

AGENDA ITEM 5**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****29th JANUARY 2021****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.

The Group Chief Executive and Group Director of Finance and Resources submitted a draft budget to Cabinet on November 27th 2020 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.

The consultation process has now completed, including consultation with Overview and Scrutiny Committee (O&SC) Members, the O&SC Members report is included within this report at **Appendix 8**. The Local Authority Chief Executives, Tees Valley Management Group and Tees Valley Directors of Resources have scrutinised the proposed Budget. The Draft Budget has been amended to reflect the feedback received and this report presents the revised final Budget proposal 2021-22.

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

- Expenditure on the Mayors General Functions; and
- Expenditure on Combined Authority Functions.

This report includes the high-level financial allocations within the Investment Plan 2019-29 and provides the final budget for 2021-22. There are no expenditure items on the Mayors General Functions within this paper.

RECOMMENDATION

- i. It is recommended the Combined Authority Cabinet agrees the high-level financial allocations for the Investment Plan 2019-29 and considers and approves the final Budget for 2021-22.
- ii. Note the pay policy statement 2021-22 (Appendix 9)

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 final Budget to Cabinet for consideration and approval.

BUDGET SUMMARY

1. There are no amendments to the overall Investment Plan and its value remains at £588.2 million for the 10-year Period to 31 March 2029. The final budget reflects the decision made at November Cabinet to re-allocate £10.6 million from the Transport theme of the investment plan to the Place theme.
2. This report sets out the 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 expenditure relating to Mayors General Functions and no precepts are proposed in relation to this. All expenditure is designated at relating to Combined Authority Functions.
4. For the MTFP period, the Authority will have a total of £772.5 million available funding resources. This comprises £595.8 million funding to be received in the period and £176.7 million devolved deal forward funding. In addition to this the Authority will utilise £75.6 million of usable reserves during the period
5. The Investment Plan expenditure and forecast for the period to March 2021 is £151.0m. Committed expenditure for the investment plan medium-term financial plan period (2021-25) is £341.3m 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 £848.1 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
 - Kickstart Fund £3.3m
 - 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	15,586	38,761	64,847	9,497	6,876	60,400	246,062
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	6,488	16,601	25,291	11,008	0	0	60,638
Investment Plan Total	66,902	84,050	131,208	141,481	43,525	25,134	95,900	588,200
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	68,602	151,750	44,841	7,954	1,608	15,728	326,806
Core Running Costs	4,815	4,813	5,413	4,813	4,813	5,413	19,852	49,932
Loan Principal (MRP)	1,224	1,300	2,870	5,298	7,212	7,903	52,658	78,465
Loan Interest	164	801	778	3,467	4,503	4,689	17,094	31,496
TOTAL EXPENDITURE	155,863	220,606	353,226	260,646	128,753	105,493	448,279	1,672,866

12. 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: -

	Total
	£'000
Total Expenditure last reported to Cabinet	1,484,088
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)
Total Expenditure in Draft Accounts	1,668,338
Kickstart Fund	3,344
ERDF Energy Efficiency Grants	1,184
TOTAL EXPENDITURE	1,672,866

14. As a result of these changes the total expenditure budget over the 10-year period has increased by £188.8 million from £1,484.1 million to £1,672.9 million.

Tees Valley Investment Plan 2019-29

15. At Cabinet in November members approved the free car parking proposal which re-allocated £10.64 million from the Transport theme of the Investment Plan to the Indigenous Growth Fund within the Place theme. No other amendments to the financial allocations have been made and the overall value remains at £588.2 million.

16. 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	15,586	38,761	64,847	9,497	6,876	60,400	246,062

17. The Tees Valley Strategic Transport Plan (STP) was adopted in January 2020 and provides the framework for £246.1m 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”.
18. 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

19. 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.
20. 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.
21. 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.
22. TVCA is funding feasibility work on the reinstatement of the redundant second platform at Hartlepool Station.
23. 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.

24. 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

25. 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.

26. 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.

27. 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

28. 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.

29. 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

30. 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

31. 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.

32. 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 was approved in a separate report to the November Cabinet.

Technology, Carbon Reduction and Environment Investments

33. 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

34. 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

35. 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.

36. 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

37. 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.
38. 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.
39. 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.
40. 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

41. 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.

42. 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.
43. 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.
44. 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

45. 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 Cabinet meeting in November 2020 members approved a £16.5m programme of activity, to enable the delivery of a Growth Programme for the Creative & Visitor Economies. The report incorporated 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.

46. 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

47. 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	6,488	16,601	25,291	11,008	0	0	60,638

48. 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.

49. 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.

50. At the Cabinet meeting in November Members approved the introduction of free car parking across key Tees Valley Town Centres to make it easier, cheaper and more convenient for people to use Tees Valley high streets and support local businesses. The scheme will provide minimum of two hours up to a maximum of three hours' free car parking for two years at a cost of £10.6 million.

