

AGENDA ITEM 7**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****9 DECEMBER 2022****REPORT OF THE GROUP DIRECTOR
OF FINANCE AND RESOURCES****ADOPTION OF INVESTMENT PLAN, BUDGET 2023-24 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. This year the Investment Plan was formally adopted by Cabinet on 29 July 2022.

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 (2023-2024) and over the medium-term.

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

- Expenditure on the Mayor's General Functions; and
- Expenditure on Combined Authority Functions.

This report includes the high-level financial allocations within the Investment Plan and provides the final budget for 2023-24. There are no expenditure items on the Mayor's 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, trade unions, and the Constituent Authorities.

RECOMMENDATION

It is recommended the Combined Authority Cabinet consider and reconfirm the high-level financial allocations for the Investment Plan 2021-29 and considers and approves the Draft Budget for 2023-24 for the purposes of consultation.

DETAIL

1. This report provides details of the refreshed high-level financial allocations within the Investment Plan for the period 2021-29 and provides the draft Budget 2023-24 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 9th December to 6th January. 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.
2. The comments received regarding the draft Budget will be considered and, where applicable, reflected in a revised Budget proposal from the Mayor due to be presented at Cabinet in January 2023. This complies with the constitutional requirement that before 1st February, having considered the draft Budget prepared by the Group Chief Executive and Group 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

3. There are no changes proposed to the Investment Plan, outside of the investment plan the costs of borrowing have been updated to reflect the latest rate forecasts and borrowing strategy.
4. A proposed decrease in core allocation is included in the budget as a result of reduced activity in the later years of the investment plan.
5. This report sets out the Budget for 2023-24 and the medium-term financial plan (MTFP) for the period to March 2027 (the Budget). The Budget presents all forecast funding and expenditure for the plan period.
6. 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.
7. For the MTFP period, the Authority will have a total of £816.6million available funding resources. This comprises £646.2 million funding to be received in the period and

£170.4million of borrowing. In addition to this the Authority will utilise £76million of usable reserves during the period

Investment Plan

8. In July 2022 Cabinet approved a refreshed Investment Plan. Within the refresh there was a strong focus on communities and place with investment in community safety, supporting local businesses, transport, skills, and the proposed designations of two new Mayoral Development Corporations. It also included a proposal to explore the creation of a Tees Valley Energy Company (TVEC), which will offer sustainable, green, and stable energy prices for Tees Valley businesses.
9. This budget does not propose any amendments to the existing allocations within the Investment Plan.

Economic Outlook

10. The economic backdrop during the financial year to date continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.
11. Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.
12. Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September volatility in financial markets led to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.
13. Our treasury management advisors, Arlingclose, expect gilt yields to remain broadly steady despite the Monetary Policy Committee's attempt to push down on interest rate expectations. Without a weakening in the inflation outlook, investors will price in higher inflation expectations given signs of a softer monetary policy stance.
14. Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. Bank of England bond sales will maintain yields at a higher level than would otherwise be the case.
15. The Authority has been working closely with our treasury management advisors to establish the short- and long-term rate forecasts. This work has enabled various models to be produced with sensitivities conducted to inform a borrowing strategy which has informed the rates built into this budget.

16. Senior management have set parameters for accessing future borrowing to allow the Authority to be agile in reacting to market changes in order to secure the most cost-effective rates.

EXPENDITURE

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

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Transport	66,762	147,108	64,882	64,882	64,882	124,002	532,518
Education, Employment & Skills	44,017	39,965	38,928	38,086	38,086	75,792	274,874
Business Growth	79,898	31,345	19,862	6,330	3,021	5,331	145,787
Culture & Tourism	21,915	22,445	6,717	1,600	0	0	52,677
Innovation & Clean Growth	65,800	5,250	2,487	0	0	0	73,537
Place	31,058	28,241	29,449	17,500	2,500	0	108,748
Investment Plan Total	309,450	274,354	162,325	128,398	108,489	205,125	1,188,141
Concessionary Fares	15,985	15,985	15,985	15,985	15,985	31,972	111,897
Commercial Projects	54,692	54,326	0	0	0	0	109,018
Research & Evaluation	122	102	0	0	0	0	224
Core Running Costs	5,294	5,294	5,894	4,794	4,794	10,188	36,258
Costs of Borrowing	3,408	9,268	21,411	23,741	25,442	52,893	136,163
TOTAL EXPENDITURE	388,951	359,329	205,615	172,918	154,710	300,178	1,581,701

18. As reported during the year as part of the quarterly MTFP updates 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 which have been incorporated into the above table.

