLEY  
COMBINED AUTHORITY CABINET****27<sup>th</sup> NOVEMBER 2020****REPORT OF THE DIRECTOR OF  
FINANCE AND RESOURCES****ADOPTION OF INVESTMENT PLAN, BUDGET 2021-22 AND MEDIUM-TERM  
FINANCIAL PLAN****SUMMARY**

The TVCA constitution requires that the Combined Authority annually sets out proposals for allocation of resources in an Investment Plan, which must be formally adopted by Cabinet each year. The current Investment Plan covers the period from 1 April 2019 to 31 March 2029. Where the annual Investment Plan proposal involves changes to funding priorities or commitments to projects and proposals already agreed, unanimous approval of Cabinet is required to enact the change.

Additionally, the Constitution requires that the Chief Executive and Director of Finance and Resources submit a draft budget to Cabinet on an annual basis for consideration and approval for the purposes of consultation. The Budget provides the financial framework within which the Combined Authority will operate in the forthcoming financial year (2021-2022) and over the medium-term.

In accordance with the statutory requirements, the draft budget shall separate Non-Investment plan expenditure into:

- Proposed expenditure on the Mayors General Functions; and
- Proposed expenditure on Combined Authority Functions.

This report includes the proposals for adoption of the high-level financial allocation within the Investment Plan 2019-29 and provides the draft budget for 2021-22 for the purposes of consultation. There are no proposed expenditure items on the Mayors General Functions within this paper.

Approval by the Cabinet to consult on the budget proposals shall not be taken to predetermine their final approval, or the position of the Mayor or individual Cabinet members, with or without amendments, following consultation. Consultation shall take place on the draft Budget for such a period, and with such consultees as the Cabinet shall determine; and the consultees shall include the Local Enterprise Partnership, the Overview and Scrutiny Committee, representatives of the business community, higher and further education institutions and the Constituent Authorities.

## **RECOMMENDATION**

It is recommended the Combined Authority Cabinet agrees the high-level financial allocations for the Investment Plan 2019-29 and considers and approves the Draft Budget and Investment Plan for 2021-22 for the purposes of consultation.

## **DETAIL**

This report provides details of the refreshed high-level financial allocations within the Investment Plan 2019-29 two years on from the agreement of the 10-year Investment Plan and provides the draft Budget to Cabinet for consideration and approval for the purposes of consultation. Subject to the agreement of Cabinet the draft Budget will be published for public consultation during the period 27 November 2020 to 31 December 2020. During this period the draft Budget will be subject to scrutiny through the Combined Authority Overview and Scrutiny Committee and will also be considered at the respective meetings of the Tees Valley Directors of Resources, Tees Valley Management Group and Local Authority Chief Executives.

The comments received regarding the draft Budget will be considered and, where appropriate, reflected in a revised Budget proposal from the Mayor due to be presented at Cabinet in January 2021. This complies with the constitutional requirement that before 1st February, having taken into account the draft Budget prepared by the Chief Executive and Director of Finance and Resources, the consultation responses, and any other relevant factor, the Mayor shall propose the Combined Authority's draft Budget to Cabinet.

## **BUDGET SUMMARY**

1. There are no proposed amendments to the Investment Plan and its value remains at £588.2 million for the 10-year Period to 31 March 2029.
2. This report sets out the proposed Budget for 2021-22 and the medium-term financial plan (MTFP) for the period to March 2025 (the Budget). The Budget presents all forecast funding and expenditure for the plan period.
3. There is no proposed expenditure relating to Mayors General Functions and no precepts are proposed in relation to this. All proposed expenditure is designated at relating to Combined Authority Functions.
4. For the MTFP period, the Authority will have a total of £770.8 million available funding resources. This comprises £597.8 million funding to be received in the period and £173 million devolved deal forward funding. In addition to this the Authority will utilise £79.1 million of usable reserves during the period
5. The Investment Plan expenditure and forecast for the period to March 2021 is £153.7m. Committed expenditure for the investment plan medium-term financial plan period (2021-25) is £338.6m with the remaining balance of the current Investment Plan £95.9m scheduled for 2025-2029. The total indicative funding allocation over the medium-term financial plan period, including the Investment Plan, is budgeted at £849.9 million.

## **COVID-19 RESPONSE**

6. The Combined Authority, working with partners, has developed a Covid-19 Economic Recovery Action Plan for the Tees Valley. This action plan is designed to support economic growth for the Tees Valley and will build on the strategic and operational

recovery plans led and coordinated by Tees Valley local authorities. The action plan has been informed by an independent report developed with the following key steps: -

- Part 1: Understanding the impact of Covid-19 on the Tees Valley economy
  - Part 2: Recommend interventions at the local and national level to support recovery
  - Part 3: Value for money assessment
7. The TVCA Economic Recovery Action Plan is an ambitious recovery package to address the regions needs and opportunities and is set out over six core themes.
- Confident People, Confident Businesses
  - Education, Skills and Jobs
  - Agile Companies and Competitive Workers
  - The building blocks for growth
  - Supporting health for growth
  - Bringing Business home
8. Regular engagement and updates regarding the Economic Recovery implications of Covid-19 have been provided to both Cabinet and the Local Enterprise Partnership.
9. The 2021-22 Budget, Medium Term Financial Plan and Investment Plan have all been reviewed in light of the Covid-19 pandemic and the Economic Recovery Action Plan. Whilst the core themes have not been amended at the headline allocation level for 2021-22 onwards, there have been several areas within these allocations that have supported the response to Covid-19 this financial year: -
- Additional allocations
- Getting Britain Building Fund £17.4m additional allocation
  - Back to Business Fund £1.2m
  - Brownfield Housing Fund £19.8m
  - SME growth funding c£1m to increase intervention rate from 33% to 50%
- Use of existing allocations
- Welcome back fund - fund established to help hospitality and tourism businesses across the region reopen and recover from the impact of the coronavirus pandemic has supported more than 500 businesses – allowing thousands of local people return to work safely. £1m investment.
  - Apprenticeship scheme - fund to support the wages of more than 100 apprentices as part of the region’s coronavirus response. £1million to encourage businesses to offer employment to more 16-20-year-olds across Tees Valley in a bid to reverse the decline of apprenticeship creation as a result of the coronavirus pandemic. The money will be used to fund 100% of the apprentices’ wages in their first six months of employment, and 50% for the remainder of the apprenticeship, up to a maximum of two years.
  - Business advice line - set up a new call centre to offer advice and support to businesses across Teesside, Darlington and Hartlepool affected by the coronavirus outbreak. As well as providing specific advice to businesses across the region, the service has also been able to direct callers to other organisations who can provide the appropriate advice where necessary.
  - Reprioritisation of business team resources
  - Middlesbrough Foundation free school meals
10. This approach is intended to continue as required during the course of 2021-22 subject to consultation with the Tees Valley Local Authorities, Local Enterprise Partnership and all TVCA partners. The Investment Plan requires unanimous approval for any changes in respect of allocations.