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

51. 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.

52. 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	301,698

53. 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 passed 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	68,602	151,750	44,841	7,954	1,608	15,728	326,806

54. 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

55. 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. 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	19,252	48,132
Mayoral election	-	-	600	-	-	600	600	1,800
Total	4,815	4,813	5,413	4,813	4,813	5,413	19,852	49,932

56. The table below sets out the 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
Total Staff Costs	3,914,945	3,914,945
Premises	335,000	335,000
General Running Costs	402,967	402,967
Marketing & Communications	160,000	160,000
Non-Salary Expenditure	897,967	897,967
TOTAL EXPENDITURE	4,812,912	4,812,912

Cost of Borrowing

57. 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.

58. 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.

59. 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

60. 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	220,606	353,226	260,646	128,753	105,493	448,279	1,672,866

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	14,217	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	37,556	6,400	4,376	58,768	162,100
Loan Repayments & Investment returns	2,432	1,487	3,855	3,663	3,669	5,865	12,146	33,117
Government Grants	16,908	54,671	106,439	44,168	17,544	12,793	45,010	297,533
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	58,036	89,034	67,550	19,831	231	147	277,323
Movement -to / from reserves	8,041	-4,448	48,519	26,512	1	600	82	79,307
Total	155,863	220,606	353,226	260,646	128,753	105,493	448,279	1,672,866

Devolution

61. 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 was reported to November Cabinet.

Enterprise Zones

62. 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.
63. 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

64. 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.
65. 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

66. A number of Combined Authority investments are made on a recoverable and/or commercial basis, based on current agreements it is estimated that £17.0 million will be repaid during the medium-term period and a further £16.1 million across the investment plan period, this gives a total of £33.1 million.

Government Grants

67. 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.
68. 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

69. 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

70. 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

71. 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

72. 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.

73. At April 2019 the balance of usable 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 £4.4 million within the year to give a balance of £75.8 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.

74. 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.

75. 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

76. 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.
77. 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.
78. Within the Investment Plan there is still flexibility to fund immediate requirements that are not funded by Central Government and generally these are funded from within agreed allocations. Examples of this would be the Covid response support that has been made available this year. Any such amendments require the unanimous approval of Cabinet in line with the constitution. The level of borrowing and the amount of headroom available following these and other allocations are reviewed by Cabinet annually as part of the Investment Plan refresh and review of the Medium Term Financial Plan.
79. 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

80. 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.
81. 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**.

82. Within the MTFP period the total CFR to deliver the Investment Plan and fund commercial projects is £176.6 million as part of a wider borrowing requirement of £277.3 million to 2026, details of which can be found at **Appendix 4**. This is well within the Government agreed borrowing caps of £774 million.

83. 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

84. Funding and expenditure for the plan period, including the final 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

85. 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

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

RISK ASSESSMENT

87. 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

88. Formal consultation was 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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Appendix 1

Forecast expenditure on 2019-29 investment plan

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	7,241	32,350	58,525	6,580	4,376	60,400	171,462
Teesside International Airport	48,105	8,345	6,411	6,322	2,917	2,500	0	74,600
Total Transport	50,095	15,586	38,761	64,847	9,497	6,876	60,400	246,062
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
Total Education Employment and Skills	1,037	6,172	12,791	5,000	5,000	5,000	20,000	55,000
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
Total Business Growth	14,266	51,025	37,212	20,920	5,557	3,597	13,923	146,500
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
Total Culture & Tourism	252	3,075	17,316	19,189	11,125	9,043	0	60,000
Research, Development & Innovation Programme	2	1,704	8,527	6,234	1,338	618	1,577	20,000
Place Programme	1,250	6,488	16,601	25,291	11,008	0	0	60,638
Investment Plan Total	66,902	84,050	131,208	141,481	43,525	25,134	95,900	588,200

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
Total Transport	11,657	12,339	9,758	0	0	0	4,683	38,437
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
Kickstart Fund	0	637	2,707	0	0	0	0	3,344
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
Total Education Employment and Skills	5,082	10,762	12,856	3,034	1,602	0	0	33,336
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

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
Business Support Package	0	834	833	834	833	833	833	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
ERDF Energy Efficiency	0	10	427	553	194	0	0	1,184
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
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
Total Business Growth	11,453	35,343	116,060	33,421	3,339	1,608	1,145	202,369
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
Total Culture & Tourism	1,980	444	423	245	340	0	650	4,082
Carbon Capture & Storage Development	0	93	0	0	0	0	0	93
Innovation Project	500	0	0	0	0	0	9,250	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
Total Research, Development & Innovation	4,051	2,133	3,487	2,623	373	0	9,250	21,917