19. In addition to the previously reported changes the below table sets out changes over the full investment plan period since the quarter 2 report as at the end of September. These are an increase in costs of borrowing as a result in increased interest rates partly offset by a reduction in core costs. This leaves a net increase in £7million across the investment plan period which will be funded from amendments to funding assumptions set out later in the report.

	Costs of Borrowing	Core Running Costs	TOTAL
	£'000	£'000	£'000
Increase in Interest Rates	9,855	0	9,855
Core Cost Adjustments	0	-2,000	-2,000
Total	9,855	-2,000	7,855

Transport

Investment Plan	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	66,762	147,108	64,882	64,882	64,882	124,002	532,518

20. The Tees Valley Strategic Transport Plan (STP) was adopted in January 2020 and provides the framework for 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”.

21. Following a year-long bidding process and negotiation with government, the Authority secured £310million of City Region Sustainable Transport Settlement (CRSTS) to deliver a government agreed programme of projects in July 2022. The bid set out how we need to deliver a world-class transport system at pace to underpin our transformative economic growth ambition.

22. The CRSTS period concludes in 2026/27, 2 years prior to the end of the Investment Plan period. For investment planning purposes it has been assumed that the equivalent level of funding will be available for investment within these final 2 years, however this will not be committed to until confirmation of funding is received.

Transforming the Tees Valley Rail System

23. The transformation of the Tees Valley rail system will provide:

- a modern ‘metro style’ passenger rail system with an aspiration for a minimum 30-minute service frequency at every station so that passengers can turn up and go; and
- capacity for freight growth linked to Teesworks and the Freeport.

24. 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 over £78million (£58million within this report period) has been earmarked as TVCA's contribution to major transformation projects to improve capacity at Darlington, Middlesbrough and Hartlepool stations and this sum is expected to leverage £100million of additional funding.
25. The Darlington Station Final Business Case (FBC) has been submitted to Government and funding approval is expected in 2022, with construction due to commence in 2023 and the project completing by May 2024.
26. Phase 1 of the Middlesbrough Station project, the extension of platform 2, started on site in December 2020 and completed in May 2021. Development work has progressed on the other phases of the project, including redevelopment of the station undercroft and the new platform 3. Redevelopment of the undercroft is currently on site with completion in 2023.
27. The Hartlepool Station project will see the reinstatement of a second through platform to improve capacity and resilience on the Durham Coast Line, facilitating future growth in services. The project is currently on site and is scheduled to complete in advance of Tall Ships.
28. The Eaglescliffe Station project (£8million TVCA investment with £7.5million in this report period) will provide a new fully accessible pedestrian footbridge, which will provide a connection between the existing eastern car park, the island station platform and the new western car park to be built by Stockton Borough Council and also improved access to the industrial estate and nearby new residential development. Work on Stockton Borough Council led highway improvements and access road have started, work on the car park will commence shortly and the TVCA sponsored footbridge improvements are scheduled to start in spring 2023.
29. Development work is continuing on a number of other rail projects, which contribute to the objectives set out above.

Ensuring the Key Route Network can facilitate sustainable growth

30. The Key Route Network (KRN) is made up of the most important roads for growth and productivity. The KRN accounts for 22% of the total road network in the Tees Valley. There are specific locations that are already at capacity or are forecast to be over capacity by 2025. The consequence of taking no action will be a significant increase in congestion, which will negatively impact upon journey times, reliability, and air quality, and threaten the economic transformation of the region.
31. The A19 New Tees Crossing OBC has been submitted to Government. They requested additional evidence to further emphasise the importance of the scheme to

wider priorities, specifically Teesworks and the Freeport. Further work is now being undertaken by National Highways to update the OBC and a decision is then needed from Government to commit to the development of an FBC for the scheme, which is anticipated in spring 2023.