## EXPENDITURE

11. The below table summarises the projected expenditure across the medium term and the investment plan period.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Transport	50,095	19,642	40,290	77,762	2,917	5,594	60,400	256,700
Education, Employment & Skills	1,037	6,172	12,791	5,000	5,000	5,000	20,000	55,000
Business Growth	14,266	51,025	37,212	20,920	5,557	3,597	13,923	146,500
Culture & Tourism	252	3,075	17,316	19,189	11,125	9,043	0	60,000
Research, Development & Innovation	2	1,704	8,527	6,234	1,338	618	1,577	20,000
Place	1,250	5,159	11,282	21,302	11,007	0	0	50,000
<b>Investment Plan Total</b>	<b>66,902</b>	<b>86,777</b>	<b>127,418</b>	<b>150,407</b>	<b>36,944</b>	<b>23,852</b>	<b>95,900</b>	<b>588,200</b>
Adult Education	15,936	30,907	31,074	30,613	30,613	30,613	126,514	296,270
Pass-through budgets (Transport)	30,499	30,133	30,133	30,133	30,133	30,133	120,533	301,697
Other Approved Projects	36,323	67,954	148,616	44,288	7,760	3,608	13,729	322,278
Core Running Costs	4,815	4,813	5,413	4,813	4,813	5,413	19,852	49,932
Loan Principal (MRP)	1,224	1,306	3,195	5,883	7,905	8,670	40,220	68,403
Loan Interest	164	801	778	4,576	5,925	6,199	23,115	41,558
<b>TOTAL EXPENDITURE</b>	<b>155,863</b>	<b>222,691</b>	<b>346,627</b>	<b>270,713</b>	<b>124,093</b>	<b>108,488</b>	<b>439,863</b>	<b>1,668,338</b>

12. There are no changes in Investment Plan allocations but as reported during the year the Combined Authority have secured various other sources of funding to deliver specific projects and programmes over the period. This has resulted in changes to the total expenditure.

13. A reconciliation of these changes is provided below with all values shown representing the total additional allocations over the 10-year plan. Further details are provided in the appropriate section of the report: -

	<b>Total</b>
	<b>£'000</b>
<b>Total Expenditure last reported to Cabinet</b>	<b>1,484,088</b>
Adult Education confirmed allocations	11,251
Pass-through budgets (Transport)	(3,204)
South Tees Development Corporation business case	124,556
Brownfield Housing Fund	19,844
Getting Britain Building Fund	17,400
Pothole Challenge Fund	7,425
ERDF Business Grant	8,789
Back to Business Fund	1,230
Transport Access Fund	1,108
Other grants	1,755
Cost of borrowing	(5,904)
<b>TOTAL EXPENDITURE</b>	<b>1,668,338</b>

14. As a result of these changes the total expenditure budget over the 10-year period has increased by £184.2 million from £1,484.1 million to £1,668.3 million.

### Tees Valley Investment Plan 2019-29

15. There are no changes to the overall allocations in the investment plan however as business cases for projects and programmes have been developed the expenditure profile has become more certain and that is reflected in this revised budget.

### Transport

Investment Plan	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	50,095	19,642	40,290	77,762	2,917	5,594	60,400	<b>256,700</b>

16. The Tees Valley Strategic Transport Plan (STP) was adopted in January 2020 and provides the framework for £256.7m of investment into transport projects with the aim of providing “a high-quality, quick, affordable, reliable, low carbon and safe transport network for people and freight to move within, to and from Tees Valley”.

17. A Transport Investment Prospectus has been produced for the period 2023-2027 setting out the level of long-term investment that is required to deliver the ambitions set out in the STP. The prospectus articulates a statement of ambition and is being

used to secure the best possible future devolved transport settlement from Government.

### Rail Network Investments

18. Cabinet has previously approved significant funding to develop strategic rail infrastructure projects that will unlock network capacity, and this forms a significant element of the Integrated Transport Plan. A total of £49m has been earmarked as TVCA's contribution to major transformation projects at Darlington, Middlesbrough and Hartlepool stations and this sum is expected to leverage £100m of additional funding.
19. The Darlington station project will enable more frequent and faster local and national services and futureproof the station for the future needs of the railway. Funding has been secured from the Department for Transport (DfT) to help fund the development of the Full Business Case which will be completed in Summer 2021.
20. Furthermore, funding from the DfT has also been secured for the development work at Middlesbrough Station, with the first phase of delivery on this project due to commence in early 2021.
21. TVCA is funding feasibility work on the reinstatement of the redundant second platform at Hartlepool Station.
22. All three projects will collectively unlock capacity constraints on the Tees Valley Rail Network. This will enable faster, more frequent and better-quality services, with improved national connectivity and better connectivity between stations within Tees Valley.
23. A further £15.5m of investment is being used to deliver improvements for all users at Billingham, Eaglescliffe and Teesside International Airport stations.

### Road Network Investments

24. A new A19 Tees Crossing was identified as a high priority in the Tees Valley Devolution Agreement and is recognised as such in the Strategic Economic Plan, the Strategic Transport Plan and the refreshed Investment Plan.
25. TVCA originally submitted an Outline Business Case (OBC) to the DfT in October 2019. Feedback at the time was positive, but the onset of COVID-19 meant that the DfT appraisal and approval process was put on hold. In recent months there has been further engagement with DfT, and progress has been made on agreeing a way forward. TVCA has submitted a revised OBC addressing several issues as requested by the DfT. Furthermore, the Portrack Relief Road is being progressed separately as an enabler to the A19 Tees Viaduct.
26. TVCA is also developing business cases for the A689 corridor improvements and Darlington Northern Link Road and both are on track to be completed by January 2021.

### Bus Network Investments

27. Key bus corridors have been identified across Tees Valley and proposals are currently being developed for bus network infrastructure improvements. There is an allocation of £4m from the Integrated Transport Programme for this project.
28. This is being complemented by work to establish a bus partnership between TVCA, the local authorities and bus operators to work collaboratively to address key issues and make further improvements to the operation of the network.

### Cycling and Walking Network Investments

29. A Local Cycling and Walking Infrastructure Plan has been developed and is the framework for investment to improve cycling and walking infrastructure. Key cycling and walking corridors have been identified in every local authority area. Proposals are being developed to deliver the first phases of these schemes using £4m of TVCA investment supplemented with a bid to the DfT for additional funding, the outcome of which is still awaited.