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
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
Total Non Investment Plan Headings	359	6,549	8,914	5,353	2,300	0	0	23,475
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
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	165	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
Total Development Fund	1,741	1,032	252	165	0	0	0	3,190
TOTAL	36,323	68,602	151,750	44,841	7,954	1,608	15,728	326,806

Core Running cost budgets 2019/20

Budget Heading	Budget 2020/21	Budget 2021/22
Premises		
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
	335,000	335,000
Transport		
Transport Fares - Payroll	12,000	12,000
Transport Fares - Non Payroll	60,000	60,000
	72,000	72,000
General Running Costs		
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
	167,000	167,000
Support Costs		
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
Legal Support	24,700	24,700
	163,967	163,967
Marketing & Communications	160,000	160,000
Total Running Costs Budget	897,967	897,967

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	58,036	89,034	67,550	19,831	231	147	277,323
			MTFP PERIOD			176,646		

	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	58,036	89,034	67,550	19,831	231	147	277,323
Internal Borrowing	-12,494	-58,036	70,530	0	0	0	0	0
External Borrowing	30,000	0	159,564	67,550	19,831	231	147	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	1,300	2,870	5,298	7,212	7,903	52,658	78,465
Loan Interest	164	801	778	3,467	4,503	4,689	17,094	31,496
			MTFP PERIOD			36,720		

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	215,673	166,584	108,921	104,662	595,840
Borrowing	89,034	67,550	19,831	231	176,646
TOTAL FUNDING	304,707	234,134	128,752	104,893	772,486
10 Year Investment Plan	131,208	141,481	43,525	25,134	341,348
Other Approved Projects	151,750	44,841	7,954	1,608	206,153
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	3,648	8,765	11,715	12,592	36,720
TOTAL EXPENDITURE	353,226	260,646	128,753	105,493	848,118
TRANSFER TO / FROM RESERVES	-48,519	-26,512	-1	-600	-75,632
Reserves Opening Balance	77,272	28,753	2,241	2,240	
Transfer To / From Reserves	-48,519	-26,512	-1	-600	
RESERVES CLOSING BALANCE	28,753	2,241	2,240	1,640	

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	62,449	78,777	23,427	20,806	185,459
Education, Employment & Skills	56,721	38,647	37,215	35,613	168,196
Business Growth	153,272	54,341	8,896	5,205	221,714
Culture & Tourism	17,739	19,434	11,465	9,043	57,681
Research, Development & Innovation	12,014	8,857	1,711	618	23,200
Place	16,601	25,291	11,008	0	52,900
Development Pot	252	165	0	0	417
THEME EXPENDITURE	319,048	225,512	93,722	71,285	709,567
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	3,648	8,765	11,715	12,592	36,720
NON THEME SPECIFIC EXPENDITURE	34,178	35,134	35,031	34,208	138,551
TOTAL EXPENDITURE	353,226	260,646	128,753	105,493	848,118

The table below reconciles the above table with the tables in Appendices 1, 2, 4 and 5.

Appendix 7

THEME RECONCILIATION	2021/22	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000	£'000
Investment Plan (appendix 1)	38,761	64,847	9,497	6,876	119,981
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
Total Transport	62,449	78,777	23,427	20,806	185,459
Investment Plan (appendix 1)	12,791	5,000	5,000	5,000	27,791
Other Approved Projects (appendix 2)	12,856	3,034	1,602	0	17,492
Adult Education Budget (appendix 5)	31,074	30,613	30,613	30,613	122,913
Total Education, Employment & Skills	56,721	38,647	37,215	35,613	168,196
Investment Plan (appendix 1)	37,212	20,920	5,557	3,597	67,286
Other Approved Projects (appendix 2)	116,060	33,421	3,339	1,608	154,428
Total Business Growth	153,272	54,341	8,896	5,205	221,714
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
Total Culture & Tourism	17,739	19,434	11,465	9,043	57,681
Investment Plan (appendix 1)	8,527	6,234	1,338	618	16,717
Other Approved Projects (appendix 2)	3,487	2,623	373	0	6,483
Total Research, Development & Innovation	12,014	8,857	1,711	618	23,200
Investment Plan (appendix 1)	16,601	25,291	11,008	0	52,900
Total Place	16,601	25,291	11,008	0	52,900
Other Approved Projects (appendix 2)	252	165	0	0	417
Total Development Pot	252	165	0	0	417
TOTAL THEME EXPENDITURE	319,048	225,512	93,722	71,285	709,567
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 4)	3,648	8,765	11,715	12,592	36,720
NON THEME SPECIFIC EXPENDITURE	34,178	35,134	35,031	34,208	138,551
TOTAL EXPENDITURE	353,226	260,646	128,753	105,493	848,118

Tees Valley Combined Authority Overview and Scrutiny Committee: Budget 2021-22

The Finance and Resources Sub-Committee, acting with the authority of the Combined Authority Overview and Scrutiny Committee, are satisfied with the information provided by officers with regards to the proposed Combined Authority Budget for the period 2021-22.