32. The A689 Corridor improvements OBC has been submitted to Government. The package consists of junction improvements along the corridor to address congestion and cycleway/footway improvements to create a traffic-free shared use route on the corridor from Sedgfield to Hartlepool. The scheme was identified in the Growth Plan 2022 and TVCA understands a decision on the OBC approval will take place by the end of 2022.

A shared commitment with the operators to transform Tees Valley bus services and grow passenger numbers

33. TVCA, the local authorities and the regional bus operators have now formally entered an Enhanced Partnership and are working collaboratively to deliver the Bus Service Improvement Plan (BSIP).
34. The BSIP is focussed on five ambitions, which are:
- decarbonisation – one of the first regions in the UK to have an entirely zero emission local bus fleet;
 - fares – simpler fares and targeted promotions to drive passenger growth;
 - customer experience – putting the needs of customers at the heart of service delivery and improving information provision with one brand identity;
 - infrastructure – new infrastructure investment to prioritise bus on core corridors and improve passenger experience; and
 - network – a collaborative approach to ensure a sustainable bus network.

Making Cycling & Walking the natural choice for shorter journeys

35. TVCA has an approved Local Cycling and Walking Infrastructure Plan (LCWIP) setting out a long-term approach to developing a comprehensive Tees Valley cycling and walking network. The LCWIP is entirely consistent with the national ambition and has received positive feedback from Government. The plan is underpinned by analysis, which identifies the priorities for investment, with a focus on those corridors where there is the greatest potential to encourage people to walk or cycle to work, school or to access essential services.
36. The package will be complemented by a programme of activity delivered through five active travel hubs to encourage cycling and walking, including personalised advice, training, better information, and positive incentive programmes.
37. Delivery of the phase 1 schemes on Linthorpe Road in Middlesbrough and Woodland Road in Darlington is now complete and other schemes across the Tees Valley are progressing at pace.

38. TVCA have successfully secured additional money from the Active Travel Fund tranche 2 and 3 funding bids and from the Capability and Ambition Fund to support the delivery of our programme and have submitted a bid to the Levelling Up Fund to further speed up delivery of our proposed network and we will be seeking to secure further funding from the Active Travel Fund tranche 4 programme which is expected to be launched shortly by Active Travel England.

Ensuring everyone can access opportunity

39. The Tees Valley Wheels 2 Work scheme continues to provide a subsidised transport solution for those with no access to a private vehicle or public transport. The fleet is now all electric and includes electric motorbikes and electric bikes. The scheme takes referrals from Job Centre Plus, but any individual can apply, and is being widely publicised to raise awareness.

Positioning the Tees Valley at the forefront of decarbonising transport

40. TVCA is working alongside the DfT to deliver hydrogen refuelling infrastructure, long-term trials, and research activity through the hydrogen transport hub. The DfT has committed £20million to support this activity and there is a current live competition to identify projects.

41. TVCA is also committed to delivering a step-change in the provision of electric vehicle charging infrastructure. The initial roll-out is focussed on publicly accessible car parks with installation of the first 34 sites scheduled to complete by the end of 2022.

Putting Tees Valley at the heart of the digital transport revolution

42. TVCA is delivering a wide-ranging package of digital infrastructure and services to accelerate our ambition for a digitally enabled transport system across the region. The package includes:

- managing and optimising the highway network using the Urban Traffic Management & Control (UTMC) system;
- interventions to encourage, support and incentivise people to use active travel and public transport; and
- interventions to collate and provide data on multi-modal journeys, real time movement and occupancy data to enable customers to make informed travel choices.

Teesside Airport

43. The Airport continues to perform in line with the revised Business plan presented to Cabinet in July and this will continue to be closely monitored.