### Social Opportunity Investments

30. The Tees Flex service was launched in February 2020 to provide better access for communities in Darlington, Hartlepool, Redcar & Cleveland and Stockton-on-Tees not served by commercial bus services. The service has seen strong passenger growth, despite the impact of COVID-19, with positive customer feedback. The service coverage has recently been expanded in response to customer and stakeholder feedback.
31. The Wheels to Work project provides an affordable means to access employment and training opportunities for those without access to public transport or the means to purchase or hire their own private vehicle. This project is set to be expanded over the coming year and this is subject to a separate report to the November Cabinet.

### Technology, Carbon Reduction and Environment Investments

32. The Integrated Transport Programme also includes proposed investments in:-
- the region's Urban Traffic Management and Control (UTMC) system to utilise technology to support the efficient management of the road network;
  - Electric vehicle infrastructure to facilitate the uptake of electric vehicles; and
  - Hydrogen as an alternative fuel to support Tees Valley's designation as the national hydrogen transport hub.

### Teesside Airport

33. The Cabinet has received a Business Plan update report in respect of Teesside International Airport for the period 2021-2029. The updated Business Plan does not require the Combined Authority to increase its previously approved funding allocation to the airport. The key short- and medium-term risk to the delivery of the TIA Business Plan is the uncertainty surrounding the ongoing Covid 19 pandemic and its effect on the aviation industry generally and the airport. The airport senior management team will continue to monitor and manage this risk and develop strategies for the growth and development of the airport.

## Education, Employment & Skills

Investment Plan	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	1,037	6,172	12,791	5,000	5,000	5,000	20,000	55,000

34. The Investment Plan allocated £15 million for skills capital and the Combined Authority has also worked collaboratively with the Northern School of Art and Middlesbrough Council on the relocation of the Northern School of Art's Further Education Campus Middlesbrough. The project is now into delivery phase with a completion date of September 2021.
35. The new 2021-24 Education, Employment and Skills Strategy and associated Delivery Plan is in development and will be launched in Spring 2021. The delivery plan will include detail regarding the revenue investment priorities for this theme that will aim to increase employment levels and ensure businesses can access an available and skilled workforce, now and in the future. Addressing increasing unemployment levels, skills development, careers education and job creation will be at the heart of this plan.

## Business Growth

Investment Plan	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	14,266	51,025	37,212	20,920	5,557	3,597	13,923	146,500

### Teesworks site Projects

36. The Investment Plan has £56.5m allocated to the South Tees Development Corporation for development of the [Teesworks site](#) which is the UK's largest and most connected industrial zone, home to diverse, sustainable and low-carbon activity. The land has been acquired as part of the Compulsory Purchase Order (CPO) process, £125m of funding secured from Central Government, acquisition of South Tees Site Company Ltd into local control from the Department of Business, Energy and Industrial Strategy (BEIS) and development activity is underway on the site with a strong focus on local labour and supply chains to enable the site development.
37. Boho "The Digital City" project (£26.5 million) has been confirmed utilising existing Business Growth infrastructure budgets (£20 million) and Middlesbrough Borough Council Indigenous Growth funding (£6.5 million). The project is designed to create a digital campus which will ensure that Tees Valley becomes a recognised centre for digital media investment both nationally and internationally. It will provide the environment for businesses to design, enable, create, and grow new digital opportunities and put Middlesbrough at the heart of the most important and rapidly evolving industries in the world.



38. The £20 million 'Welcome to Redcar & Cleveland' Programme has been developed to promote area regeneration in support of economic growth in the tourism and visitor economy of R&C and the wider Tees Valley. The range of projects within the programme will act as a key catalyst to promote, attract a sustainable visitor economy as part of its wider place-based regeneration plans for the Borough in line with national policy.
39. Stockton's allocation of £20 million will be utilised to deliver the vision for Stockton Town Centre which is to create a vibrant, modern town centre by building on past investment to provide a sustainable retail offer that safeguards the traditional function of the High Street whilst creating a space that enables diversification of uses through a combination of public and private investment, capitalises on the proximity of the River Tees as a significant natural asset and creates investor confidence through increased footfall and new uses.

#### Business Support Programme

40. Since the £35m Business Growth Programme was approved by Cabinet (utilising £30m investment plan and £5m pre-investment plan allocation) delivery has been undertaken during a period of significant economic challenge. The programme has reacted to the COVID crisis and delivered additional central government support where possible. Despite the pandemic, the programme remains on track to meet its main objectives and demand for business support services remains strong.
41. The programme has established a central support function (The Business Gateway) which provides companies easy access to support services through one central location, bringing together the different types of support traditionally delivered as discrete projects across the region. Support is provided via a website, email portal, telephone and directly through business advisors. The services provided by the previous Business Compass project have been successfully transitioned into the new Gateway and all new support services will be delivered through the Gateway.
42. Business growth support for SME's (Small and Medium Enterprises) is currently funded through a £14.65m ERDF (European Regional Development Fund) programme launched in July 2020. The amount of funding for the project was increased due to COVID to allow for a higher grant support level of 55% (increased from 33% under the Business Compass scheme). In addition, £1.97m ERDF funding has been secured for an SME Energy Efficiency Scheme. (Due to launch Nov 2020). The TVCA business support funds are focused on larger grants (above £50k), to date nearly £6m of capital support grants have been allocated with an additional £5m under discussion. All these projects are linked to job creation.
43. COVID 19 has had a significant impact on the local economy, however demand for business growth support has remained strong, especially for grants to support capital projects. The Gateway has supported the delivery of a number of COVID specific support funds namely: Apprenticeship Grants; Welcome Back Fund; Back to Business Funds; Visitor Economy and Wider Economy; Kickstart scheme; Culture Development and Innovation Fund; Peer to Peer Programme.

#### **Culture & Tourism**

Investment Plan	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	252	3,075	17,316	19,189	11,125	9,043	0	60,000

44. The Investment Plan allocation for Culture & Tourism Programme of activity is £20m. The initial investment priorities were set out in the Investment Plan and a number of projects have already received approval through Cabinet or via delegated decision in line with the Assurance Framework. At the date of this draft report £16.5m of funding is yet to be allocated and approval is being sought at the November 2020 meeting of Cabinet, to enable the delivery of a Growth Programme for the Creative & Visitor Economies. The report incorporates the recommendations of the independent Cultural Industries & Visitor Economy Recovery Task Force and describes a programme that will be focused on economic recovery, regeneration and growth through the sustainable development of the creative and visitor sectors.

45. Allocations of £20 million each have been provided for two main capital priorities: Darlington – Stockton Railway Heritage Quarter and Hartlepool Waterfront. Both projects are currently undergoing detailed business case development.