Whilst concluding that this budget be noted members would like to place on record the following observations:

- The sub-committee questioned whether this budget allocates enough resources to Education & Skills and Research & Innovation.
- The sub-committee felt that they have not been given the opportunity to look at TIAL in as much detail as they would have liked to and have therefore not been able to fully scrutinise the budget allocations in this area. Officers advised that the responsibility for TVCA in relation to TIAL is in respect of the allocations within the TVCA Investment Plan and budget. The responsibility of TVCA does not extend to detailed budget review of a separate company.
- The sub-committee would like the Budget to include the detail that the devolution £15m which is used to fund borrowing can be agile and flexible and as a last resort, should it be needed, be used as revenue to fund areas where intervention is required and is not being given from central government.

For transparency purposes, the questions asked of officers relating to the budget are detailed in below.

Questions and Answers

- 1. Can the Covid Economic Recovery Plan (ERP) be shared with Overview & Scrutiny Committee? It is referred to within the Budget paper and therefore needs to be shared with the committee to allow us to understand the full picture.**

The TVCA Recovery Plan and TVCA Covid Report have been circulated to all Committee Members

- 2. Has the ERP worked through what the costs are likely to look like for the Combined Authority – what do we need to spend in terms of Funding we already have and what additional funding is needed direct from Government?**

The ERP is about ensuring we are targeting the right themes and the right areas to give support to aid recovery. The level of support that is provided locally, from the Investment Plan, and from central Government within each theme area still needs to be determined. At the moment where we are able to move forward, for example within the Culture theme and the implementation of the Culture Taskforce, we have absolutely taken into account Covid information within that sector and used the funding in areas where it will have the most impact. The Business Growth area is another example where we have created the Hub to give businesses a single point of access from where they can receive the relevant support and signposting to meet their needs. To date we have received some central funding from Government, for example, Getting Building Fund, ERDF business support funds, these initiatives are also contained within the plans. Strategically we have maintained allocations at theme level, but the target areas have been reflected by intelligence from the report. A lot of the funding we have received from Government has been within the response phase. We are developing proposals for the recovery phase, given there has been a second wave, which look at the vision for the Tees Valley area and at funding asks. It is a combination of long-term Government asks and short-term responses via local funding and through the investment plan.

- 3. Does the budget need to be altered to cope with Covid. Will we be facing difficult choices around funding and how will we tackle this?**

With regard to costs and capital projects or schemes, all Local authorities and Combined Authorities across the country are keeping a close eye on these to ensure contractual commitments cover those areas. Any cost overruns are managed through funding agreements that we already have in place. The broader point relates to a balance between central government intervention and local funding. It's about determining what, as a Combined Authority, we should be investing locally against nationally what we expect Government to pay for. It is a delicate balancing act. TVCA is here for strategic economic growth and whilst short term funding has clear benefits we also need to keep focus on the Investment Plan. The Combined Authority is trying to put asks in where there is

credible evidence that we need support or intervention funding – it really is a blend of interventions that we are using to protect the Investment Plan.

4. The budget is really familiar – the headline allocations haven't changed over the last few years. Funding in the Education & skills allocation does not appear to again be sufficient to respond to the needs of the people of the Tees Valley. Are we putting our resources into the right places?

The reason for the Strategic Plan is that it is adaptable to react to those things that we are not expecting to happen. It's not a negative that the headline allocation hasn't changed, the important part is making sure we understand what will make the most difference post Covid in terms of skills. Chris Beck is working through this currently, taking the SQW report into account also, to determine what is the most effective response. The budget is not rigid, and we can move things within the investment plan as we need to subject to unanimous approval of the Cabinet. If more resource is required in this area then this would be considered at Cabinet and funding directed as deemed necessary.

5. Where has the Brownfield housing fund come from and can we have some further details? The funding is from central government and is for social and private housing across the five Local Authority areas. It is a fund that is available across the country and this is our share of it. Further information regarding the scheme has been circulated to all Committee Members.

6. There is an increase of £184.2 million total expenditure – where does that figure come from?

This is from movements between the £1,484.1 million and £1,668.3 million. This includes the negative movements also.

7. The Rail Network Investments detailed in paragraphs 19-23 are these all to be delivered during next financial year and from the earmarked £49M?

Yes – on some projects this will be in the form of development work commencing and for other projects they will be physically starting on site. Middlesbrough station work is due to commence early in 2021. Others the design work will start. This is all within the next financial year.