Education, Employment & Skills

Investment Plan	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	44,017	39,965	38,928	38,086	38,086	75,792	274,874

44. The Investment Plan includes a range of externally sourced and devolved funding streams. This includes final allocations for a European Social Fund project-Skills for Growth that supports small to medium businesses to undertake workforce training needs analysis and secure appropriate training to upskill their workforce. Careers Education for schools and Apprenticeship Grants for businesses continues to be delivered utilising the previous investment plan allocation.
45. The new Education, Employment and Skills Strategy was approved by Cabinet in July 2022. The associated TVCA Delivery Plan and investment required is in development and approval delegated to the Chief Executive in consultation with the elected mayor and cabinet portfolio lead. is in development. The delivery plan will consider the skills and employment gaps in the current service provision and plan for changes to the skills system to ensure local people can access the new jobs being created, including those in emerging sectors, such as clean energy.
46. Adult Education functions were devolved from August 2019 and cabinet approved to award the full £30.6million devolved budget for academic year 2022/23. Thirty-one training providers continue to deliver training for adults looking to seek work and for those in low paid work.
47. To support more people in work to access fully funded training the wage threshold for low paid employees to access this training was increased to £27,040 p.a. Cabinet also agreed to enable the devolved budget to be utilised for first steps engagement learning to support those most distant from the labour market and to include support for those socially isolated and/or requiring engagement activities for supporting their mental health. These services are supplied with a view to offering progression learning where appropriate.
48. An additional £5.8million (£3.3million in the period covered by this report) has been secured to deliver more L3 training and deliver employer led skills bootcamps. Delivery of both these programmes is well underway.
49. The £3.6million Multiply programme; an integral part of the UKSPF has been launched and delivery planned to commence in December 2022. This will provide

numeracy training and activities to assist those people who find working with numbers challenging and for those people wishing to gain formal qualifications in numeracy and maths.

Business Growth

Investment Plan	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	79,898	31,345	19,862	6,330	3,021	5,331	145,787

Teesworks Site Projects

50. The Investment Plan allocated £56.5million to the South Tees Development Corporation for development of the [Teesworks site](#), which has now all been expended. The Teesworks site 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, £125million of funding secured from Central Government (£18.4million in the period covered by this report), 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.
51. In June 2021, BEIS approved additional expenditure of £20million to support the development of the Teesworks Offshore Manufacturing Centre. The funding was awarded to assist in the remediation of the proposed offshore wind site to accelerate works and bring forward the construction of the centre.

Infrastructure Projects

52. Boho "The Digital City" project (£26.5million of which £15million is within the period of this report) has been confirmed utilising existing Business Growth infrastructure budgets (£20million) and Middlesbrough Borough Council Indigenous Growth funding (£6.5million). 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.
53. The £20million '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. Prior to the periods included in this report £11.6million had been incurred on delivery with the remaining £9.4million to be

incurred during this report period. 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. The first two projects within the programme are currently in progress, Regent Cinema and Guisborough Town Hall, with further call-offs expected shortly.

54. Stockton's allocation of £20million, £16.4million within this report, 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

55. Tees Valley Business has continued to support businesses via the website, email portal, telephone and directly through business advisors. In the year to date, the service has supported 1,101 businesses and demand for business support services and advice remains strong, particularly with the difficult economic climate.
56. Business growth support for SMEs (Small and Medium Enterprises) is currently funded through a £14.65million - £9.9million of which is within this report - ERDF (European Regional Development Fund) programme and includes a £12million allocation for grant support, available to SMEs until June 2023; grant intervention can be delivered up to 55% for business improvement projects. To date, 353 applications have been approved to the value of over £6.9million, generating £6.17million in private sector match funding and creating/safeguarding 995 jobs. A further 24 applications are in assessment, to the value of £804k and expressions of interest to the value of £2.5million are in the pipeline.
57. A broad range of products are available to support businesses including the SMEs Energy Efficiency Scheme (SMEEs) which provides businesses with energy audits and advice as well as access to capital grants for works undertaken to reduce emissions and lower energy consumption.
58. Originally a £2million ERDF funded scheme, the authority was able to secure a further £592k of ERDF funding which will open the scheme to an additional 64 businesses. To date, 111 Tees Valley SMEs have been provided with advice and support, 122 energy audits have been completed and 20 grants to the value of £335k have been approved. This will generate £457k of private sector match and achieve carbon savings of over 540 tonnes. The increase in energy/fuel costs is increasing demand for the programme which has already been heavily subscribed and the intention is to extend the support available through a drawdown of £0.5million from the indicative UKSPF allocation.