## Research, Development & Innovation

Investment Plan	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	2	1,704	8,527	6,234	1,338	618	1,577	20,000

46. The innovation programme, approved at the January Cabinet is focused on supporting the key sector areas identified in the SEP, namely, bio science, digital, advanced engineering and clean growth. The programme has several linked activities to provide the cornerstones for growth in these sectors as well as funding for key industrial networks. Key projects include support for a bioscience incubator and wider bioscience innovation support, a net zero hydrogen innovation centre supporting clean growth and advanced engineering and support for future digital research projects. The programme will leverage national funds wherever possible to maximise the impact for the Tees Valley.

## Place

Investment Plan	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	1,250	5,159	11,282	21,302	11,007	0	0	50,000

47. Over ten years a total of £50 million has been allocated to create the Indigenous Growth Fund. Each of the five boroughs that make up the Tees Valley has distinct

economic assets and opportunities and it is essential that we can unlock these opportunities for residents of the whole of Tees Valley.

48. A programme business case has been developed and approved for the fund and the constituent authorities are currently developing project business cases to call off from the programme.

### Proposed expenditure outside the Investment Plan 2019-29

#### Adult Education Budget

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	15,936	30,907	31,074	30,613	30,613	30,613	126,514	296,270

49. Adult education functions were devolved from the start of the Academic year in August 2019. For the 2020/21 Academic year the Combined Authority's base budget was increased to £30.6 million. As part of the Covid-19 Skills Recovery Package an additional £1.2 million was awarded for the 2020/21 academic year to help to support the wider Government plans to protect, support and create jobs.

50. The Combined Authority is working with the AEB funded training providers to ensure this budget is maximised to help residents gain employment and skills for future employment. In particular greater support has been provided to ensure learning is accessible via online resources.

#### Pass-through budgets (Transport & Infrastructure)

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	30,499	30,133	30,133	30,133	30,133	30,133	120,533	301,696

51. The Transport and Infrastructure budget heading is made up of two elements: The Local Transport Capital Plan (LTP) and Concessionary Fares. The LTP grant is received from Government and passported directly to the constituent authorities to contribute towards delivery of their capital programme. The Concessionary Fares budget is negotiated with bus operators annually and is fully funded by contributions from the constituent authorities.

#### Other Approved Projects

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	36,323	67,954	148,616	44,288	7,760	3,608	13,729	<b>322,278</b>

52. Other approved projects include projects and programmes that were approved as part of the 2017-21 Investment Plan which continue to be in delivery. In addition to this funding that has been secured to deliver specific projects is also included here. Full details of these projects and programmes can be found in **Appendix 2**.

## CORE COSTS

53. More than 97% of all Combined Authority funding is invested, with less than 3% being utilised for core costs. For the 2021/22 budget it is planned for the third consecutive year to remain within the funding envelope set in 2018/19 for core costs and any budgetary pressures will be managed through in year efficiencies. The key budgetary pressure in 2021/22 to be managed through efficiencies is the pay award which equates to an additional estimated cost of £81k. In addition, one-off costs are incurred for mayoral elections, with an agreed budget of £0.6 million for 2021/22 re-profiled from the postponed election in 2020/21.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core costs	4,815	4,813	4,813	4,813	4,813	4,813	24,065	<b>48,132</b>
Mayoral election	-	-	600	-	-	600	600	<b>1,800</b>
<b>Total</b>	<b>4,815</b>	<b>4,813</b>	<b>5,413</b>	<b>4,813</b>	<b>4,813</b>	<b>4,813</b>	<b>25,265</b>	<b>49,932</b>

54. The table below sets out the proposed core costs budget for 2021/22 and the previously agreed budget for 2020/21. A more detailed breakdown of running cost budgets are provided at **Appendix 3**.

Core costs	2020/21	2021/22
Salaries (incl Ni & Pension)	3,899,945	3,899,945
Other Staffing Costs	15,000	15,000
<b>Total Staff Costs</b>	<b>3,914,945</b>	<b>3,914,945</b>
Premises	335,000	335,000
General Running Costs	402,967	402,967
Marketing & Communications	160,000	160,000
<b>Non-Salary Expenditure</b>	<b>897,967</b>	<b>897,967</b>
<b>TOTAL EXPENDITURE</b>	<b>4,812,912</b>	<b>4,812,912</b>

## Cost of Borrowing

55. The arrangements for Combined Authority borrowing are set out in the annually agreed Treasury Management Policy. The loan repayments are made up of the minimum revenue provision which is calculated based on the methodology set out in the Treasury management statement based on the capital financing requirement and interest on the actual external borrowing taken out.

56. The Authority minimises its costs of borrowing by utilising internal resources where required, sometimes known as internal borrowing, this reduces risk and keeps interest costs low. The calculations have been updated based on the latest profile of required borrowing requirements.

57. The 2019/20 budget approved the use of the Combined Authorities borrowing powers to deliver the Investment Plan. The loan repayments have been updated to reflect the latest borrowing requirements and interest rates and are set out in **Appendix 4**. This has resulted in a reduction in the cost of borrowing of £5.9m across the 10-year period.

## FUNDING

58. The below tables summarise the forecast funding across the medium term and the investment plan period.

Funding	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	155,863	222,691	346,627	270,713	124,093	108,488	439,863	1,668,338

Funding Source	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Local Growth Fund	9,416	14,127	0	0	0	0	0	23,633
Devolution	15,000	15,000	15,000	15,000	15,000	15,000	60,000	150,000
Enterprise Zones	2,070	2,603	5,172	5,451	5,562	5,882	25,080	51,820
Transforming Cities Fund	13,000	18,000	24,000	52,321	1,400	5,594	47,785	162,100
Loan Repayments & Investment returns	2,432	1,263	3,855	3,663	3,669	4,669	13,566	32,617
Government Grants	16,908	57,023	100,315	43,616	16,850	12,293	46,000	293,005
Adult Education Budget	15,936	30,907	31,074	30,613	30,613	30,613	126,514	296,270
Local Transport Plan	13,930	13,930	13,930	13,930	13,930	13,930	55,720	139,300
Concessionary Fares	16,636	16,203	16,203	16,203	16,203	16,203	64,812	162,463
Borrowing	42,494	61,798	86,393	62,745	19,400	4,493	0	277,323
Movement -to / from reserves	8,041	-8,163	50,685	27,171	1,466	-189	386	79,397
<b>Total</b>	<b>155,863</b>	<b>222,691</b>	<b>346,627</b>	<b>270,713</b>	<b>124,093</b>	<b>108,488</b>	<b>439,863</b>	<b>1,668,338</b>

## Devolution

59. Funding of £15 million per year for 30 years was agreed as part of the devolution agreement with government. This funding is subject to a five-year review. For the purpose of the budget plan period it is assumed that this level of funding will continue beyond the first five-year review which is currently underway. A separate paper in respect of the gateway review process will be reported to November Cabinet.