8. Tees Crossing and Darlington Link Road - do we know when we might be able to talk about funding for DLR as the overlap with TC will be no longer significant?

The 1-year CSR is already allocated so it would likely be when we start looking at the 3-year CSR – which would be 2022. It's about what alternative funding can be accessed pending a longer-term CSR settlement. We will keep lobbying with Government and twin track to an extent with other funding sources where we can do so.

9. What is the total cost of the Tees crossing? How much are we still waiting for and when will we get a decision on the final funding?

£427m is the total cost. We are funding 5% of this, which is required by DfT, which is £21.3m. Cabinet approved a maximum allocation of £24m previously allowing for more detailed costings as the scheme moves through its delivery

phases. At the time of meeting £2.2m has been spent on development so far. £1m of this came from DFT so we have spent £1.2m so far. The 5% contribution from TVCA includes the development costs to date. We are expecting a decision on the funding around spring next year. A further update report in respect of the Tees Crossing was taken to Cabinet on 27 November 2020 where Cabinet approved a further £11.5m to fully fund delivery of Portrack Relief Road and provide a fixed local contribution to the Tees Viaduct

10. Will the money for car parking agreed at Cabinet come from the transport budget?

The £10.6m to provide free car parking for 2 years will transfer from the transport allocation into the indigenous growth fund and will be managed through this programme. It is devolution funding that we will be moving across.

11. Will that transfer to Indigenous Growth fund of £10.6m therefore affect the headline budget figures?

Yes it will but at the point the consultation paper was written the transfer had not been agreed. This budget is the draft version for discussion and consultation and will not be locked down until it has been agreed at January Cabinet. We will only ever amend the MTFP post approval decision. Any movements will be documented in the finalised budget in January and there will be an audit trail of all adjustments.

12. There appears to be no amendments to the budget for Teesside Airport. There are significant risks to the airport from Covid. Are we therefore assuming that the budget that was set 3 years ago is robust enough?

The airport has a 10-year business plan with staged milestones to achieve both financially and non-financially each year. The Covid impact is being continually assessed across all airport and airline industries. Yes, there is a risk due to Covid and we have asked the question as to whether, over the 10-year period, they are going to stay within allocation and the answer given is yes. The information we have currently is that the airport will stay within the budget provided over the lifetime of the plan.

13. Lots of projects are European funded. Are we right that the question of how this will be replaced remains?

Yes, there are questions around what funding we will have and what we then prioritise if the funding is different to what we expect it to be.

14. Where is the £14m in 21/22 for southside development at the airport coming from?

That is through a commercial loan from TVCA to TIA direct approved by Cabinet on 20th December 2019. Repayment of this is linked to returns so it will be paid once the development is operational. The investment is necessary to make the business park work as a business park, so for access roads etc, this is regardless of who might come and reside there.

15. Will Combined Authority pay be frozen in line with the Public Sector pay freeze announced by Government?

The Combined Authority Follow Government pay terms so yes if this is implemented then we will follow that the same as each Local Authority will do and there will be a saving on the core cost budget which we would normally allow for wage inflation. A wage increase has been budgeted at 2% which is approximately £87,000 so the budget would decrease by that amount. This would be a cash saving and we will need to look at this and take a view on it and then be clear on what we are deploying it for. There are approximately 8 staff members within the Combined Authority who fall under the £25k cap and would be eligible for an increase.

16. Are we expecting a decrease in income with regard to Enterprise Zones?

We are in a better position than a lot of other areas for EZ as we have a lot of large companies rather than smaller ones. We have only accounted for those businesses paying currently or where construction has finished or is finishing now and will therefore be paying in future. It is linked to occupancy on site.

17. How long do the PWLB fix interest rates for?

It can be dependent on reports they have received but they are not keen to destabilise too much for Local Authorities. They wouldn't change them annually or even biannually. Rates are different dependent on the term of borrowing. The loan rates remain very competitive. The recent PWLB consultation exercise with public sector bodies has led to proposals for tightening what you can borrow for.

18. Are we using all our reserves in this period?

Yes. Reserves are made up of funding received in advance and not yet utilised. We have a small general reserve, around £1m. All Combined Authorities do this as good practice. It is different to Local Authority reserves which are considerably higher against a smaller budget, but this is linked to risk.

Questions and Answers

1. The Economic Recovery Plan has now been shared but this refers to parts 2&3. Are these available and if so, can we have sight of them?

The plan has been in development since May. Following wave 1 of Covid parts 2&3 were updated to a point but then wave 2 arrived and we needed to take stock and make sure everything we needed to know was captured. This is still being worked through and parts 2&3 need to go to Cabinet before they can be circulated more widely, including to O&S Committee.

2. If Cabinet haven't been informed of the full Covid response then can we be assured that the headline amounts are still correct and resources are being directed to the right areas?