59. Additional support to businesses has been provided through the continued delivery of the £3.3million ESF Skills for Growth which has engaged with 341 businesses, completed training needs analysis with 235 of these which has resulted in 751 individuals commencing training.
60. A successful bid to the Community Renewal Fund saw the opportunity for over 65 organisations to engage with the £826k Tees Valley Business Challenge – Supply Chain Project. This offered a range of support activities to prepare businesses to access supply chain opportunities, including grants awarded to the value of £300k towards external support to address barriers that prevented businesses from accessing the supply chain opportunities.
61. The Tees Valley Large Capital Grant scheme has defrayed £4million to date this year against private sector capital investments in excess of £10million supporting the creation and safeguarding of over 400 jobs. A further £8million of grant support has been approved subject to due diligence against private sector investments which will create and safeguard over 800 further jobs. The pipeline of applications currently being process is strong it is forecasted that the funds will be fully defrayed fully against private sector investments by 2026.

Creative Place

Investment Plan	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	21,915	22,445	6,717	1,600	0	0	52,677

62. The Investment Plan allocation for Culture & Tourism Programme of activity is £20.5million of which £17.7million is within the period contained in this report. 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 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. The Business Case was approved in June 2022.
63. To date, programme investment has included:
- Recovery Programme (£1.1million): targeted interventions to support the resilience and recovery of cultural industries and hospitality sector businesses in direct response to the challenges experienced during the pandemic. Activity included grant funding as well, procurement and TVCA-led activity.
 - Bid development support: grants of up to £10k for organisations working to apply to join Arts Council England's National Portfolio for the first time. Seven applications were submitted and three were successful, collectively being awarded £525k annually for the next three years.

- Festivals Scale-Up Programme (£2million over 4 years): multi-year investment and business development resource to support the growth and sustainability of nine indigenous festival businesses delivering flagship annual festivals in the region.
- Sector Networks & Skills (£580k over 4 years): proposals were invited from sector businesses to address the lack of impactful regional network and visible professional development opportunities for people at all stages of their career. Five projects will be supported across four financial years.

64. The first of two open calls are now live, inviting proposals for investment in projects which contribute to the objectives of the 'Sector Growth and Sustainability' pillar of the Growth Programme for the Creative & Visitor Economies. Collective investment of £750k across the two calls is projected and will support projects to be delivered until 2025/26 financial year.
65. Under the 'Festivals & Events' programme pillar, £2million has been committed to delivery of the Tall Ships event in Hartlepool in 2023 and £1million has been ringfenced to support the realisation of celebrations to mark the bicentenary of the Stockton & Darlington Railway.
66. An Investment Plan allocation of £20million (£18.2million in the period covered by this report) has been provided for Darlington Council's priority project, a major capital scheme which will establish a Railway Heritage Quarter, based around the "Head of Steam" museum on North Road/Station Road, north of Darlington town centre. The aim is for the Railway Heritage Quarter to become a major visitor attraction and museum by 2024 in order that it can be a central part of the bicentenary celebrations of the birth of the Stockton & Darlington Railway in 2025.
67. The £20million Hartlepool Waterfront project (£16.6million in the period covered by this report) will create a 'destination' at the waterfront, encouraging growth in visitor numbers; overall, to regenerate the place via the tourism / leisure / culture offer. The Project will work with the National Museum of the Royal Navy to expand the exhibition space whilst leisure facilities will be constructed along with external event space and improved public realm.