### **Enterprise Zones**

60. The Combined Authority retains business rate funding from a number of designated enterprise zones. As the zones continue to attract more business the funding generated is forecast to increase.

61. The current projections for the investment plan period are based on rates that are currently being collected, together with known projects currently under construction. Business rates from future potential projects on the Enterprise Zones are not accounted for in the forecasts but will be kept under review.

### **Transforming Cities Fund**

62. The Transforming Cities Fund was announced by Government in the 2017 Budget and Tees Valley has been awarded a total of £75.5 million funding to transform local public transport. The fund gives the Combined Authority freedom to invest on strategic transport priorities such as rail, bus rapid transit, cycling or other public and sustainable transport improvements.

63. The 10 year investment plan assumed that funding for transport activities would continue in some shape or form at current levels, this is kept under constant review based on dialogue with Central Government. Transport Investment Prospectus has been produced for the period 2023-2027 setting out the level of long-term investment that is required to deliver the ambitions set out in the Strategic Transport Plan. The prospectus articulates a statement of ambition and is being used to secure the best possible future devolved transport settlement from Government.

### **Loan Repayments & Investment Returns**

64. A number of Combined Authority investments are made on a recoverable and/or commercial basis, based on current agreements it is estimated that £15.9 million will be repaid during the medium-term period and a further £17.3 million across the investment plan period, this gives a total of £32.6 million.

### **Government Grants**

65. The Combined Authority receives a number of other grants from Central Government which can be either awarded for specific purposes following an application process or where is awarded with fully devolved discretion regarding expenditure. This allocation includes, South Tees Development Corporation Business Case £125m, Brownfield housing £17.4m, Get Britain Building £19.8 along with other specific project grants.

66. Current estimates are based on secured grants and some assumptions regarding the continuation of current funding. We remain in constant discussions with Government to ensure we secure the maximum funding possible to achieve our priorities set out in

the Strategic Economic Plan. This funding stream remains under constant review and will be updated to take account of the latest position.

### **Adult Education Budget**

67. Devolution delivery of the Adult Education Budget commenced August 2019 and aims to provide those aged 19 and over in the Tees Valley area with support into training and education to enhance skills in order to meet the skills requirements of employers. The Combined Authority will be working with a wide range of providers to align training to business needs and to prevent young people becoming long-term unemployed.

### **Local Transport Plan**

68. As the transport authority for the Tees Valley the annual capital block funding allocations are passported through the Combined Authority to the constituent Local Authorities based on historical allocations. The Combined Authority role in this is transactional in enabling the funding to be transferred from Government to the Local Authorities.

### **Concessionary Fares Funding**

69. Under the role of transport authority, the Combined Authority is responsible for passporting funding to the local bus operators via funding received from the constituent authorities on an annual basis. The Combined Authority role in this is transactional in enabling the funding to be transferred from the Local Authorities to the bus operators.

## **RESERVES**

70. The Combined Authority holds two classifications of usable reserves these are non-ring-fenced funds which have been received but not yet applied and the General Balance Reserve. The Combined Authority manages overall resource requirements by reference to the MTFP and overall Investment Plan.

71. At April 2019 the balance of reserves was £79.4 million of which £8.0 million was utilised in 2019/20 leaving a balance at April 2020 of £71.4 million of available funds held in reserve, and it is forecast that this will increase by £8.2 million within the year to give a balance of £79.6 million at the end of March 2021. The full balance of reserves will be utilised throughout the 10-year period to support the delivery of the investment plan, as set out in the table in paragraph 57.

72. Good practice guidance for Local Authorities is that a proportion of net revenue expenditure should be held in the General Balance Reserve to manage risk and any unforeseen circumstances. The Combined Authority manages overall resource requirements by reference to the MTFP and overall Investment Plan and the general reserve currently stands at £1.058 million.

73. As agreed in the 2019/20 Budget we consider that the appropriate way of calculating a general reserve level is to take the average of the risk-based revenue that we expect to receive over the period of the MTFP and hold a proportion of this in the General Reserve. This calculation has resulted in a requirement of £0.848 million,

however management has decided to not amend this from the current reserve of £1.058 million.

## **DEVOLUTION DEAL FORWARD FUNDING**

74. As part of the devolution deal Government agreed to provide the Combined Authority with a devolved fund of £450 million. Although this funding is released by Government on an annual basis of £15 million per year for 30 years the aim was that Mayoral Combined Authorities could use this funding stream to forward fund through prudential borrowing. The original approval to access borrowing was approved as part of the previous investment plan and this report reaffirms the borrowing requirement.
75. Not only does this forward funding increase the scope to have a bigger economic and transformational impact sooner, it also makes financial sense as the release of the £450 million over the 30 years is not index linked. Therefore, the spending power of £15m in 2046 will be far less than today. Based on the standard discount rate of 3% it is financially advantageous to forward fund as the prudential borrowing rates are below this level.
76. Devolution funding is evaluation every five years which leads to the release of the next tranche of five-year funding from Central Government. The first of the five-year review periods is 31 March 2021 and a separate report is included within the November Cabinet papers covering the current status of this evaluation activity.

## **BORROWING**

77. In addition to forward funding from devolution funds to deliver the Investment Plan the Combined Authority also has borrowing requirements to fund commercial investment propositions. The arrangements for Combined Authority borrowing are set out in the annually agreed Treasury Management Policy.
78. The Capital Financing Requirement (CFR) shows the underlying need to borrow to fund capital investments. The Authority's chief objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Therefore the actual timing of the borrowing may not always follow the profile of the CFR as the Authority looks to strike this balance, details of this "internal borrowing" can be found at Appendix 4.
79. Within the MTFP period the total CFR to deliver the Investment Plan and fund commercial projects is £230.3 million as part of a wider borrowing requirement of £277.3 million to 2025, details of which can be found at **Appendix 4**. This is well within the Government agreed borrowing caps of £774 million.
80. The repayments for the borrowing are affordable and can be financed from revenue funding received both during and beyond the investment plan period.

## **MEDIUM TERM FINANCIAL PLAN 2021-25**

81. Funding and expenditure for the plan period, including the proposed 2021/22 budget is summarised in the medium-term financial plan as set out in **Appendix 5**. The



medium-term financial plan is also set out based by themes at **Appendix 6**, with a detailed reconciliation at **Appendix 7**.

## **FINANCIAL IMPLICATIONS**

82. This report gives an update on performance against the budget for the Combined Authority, updates the Medium-Term Financial Plan and Investment Plan forecasts.