The headline amounts are in the budget but that doesn't mean that we can't put proposals forward for re-directing resources if this is necessary. As soon as parts 2&3 are presented then we can reassess the need and redirect funding where

applicable and subject to unanimous approval by Cabinet. We will continue to work with the facts and information brought forward and if amendments are needed we will take these proposals forward to Cabinet for agreement. There are interesting challenges ahead with budget setting due to the fallout of Covid. This is why we have a flexible and agile budget so we can quickly react and provide support where most needed.

3. What is the plan for the development of the railway station at Teesside Airport?

The initial investment is to upgrade the station. It's not cost effective to move the station closer to the airport terminal so we will focus on a solution to redevelop the station and have means of transporting passengers quickly and easily to the terminal. The development of the terminal is ongoing and is needed to accommodate the increase in passengers associated with route development and securing a low-cost carrier, but we need the infrastructure and connectivity to be there also. The Transport Plan is looking at Rail network across the Tees Valley as a whole and this station development is part of this.

4. Have there been any particular problems exposed due to only having a 1-year CSR settlement rather than 3 year this time?

Certainty is obviously more helpful over the medium term for planning ahead. However, we will focus on what we expect to do in the near term. We will still look at what we need for the 10-year investment plan also, but it just means we don't have finalised locked down Government allocation for grants. We are confident we will get the next 5-year devolution funding following a positive independent review piece of work by the Governments advisers SQW. A copy of this paper was presented to Cabinet in November 2020. We had hoped to see another medium term set of allocations. We are still progressing, still planning and enabling, it's just not as helpful in allowing us to commit to things sooner rather than later.

5. Is there a particular issue around UKSPF given this is now a bidding process rather than an allocation?

It is being done as a pilot initially for this one year. Business and Skills Director Chris Beck clarified that the allocations from the pilot are in addition to what we currently receive for European funds as European funding does not expire until 2023. Ideally, we would want to see a 3-4-year allocation to give us stability but it's not working in this way currently due to the impact of Covid. We can offer reassurance that we are doing as much analysis as we can to look at what we received previously and what we need in future but as of yet we don't know the allocation.

6. Do we know what projects or activities are not being funded that we now have to bid for?

The Shared Prosperity fund starts next year but the European funding doesn't stop until March 2023. It is therefore not replacing any European projects until March 2023. We are still working through what we are bidding for. Some will be for replacing current activities whilst some funding will be directed towards new activity. The larger European money, for example in skills and business support

such as Business Compass only started in July this year and runs until 2023. We won't be expecting to bid until this time next year for an extension to these projects.

7. Does this mean that our response to Covid can't be as complete as we would like it to be because we aren't clear about our funding going forward?

In the short term the answer is no as there is the overlap of funding. In the Medium Term to Longer Term we need more certainty on funding for some initiatives. For the immediate period and up to 2023 funding is in place and we will use the information we have to target the right areas with this funding. We are being very fleet of foot in accessing support funding and getting this out to businesses and people. There is flexibility within the programmes to meet Covid requirements, subject to European funding rules, and we have optimised funding based on these rules. The short-term business support sits within the LA's. We work closely with these colleagues to maximise what we do through joint working.

8. What does the 1-year settlement mean with regard to certainty of projects?

European funding received is already against projects so those are not exposed as we have already committed to the level of funding we have. Continuity beyond this is the issue. We will need to make a decision closer to 2023, and once we know if funding is coming in, whether we continue with specific projects or reprioritise for better value for money. There are also exit costs to bear in mind if projects don't continue. We have certainty in a lot of the skills and business programmes but what is changing now is that there is lots of short-term funding coming into the Authority for different types of support for businesses due to Covid. We are managing tactically the flow of money and things are stable. We are not that far off the normal cycle.

9. Beyond European funding what proportion of the budget is left uncertain?

Our investment plan is over the 10-year period. As well as investment grants, devolution funding also comes in and that helps finance any form of borrowing for the Investment plan. It gives stability to the investment plan and allows us to borrow against this. Each area is reliant on grants from Government, but it depends on their proportion of Government grants being brought in at any given time. We tend to use European funds for very specific projects and in other areas leverage borrowing, more so for infrastructure items. It's important to link in to the overall £1.6 billion of funding. We are not complacent with this and are constantly looking at what we depend on from European funding.

10. Is it correct that in the table shown (Paragraph 11) there is a mix of certainty and uncertainty and also an assumption that things will continue?

If you look at the AEB line as an example, this is only allocated every year and by academic year. To look at it one way none of that line is secured but then to not give the money would need to go through a number of procedures. It is classed as unsecured, but we would never commit to spending it until it was secured. We don't put the breakdown of elements in the table as this is subject to various bidding and negotiation processes with central Government. European money included in the table is only based on actuals that we have secured. The reality

is we will get some Government funding in the future, but the issue is sufficiency, what we need to use for recovery plans etc.