Clean Growth and Innovation

Investment Plan	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	65,800	5,250	2,487	0	0	0	73,537

68. Our £19million innovation programme, approved in January 2020 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 which help develop the wider supply chains.
69. Key projects include support for a bioscience incubator at central park in Darlington, the net zero innovation centre being developed at Teesside University, facilities to support hydrogen and offshore engineering innovation at TWI, support for future

digital research projects including a new research centre at Teesside University and the new Centre for Digital Trade and Innovation in partnership with The International Chamber of Commerce.

70. The programme is leveraging national funds wherever possible to maximise the impact for the Tees Valley. The region has been selected to participate in the InnovateUK launch pad programme, which will see £7.5million invested in stimulating innovation activity focusing on clean growth, TVCA has invested £4million in CPI to help develop their novel foods innovation activities which in turn will bid into central government for further funding and supported The Materials processing Institute to secure over £20million of funding to support their work on the transition to a net zero economy. The region has also been successful in bring the DfT's hydrogen Transport Hub to the region with over £20million of hydrogen related infrastructure and trials.
71. TVCA is delivering £8million of Housing Retrofit schemes within the Tees Valley. A £4.9million Social Housing Decarbonisation Fund scheme, and a £3.2million Home Upgrade Grant scheme. This funding was secured with support from the North East and Yorkshire Net Zero Hub. The schemes will be completed in March 2023.
72. TVCA has secured £300,000 from the Woodland Creation Accelerator fund to support the region's five local authorities in their woodland related ambitions and its own agenda for strategic level nature-led Net Zero activity.
73. The BEIS-funded North East and Yorkshire Net Zero Hub, which TVCA is the accountable body for, has completed delivery of the £53million Green Homes Grant LAD2 programme across 24 of its 31 local authorities.
74. The Hub has secured additional funding of £1million for its core activities from until September 2023 and indicative funding up to March 2025, in addition to its total core funding to £3.1 million 2018 to date. It is has completed delivery and is evaluating of a £2 million Rural Community Energy Fund Programme, which will soon be evaluated. In 2022 it launched a £0.75 million Public Sector Decarbonisation Skills funding programme.

Place

Investment Plan	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	31,058	28,241	29,449	17,500	2,500	0	108,748

75. Over ten years a total of £60million (£52million in the reporting period) has been allocated to create the Indigenous Growth Fund (IGF). 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 the Tees Valley.

76. A programme business case has been developed and approved for the fund and the constituent authorities are currently bringing forward proposals to call off funding from the programme.

77. Six projects have been approved for funding committing £27.3million (46%). These include:

- Supporting the acquisition of key assets in Stockton & Darlington as part of the wider Town Centre redevelopments;
- Darlington Railway Heritage Quarter;
- Kirkleatham Walled Garden & Catering Academy (completed); and
- Boho 8 & X in Middlesbrough.

78. Projects currently in development will commit a further £21.5million. Projects include:

- Redcar & Cleveland - Town Centre improvements around Loftus, Saltburn and Eston (LUF bid), along with improving East Cleveland rail connectivity.
- Hartlepool - projects to support both Town Centre and cultural space improvements.
- Darlington - the refurbishment of Market Hall will support the wider programme of works under their Towns Deal.

79. Pipeline projects are being considered to commit the remaining balance of the IGF.

80. The Authority was awarded a further £7.4million of Brownfield Housing Fund in February 2022, taking the total programme funding to £26.7million (£19.5million of which is contained within this report period). Seven projects are currently in delivery (one has been completed) under this programme with a further three projects in development. £20.5million of this fund is contracted and to be delivered within the period 2021 to 2025. A further £3.7million is committed to schemes in development, leaving £2.5million currently uncommitted. The programme fund must be fully defrayed by March 2025.

Expenditure outside the Investment Plan

Concessionary Fares

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	15,985	15,985	15,985	15,985	15,985	31,972	111,897

81. The Concessionary Fares budget is negotiated with bus operators annually and is fully funded by contributions from the constituent authorities. The budget for future years has been estimated based on 2022/23 agreements however this is subject to change based on future negotiations.