## **LEGAL IMPLICATIONS**

83. There are no legal implications associated with the recommendations within this report.

## **RISK ASSESSMENT**

84. This Budget Report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

## **CONSULTATION**

85. Formal consultation will be undertaken in the period 27 November 2020 to 31 December 2020. This is in addition to circulation of this report to Local Authority Directors of Finance, Tees Valley Management Group and Chief Executives.

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Project	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 +	TVCA TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Integrated Transport Plan	1,990	11,297	33,879	71,440	0	3,094	60,400	182,100
Teesside International Airport	48,105	8,345	6,411	6,322	2,917	2,500	0	74,600
<b>Total Transport</b>	<b>50,095</b>	<b>19,642</b>	<b>40,290</b>	<b>77,762</b>	<b>2,917</b>	<b>5,594</b>	<b>60,400</b>	<b>256,700</b>
Northern School of Art	1,037	6,172	7,305	0	0	0	0	14,514
Education, Employment & Skills Programme	0	0	5,486	5,000	5,000	5,000	20,000	40,486
<b>Total Education Employment and Skills</b>	<b>1,037</b>	<b>6,172</b>	<b>12,791</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>20,000</b>	<b>55,000</b>
Business Growth Programme	51	3,470	3,265	3,097	3,097	3,097	13,923	30,000
South Tees Development Corporation	13,115	38,160	5,225	0	0	0	0	56,500
Boho "The Digital City"	1,100	2,755	11,762	4,383	0	0	0	20,000
Welcome to Redcar & Cleveland	0	4,630	10,420	2,750	1,700	500	0	20,000
Riverside Northshore Development	0	2,010	6,540	10,690	760	0	0	20,000
<b>Total Business Growth</b>	<b>14,266</b>	<b>51,025</b>	<b>37,212</b>	<b>20,920</b>	<b>5,557</b>	<b>3,597</b>	<b>13,923</b>	<b>146,500</b>
Culture & Tourism Programme	252	1,329	4,125	4,126	6,125	4,043	0	20,000
Hartlepool Waterfront	0	0	5,000	5,000	5,000	5,000	0	20,000
Darlington & Stockton Railway Heritage	0	1,746	8,191	10,063	0		0	20,000
<b>Total Culture &amp; Tourism</b>	<b>252</b>	<b>3,075</b>	<b>17,316</b>	<b>19,189</b>	<b>11,125</b>	<b>9,043</b>	<b>0</b>	<b>60,000</b>
<b>Research, Development &amp; Innovation Programme</b>	<b>2</b>	<b>1,704</b>	<b>8,527</b>	<b>6,234</b>	<b>1,338</b>	<b>618</b>	<b>1,577</b>	<b>20,000</b>
<b>Place Programme</b>	<b>1,250</b>	<b>5,159</b>	<b>11,282</b>	<b>21,302</b>	<b>11,007</b>	<b>0</b>	<b>0</b>	<b>50,000</b>
<b>Investment Plan Total</b>	<b>66,902</b>	<b>86,777</b>	<b>127,418</b>	<b>150,407</b>	<b>36,944</b>	<b>23,852</b>	<b>95,900</b>	<b>588,200</b>

## Appendix 2

### Forecast expenditure on approved other investments in the plan period

Project	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 +	TVCA TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A689 Wynyard Improvement	0	0	0	0	0	0	2,191	2,191
Access Fund	1,022	1,137	0	0	0	0	0	2,159
Covid Bus Services	0	207	0	0	0	0	0	207
Darlington Station	198	0	0	0	0	0	0	198
Emergency Travel Fund	0	482	0	0	0	0	0	482
Hartlepool Western Growth Corridor	0	0	3,108	0	0	0	0	3,108
Middlesbrough Rail Station	0	3,000	6,650	0	0	0	2,492	12,142
National Productivity Investment Fund	6,605	0	0	0	0	0	0	6,605
Pothole Action Fund	534	6,891						7,425
Sustainable Access To Employment Programme	3,162	472	0	0	0	0	0	3,634
Transport Studies	136	0	0	0	0	0	0	136
Travel Demand Management	0	150	0	0	0	0	0	150
<b>Total Transport</b>	<b>11,657</b>	<b>12,339</b>	<b>9,758</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,683</b>	<b>38,440</b>
EES Strategy: Apprentices	319	850	1,017	250	0	0	0	2,436
EES Strategy: Creating a TV Careers & Enterprise Initiative	1,256	1,136	824	0	0	0	0	3,216
EES Strategy: Routes To Work	2,053	2,243	1,914	0	0	0	0	6,210
EES Strategy: Supporting education innovation and collaboration	0	500	1,500	0	0	0	0	2,000
EES Strategy: TBC	0	0	0	1,602	1,602	0	0	3,204
EES Strategy: Workforce Planning Support	0	504	1,448	1,162	0	0	0	3,114
Hartlepool Centre of Excellence in Technical Training for the Creative Industries	374	281	0	0	0	0	0	655
Hartlepool Innovation Skills Quarter Phase 1b	303	0	0	0	0	0	0	303
Hartlepool Innovation Skills Quarter Phase 2	0	2,902	792	0	0	0	0	3,694
Kirkleatham Walled Garden & Catering Academy	0	318	0	0	0	0	0	318
One Vision Pilot	0	151	122	20	0	0	0	293
Skills Analyst	25	125	0	0	0	0	0	150
Sustaining 16+ Facilities Capital	0	0	2,532	0	0	0	0	2,532
YEI Extension	752	1,115	0	0	0	0	0	1,867
<b>Total Education Employment and Skills</b>	<b>5,082</b>	<b>10,125</b>	<b>10,149</b>	<b>3,034</b>	<b>1,602</b>	<b>0</b>	<b>0</b>	<b>29,992</b>
Back to Business Fund	0	1,230	0	0	0	0	0	1,230
BEIS Business Compass	246	462	0	0	0	0	0	708
BEIS Peer To Peer	0	360	0	0	0	0	0	360
Billingham Bio-Pharmaceutical Campus	1,709	916	0	0	0	0	0	2,625
Brexit Preparation Fund	104	248	0	0	0	0	0	352
Broadband	0	443	0	0	0	0	0	443
Business Support Package	0	833	833	834	833	833	834	5,000
Central Park	0	400	3,250	0	0	0	0	3,650
Delivering Sector Action Plans Programme	162	908	700	0	0	0	0	1,770
ERDF Business Compass	4,626	1,074	0	0	0	0	0	5,700
ERDF Business Growth Fund	0	144	2,750	4,206	1,689	0	0	8,789
ESIF Technical Assistance	49	36	36	0	0	0	0	121
Ingenium Park - Phase 1	1,405	195	0	0	0	0	0	1,600