11. Is everything in the column for 2021/22 - £346m all secured?

Yes, that's all secured funding

12. The devolution £15m is used to fund borrowing. If we were to lose significant amounts of Government grants then what element of the £15m is left to invest in revenue spend or is it all allocated to borrowing?

It is not committed, there is a headroom amount. Beyond the investment plan 10-year period there is £85m that will be available.

13. Does that mean then that there is no headroom until 10 years' time, not even for an emergency response?

We haven't committed to borrowing yet. There would be no headroom if we were to leverage the money and incur borrowing within this Investment Plan period but if there is an issue and a need to be agile and flexible then we can be as we haven't committed the expenditure and consequential borrowing yet. When it comes to decision making about the Investment plan there is still flexibility in that 10-year period as to what we fund and pay for. If we want to change things and the mix of revenue and capital then we can but the consequence of that is we can't leverage as much borrowing.

14. Have the Sector action plans been reviewed and updated to account for changes post Covid and indeed are the priority sectors still the same or do they need to change?

Pre Covid we were working hard to get the Local Industrial Strategy over the line. This work reaffirmed what was in the original SEP. We will need to refresh this now. All the work from Vivid came with one big caveat, which was "subject to no second wave". The time to therefore do the refresh work will be once we are out of Covid, so we have clear visibility of which sectors will need help. We will also be able to see how sectors have bounced back and where there is scarring, and how we can then intervene. Where there are Industrial Strategies, such as clean growth as an example, we won't change those as they are areas we need to develop. In areas of development we are actively applying for funding. Clean energy, offshore wind, Freeport etc. We need to continue with these as they will be good for the economy and we therefore wouldn't want to deprioritise them. Others we may need to look at post Covid and make some strategic decisions. The LIS focus remains on green, clean growth, bio manufacturing, digital & financial services etc. We have a lot of strategy work aligned to these areas as that's where we get a lot of support.

15. The Freeport is likely to attract investment to the area. Has the revenue implication of a Freeport been factored into this budget or is it too early to tell?

The Bid is open and the deadline for bidding calls is 4th Feb. We are currently working on our bid for this. The Business rates will actually be paid for by Government in full. This will be paid by Government direct to the Local Authority. So, for example, if a business goes onto Wilton then the business rates will go to RCBC.

**Tees Valley Combined Authority
Pay Policy Statement
(Section 38, Localism Act 2011)**

This pay policy statement applies to the financial year 2021/22.

Introduction

1. This document sets out the Combined Authority's Pay Policy in relation to the remuneration of its employees in accordance with section 38 of the Localism Act 2011. The policy is subject to annual review which must be approved by the Cabinet before 31st March each year. Any amendments during the course of the year must also be considered and approved by the Cabinet. The policy will be published on the Combined Authority's website as soon as reasonably practicable after approval or amendment.
2. The Combined Authority is committed to ensuring fairness, transparency and equality of pay in the remuneration of its employees. The Combined Authority has adopted the Human Resources Framework and Policies of Stockton-on-Tees Borough Council, which includes the pay and grading structure.

Chief Officers and Senior Management Team

3. The Combined Authority's Senior Management Team, including posts defined as Chief Officers under the Localism Act, consists of the following posts:

Job Title	Grade	Salary
Chief Executive	Chief Executive	£170,000
Director of Business & Skills	Director	£101,723
Group Exec Director of Finance & Resources	Group Director	£118,000
Group Exec Director of Commercial & Delivery	Group Director	£118,000
Group Chief Legal Officer	SM1	£80,697

4. Joint National Conditions of service (JNC) are incorporated into all Chief Officers' contracts of employment.
5. The salaries for Chief Officers have been determined through independent analysis and benchmarking and reflect rates which are reasonably sufficient to recruit and retain senior officers, taking into account market conditions. The grades attributable to Chief Officer posts are subject to job evaluation and based on clear salary differentials which reflect the level of responsibility attached to any particular role.
6. Chief Officers do not receive bonus payments or performance related pay nor do they receive any benefits in kind paid for by the employer. Where a Chief Officer meets the criteria for entitlement to expenses these are paid in accordance with the Combined Authority's policies, aligned with those of Stockton-on-Tees Borough Council. Increases in pay for Chief Officers will occur only as a result of:
 - pay awards agreed by way of national/local collective pay bargaining arrangements;

- significant changes to a Chief Officer's role which result in a higher salary being appropriate as confirmed by the outcome of an appropriate job-evaluation process; or
 - recruitment and/or retention payments which, in all the given circumstances at the relevant time, are deemed necessary in the best interests of the Combined Authority and which are determined under the relevant policy relating to such payments.
7. It is expected that Chief Officers will perform to the highest level. Performance related pay therefore does not form part of current remuneration arrangements. This position will be reviewed if legislation and/or guidance relating to Chief Officer posts changes.
 8. Under the Combined Authority's constitution, appointment to the Chief Executive and Director roles are a matter for Cabinet. All other posts are appointed under delegation to the Chief Executive.