Project	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 +	TVCA TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Local Industrial Strategy	138	242	0	0	0	0	0	380
One Public Estate	0	0	255	0	0	0	0	255
South Tees Development Business Case	0	21,262	81,475	21,819	0	0	0	124,556
SSI – Capital Grant Scheme	2,256	0	1,531	0	0	0	0	3,787
SSI – Devolved Pot	234	970	3,329	0	0	0	0	4,533
SSI - Redcar Growth Zone	0	0	5,000	0	0	0	0	5,000
Teesside Advanced Manufacturing Park - Remediation and Development	430	0	0	0	0	0	0	430
Teesside Airport Southside Development	94	3,509	14,474	5,523	0	0	0	23,600
Teesside Airport Southside Development Cashflow	0	0	0	486	623	775	312	2,196
Teesworks Gateway	0	2,100	2,000	0	0	0	0	4,100
<b>Total Business Growth</b>	<b>11,453</b>	<b>35,332</b>	<b>115,633</b>	<b>32,868</b>	<b>3,145</b>	<b>1,608</b>	<b>1,146</b>	<b>201,185</b>
Culture Programme	834	202	0	0	0	0	0	1,036
Culture: City games	339	0	341	245	340	0	650	1,915
Culture: Rugby League World Cup Bid	85	83	82	0	0	0	0	250
Great Places	592	134	0	0	0	0	0	726
Museum of the Royal Navy	0	25	0	0	0	0	0	25
Rail Heritage Quarter Phase 2 Development Work	130	0	0	0	0	0	0	130
<b>Total Culture &amp; Tourism</b>	<b>1,980</b>	<b>444</b>	<b>423</b>	<b>245</b>	<b>340</b>	<b>0</b>	<b>650</b>	<b>4,082</b>
Carbon Capture & Storage Development	0	93	0	0	0	0	0	93
Innovation Project	500	0	0	0	0	2,000	7,250	9,750
Energy Network (North East and Humber)	404	859	330	0	0	0	0	1,593
Liberty Steel	2,702	0	0	0	0	0	0	2,702
Low Carbon Action Plan Development	72	43	0	0	0	0	0	115
Rural Energy Fund	123	407	407	373	373	0	0	1,683
South Tees District Heating	191	0	0	0	0	0	0	191
Teesside University National Horizons Centre	0	707	0	0	0	0	0	707
TVCA Hydrogen Transport Deployment Bid	19	24	0	0	0	0	0	43
TWI Joint Hydrogen Business Development Manager	40	0	0	0	0	0	0	40
Waste Strategy	0	0	2,750	2,250	0	0	0	5,000
<b>Total Research, Development &amp; Innovation</b>	<b>4,051</b>	<b>2,133</b>	<b>3,487</b>	<b>2,623</b>	<b>373</b>	<b>2,000</b>	<b>7,250</b>	<b>21,917</b>
SSI Programmes	262	753	1,668	0	0	0	0	2,683
Homelessness	90	0	0	0	0	0	0	90
Covid	7	850	0	0	0	0	0	857
Brownfield Housing	0	4,946	7,246	5,353	2,300	0	0	19,845
<b>Total Non Investment Plan Headings</b>	<b>359</b>	<b>6,549</b>	<b>8,914</b>	<b>5,353</b>	<b>2,300</b>	<b>0</b>	<b>0</b>	<b>23,475</b>
Darlington Northern Link Road	0	271	0	0	0	0	0	271
Darlington Sports Village	145	83	0	0	0	0	0	228
District Heating Commercialisation Stage	283	217	0	0	0	0	0	500
Faverdale (Phase 1)	0	0	50	0	0	0	0	50

Project	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 +	TVCA TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Full Fibre Network	37	33	0	0	0	0	0	70
Kirkleatham Estate Investment Project	160	205	50	0	0	0	0	415
Fees & Studies	78	-29	0	0	0	0	0	49
Rail Gauge Enhancement Teesport	250	0	0	0	0	0	0	250
Redcar Railway Station Business Quarter	0	50	0	0	0	0	0	50
Research & Evaluation	171	152	152	164	0	0	0	640
Tees Crossing Development	559	0	0	0	0	0	0	559
Transport Studies	43	0	0	0	0	0	0	43
Waste Strategy	15	50	0	0	0	0	0	65
<b>Total Development Fund</b>	<b>1,761</b>	<b>1,032</b>	<b>252</b>	<b>165</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,207</b>
<b>TOTAL</b>	<b>36,323</b>	<b>67,954</b>	<b>148,616</b>	<b>44,288</b>	<b>7,760</b>	<b>3,608</b>	<b>13,729</b>	<b>322,278</b>

Core Running cost budgets 2019/20

Budget Heading	Budget 2020/21	Budget 2021/22
<b>Premises</b>		
Electricity	33,000	33,000
Rates	82,000	82,000
Rents and Leases	200,000	200,000
Repairs and Maintenance Condition	8,000	8,000
Cleaning and Domestic Contracts	12,000	12,000
	<b>335,000</b>	<b>335,000</b>
<b>Transport</b>		
Transport Fares - Payroll	12,000	12,000
Transport Fares - Non Payroll	60,000	60,000
	<b>72,000</b>	<b>72,000</b>
<b>General Running Costs</b>		
Catering, Food & Drink	2,000	2,000
Equipment/Furniture/Materials	3,000	3,000
Room/Facility Hire	3,000	3,000
ICT - Hardware	3,000	3,000
ICT - Software / licences	30,000	30,000
Insurance	35,000	35,000
Printing & Photocopier	1,000	1,000
Professional Fees & Consultancy	6,000	6,000
External Audit Fees	30,000	30,000
Stationery	2,000	2,000
Subscriptions & Memberships	32,000	32,000
Staff Expenses	15,000	15,000
Telecommunications	4,000	4,000
Mail Services	1,000	1,000
	<b>167,000</b>	<b>167,000</b>
<b>Support Costs</b>		
Financial Support (including Treasury Management, VAT advice)	20,000	20,000
Internal Audit	16,450	16,450
ICT	49,817	49,817
Printing	12,000	12,000
HR	12,000	12,000
Voice & Data Network	29,000	29,000
Monitoring Officer / Legal Support	24,700	24,700
	<b>163,967</b>	<b>163,967</b>
Marketing & Communications	<b>160,000</b>	<b>160,000</b>
<b>Total Running Costs Budget</b>	<b>897,967</b>	<b>897,967</b>

## Borrowing

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 - 2028/29	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Borrowing Required	42,494	61,798	86,393	62,745	19,400	4,493	0	277,323
			MTFP PERIOD			173,031		

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 - 2028/29	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Borrowing Required	42,494	61,798	86,393	62,745	19,400	4,493	0	277,323
Internal Borrowing	-12,494	-61,798	74,292	0	0	0	0	0
External Borrowing	30,000	0	160,685	62,745	19,400	4,493	0	277,323

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 - 2028/29	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Minimum Revenue Provision	1,224	1,306	3,195	5,883	7,905	8,670	40,220	68,403
Loan Interest	164	801	778	4,576	5,925	6,199	23,115	41,558
			MTFP PERIOD			43,131		

## Medium Term Financial Plan 2021-25

MEDIUM TERM FINANCIAL PLAN	2021/22	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000	£'000
Funding	209,549	180,797	103,227	104,184	597,757
Borrowing	86,393	62,745	19,400	4,493	173,031
<b>TOTAL FUNDING</b>	<b>295,972</b>	<b>243,542</b>	<b>122,627</b>	<b>108,677</b>	<b>770,788</b>
10 Year Investment Plan	127,418	150,407	36,944	23,852	338,621
Other Approved Projects	148,616	44,288	7,760	3,608	204,272
Adult Education Budget	31,074	30,613	30,613	30,613	122,913
Transport & Infrastructure	30,133	30,133	30,133	30,133	120,532
Core Running Costs	5,413	4,813	4,813	5,413	20,452
Cost of Borrowing	3,973	10,459	13,830	14,869	43,131
<b>TOTAL EXPENDITURE</b>	<b>346,627</b>	<b>270,713</b>	<b>124,093</b>	<b>108,488</b>	<b>849,921</b>
<b>TRANSFER TO / FROM RESERVES</b>	<b>-50,685</b>	<b>-27,171</b>	<b>-1,466</b>	189	<b>-79,133</b>
Reserves Opening Balance	80,559	29,874	2,703	1,237	
Transfer To / From Reserves	-50,685	-27,171	-1,466	189	
<b>RESERVES CLOSING BALANCE</b>	<b>29,874</b>	<b>2,703</b>	<b>1,237</b>	<b>1,426</b>	



## Medium Term Financial Plan 2021-25 by Themes

EXPENDITURE BY THEME HEADINGS	2021/22	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000	£'000
Transport	63,978	91,692	16,847	19,524	192,041
Education, Employment & Skills	54,014	38,647	37,215	35,613	165,489
Business Growth	152,845	53,788	8,702	5,205	220,540
Culture & Tourism	17,739	19,434	11,465	9,043	57,681
Research, Development & Innovation	12,014	8,857	1,711	2,618	25,200
Place	11,282	21,302	11,007	0	43,591
Development Pot	252	165	0	0	417
<b>THEME EXPENDITURE</b>	<b>312,124</b>	<b>233,885</b>	<b>86,947</b>	<b>72,003</b>	<b>704,959</b>
Non Investment Plan Headings	8,914	5,353	2,300	0	16,567
Concessionary Fares	16,203	16,203	16,203	16,203	64,812
Core Running Costs	5,413	4,813	4,813	5,413	20,452
Cost of Borrowing	3,973	10,459	13,830	14,869	43,131
<b>NON THEME SPECIFIC EXPENDITURE</b>	<b>34,503</b>	<b>36,828</b>	<b>37,146</b>	<b>36,485</b>	<b>144,962</b>
<b>TOTAL EXPENDITURE</b>	<b>346,627</b>	<b>270,713</b>	<b>124,093</b>	<b>108,448</b>	<b>849,921</b>

The table below reconciles the above table with the tables in Appendices 1, 2 and 5.

THEME RECONCILIATION	2021/22	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000	£'000
Investment Plan (appendix 1)	40,290	77,762	2,917	5,594	126,563
Other Approved Projects (appendix 2)	9,758	0	0	0	9,758
Transport & Infrastructure - Local Transport Plan (Appendix 5)	13,930	13,930	13,930	13,930	55,720
<b>Total Transport</b>	<b>63,978</b>	<b>91,692</b>	<b>16,847</b>	<b>19,524</b>	<b>192,041</b>
Investment Plan (appendix 1)	12,791	5,000	5,000	5,000	27,791
Other Approved Projects (appendix 2)	10,149	3,034	1,602	0	14,785
Adult Education Budget (appendix 5)	31,074	30,613	30,613	30,613	122,913
<b>Total Education, Employment &amp; Skills</b>	<b>54,014</b>	<b>38,647</b>	<b>37,215</b>	<b>35,613</b>	<b>165,489</b>
Investment Plan (appendix 1)	37,212	20,920	5,557	3,597	67,286
Other Approved Projects (appendix 2)	115,633	32,868	3,145	1,608	153,254
<b>Total Business Growth</b>	<b>152,845</b>	<b>53,788</b>	<b>8,702</b>	<b>5,205</b>	<b>220,540</b>
Investment Plan (appendix 1)	17,316	19,189	11,125	9,043	56,673
Other Approved Projects (appendix 2)	423	245	340	0	1,008
<b>Total Culture &amp; Tourism</b>	<b>17,739</b>	<b>19,434</b>	<b>11,465</b>	<b>9,043</b>	<b>57,681</b>
Investment Plan (appendix 1)	8,527	6,234	1,338	618	16,717
Other Approved Projects (appendix 2)	3,487	2,623	373	2,000	8,483
<b>Total Research, Development &amp; Innovation</b>	<b>12,014</b>	<b>8,857</b>	<b>1,711</b>	<b>2,618</b>	<b>25,200</b>
Investment Plan (appendix 1)	11,282	21,302	11,007	0	43,591
<b>Total Place</b>	<b>11,282</b>	<b>21,302</b>	<b>11,007</b>	<b>0</b>	<b>43,591</b>
Other Approved Projects (appendix 2)	252	165	0	0	417
<b>Total Development Pot</b>	<b>252</b>	<b>165</b>	<b>0</b>	<b>0</b>	<b>417</b>
<b>TOTAL THEME EXPENDITURE</b>	<b>312,124</b>	<b>233,885</b>	<b>86,947</b>	<b>72,003</b>	<b>704,959</b>
Non Investment Plan Headings (appendix 2)	8,914	5,353	2,300	0	16,567
Transport & Infrastructure - Concessionary Fares (appendix 5)	16,203	16,203	16,203	16,203	64,812
Core Running Costs – (appendix 5)	5,413	4,813	4,813	5,413	20,452
Cost of Borrowing – (appendix 5)	3,973	10,459	13,830	14,869	43,131
<b>NON THEME SPECIFIC EXPENDITURE</b>	<b>34,503</b>	<b>36,828</b>	<b>37,146</b>	<b>36,485</b>	<b>144,962</b>
<b>TOTAL EXPENDITURE</b>	<b>346,627</b>	<b>270,713</b>	<b>124,093</b>	<b>108,448</b>	<b>849,921</b>