Payments to Chief Officers upon termination of their employment

9. Chief Officers who cease to hold office or be employed by the Combined Authority will receive payments calculated using the same principles as any other member of staff, based on entitlement within their contract of employment, their general terms and conditions, and existing policies. The Combined Authority adopts the policies of Stockton-on-Tees Borough Council, for application in these circumstances.
10. In the case of termination of employment by way of early retirement, redundancy (voluntary or otherwise) or on the grounds of efficiency of the service, the Pensions and Retirement Policy sets out provisions which apply to all staff regardless of their level of seniority. The Pensions and Retirement Policy also sets out the applicable provisions in respect of awarding additional pension entitlement by way of augmentation or otherwise.
11. Where a severance package is to be paid, where taken as a whole, has a cost to the authority of £100,000 or more (subject to paragraph 19 below), the Cabinet will be given an opportunity to vote before the package is approved. Employees who would be contractually entitled to payments in excess of £100,000 where there is no discretion and a failure to comply would place the Combined Authority in breach of contract and leave it exposed to litigation would be exempt from the requirement of such a vote.
12. Under the reform of Local Government exit payments, the implementation of a £95,000 cap on public sector exit payments, including employer contributions to pension costs. came into effect on 4 November 2020. The Combined Authority will amend its policy and payments made on termination to reflect these changes in legislation.

Employment of Individuals Already in Receipt of a Local Government Pension

13. The approach to the employment of individuals already in receipt of a local government pension is set by the Teesside Pension Fund. The Fund has resolved not to abate pensions on re-employment, having regard to the enactment of regulations introducing flexible retirement, unless an enhanced ill-health retirement has been awarded.

Employment of Ex-Employees as Chief Officers under a Contract for Services

14. The Combined Authority does not generally support the employment of ex-employees as Chief Officers under a contract for services. However, there may be circumstances where the employment of an ex-employee under these terms is the most effective and efficient way of meeting the Combined Authority's needs. If this situation applies formal approval will be sought from the Chief Executive in their role as head of the paid service, in consultation with Cabinet members, and any such arrangement would not progress without their support. In addition the Government has introduced legislation to enable the recovery of exit payments for higher paid employees returning to the public sector.

Remuneration of Lowest Paid Employees

15. Stockton Borough Council introduced its Single Status Agreement on 1st April 2008, and this framework has been adopted by the Combined Authority. The lowest paid employees within the Combined Authority are appointed to jobs which have been evaluated using the NJC Job Evaluation Scheme and are remunerated accordingly.
16. As part of the budget setting process for 2020/21 the Combined Authority has adopted the recommendations of the Living Wage Foundation, in respect of directly employed staff. From 1st April 2020, the Combined Authority committed to paying no less than the Real Living Wage, currently £9.50 per hour, and apprentices are paid at this rate accordingly

Relationship between Chief Officer and Non-Chief Officer Remuneration

17. The 'pay multiple' for the Combined Authority is determined by comparing the pay of the highest paid employee (Chief Executive) against the median average pay, using hourly rates as at 31st December 2020, for employees within the scope of this statement.
18. The Combined Authority's current Median Hourly rate is £19.14 and the pay multiple (the ratio between the highest paid salary and the average salary of the whole of the Combined Authority's workforce) is 4.6

General Principles Regarding the Remuneration of Staff

19. The Combined Authority has established pay and grading structures, founded on evaluation of job roles using job evaluation, which ensures a fair and transparent approach to pay and the same grading of jobs which are rated as equivalent. The Single Status Agreement was subject to an equality impact assessment by Stockton-on-Tees Borough Council, as well as being approved by the respective trade unions' equal pay units.
20. All employees are recruited in accordance with the Combined Authority's Recruitment Policy and are appointed on the minimum of the grade unless there are exceptional circumstances which would warrant appointment above the minimum of the grade.

However, where an employee is redeployed because of redundancy or ill health into a lower graded job they will generally be appointed to the highest spinal column point of the lower grade, where appropriate, with salary protection to minimise the financial loss.

Publication of and access to Information Relating to Remuneration of Chief Officers

21. The Combined Authority will publish their Pay Policy Statement, following approval of the Cabinet, on the Combined Authority's website. In addition, remuneration related data associated with the Pay Policy Statement and Code of Recommended Practice for Local Authorities on Data Transparency will be published on the Council's website no later than 31st March and information related to the public sector equality duty no later than 30th June.