Commercial Projects

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	54,692	54,326	0	0	0	0	109,018

82. The commercial projects section of the MTFP contains projects which have been invested in via either a commercial loan or with returns on investment. The projects currently within this section are: -

- Southside Development at Teesside International Airport,
- Tees Valley Waste project loan to the constituent Local Authorities in respect of procurement costs that will begin to be recovered once the project is live.
- The development of the South Bank Quay to enable offshore wind which will see returns from proceeds of usage of the Quay.

Research and Evaluation

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	122	102	0	0	0	0	224

83. To assess impact and inform future funding requirements a budget for research and evaluation was set aside. This includes the expenditure associated with the Government Gateway evaluation which was carried out by SQW.

CORE COSTS

84. The core costs of the Authority relate to general running costs of the organisation developing and supporting investment in projects and programmes includes in the Investment Plan.

85. As the levels on investment reduce in the later stages of the investment plan the requirement for core service support of these investments will also reduce. As a result of this the core budget is reduced by £0.5million per year from 2025/26.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core costs	5,294	5,294	5,894	4,794	4,794	10,188	36,258

86. The table below sets out the core costs budget for 2023/24 and the previously agreed budget for 2022/23.

Core costs	2022/23	2023/24
Salaries (incl Ni & Pension)	4,281,236	4,281,236
Other Staffing Costs	15,000	15,000
Total Staff Costs	4,296,236	4,296,236
Premises	335,000	335,000
General Running Costs	502,967	502,967
Marketing & Communications	160,000	160,000
Non-Salary Expenditure	997,967	997,967
TOTAL EXPENDITURE	5,294,203	5,294,203

Cost of Borrowing

87. 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.
88. 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.
89. A borrowing strategy has been developed which includes a range of maturities, short and long term, with ability to refinance built in. These are all driven from the latest interest rate forecasts from Arlingclose which are set out in the table below.

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.50	3.50	3.50
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.90	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.75	3.75	3.75
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.36	3.65	3.90	3.90	3.90	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.70	3.75	3.75	3.75	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.88	4.00	4.00	4.00	4.00	4.00	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.24	3.40	3.40	3.40	3.40	3.40	3.30	3.30	3.30	3.30	3.30	3.30	3.30
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

90. Based on the scenario modelling, which reflects prevailing and forecast rates, the increase in costs of borrowing over the investment plan period is £9.9 million. The latest borrowing requirements and repayments are set out in **Appendix 2**.

FUNDING

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

Funding	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget	388,951	359,329	205,615	172,918	154,710	300,178	1,581,701

Funding Source	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 28/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Devolution	15,000	15,000	15,000	15,000	15,000	30,000	105,000
Enterprise Zones	3,010	5,562	5,882	6,036	6,221	12,823	39,534
Transforming Cities Fund / CRSTS	60,255	62,436	62,436	62,436	62,437	124,000	434,000
Loan Repayments & Investment returns	3,833	8,185	6,583	7,380	7,835	18,431	52,247
Government Grants	85,860	28,473	33,530	9,911	9,011	12,691	179,476
Adult Education Budget / Level 3	34,247	34,471	34,471	34,471	34,471	68,940	241,071
Concessionary Fares	15,985	15,985	15,985	15,985	15,985	31,972	111,897
Borrowing	124,951	117,291	29,034	22,054	2,055	0	395,385
Movement -to / from reserves	45,810	71,926	2,694	-355	1,695	1,321	123,091
Total	388,951	359,329	205,615	172,918	154,710	300,178	1,581,701

Devolution

92. Funding of £15million per year for 30 years was agreed as part of the devolution agreement with government. This funding is subject to a five-year review which was successfully achieved in 2021. For the purpose of the budget plan period it is assumed that this level of funding will continue beyond each of the five-year review points.

Enterprise Zones

93. 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.

94. 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 & City Region Sustainable Transport Settlement

95. The Transforming Cities Fund was announced by Government in the 2017 Budget 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.
96. The City Region Sustainable Transport Settlement (CRSTS) is the successor to the Transforming Cities Fund and has seen the annual average funding increase from £15.1million to £62million following a successful bid to DfT. The Authority has been awarded £310million to invest in local transport networks to improve the quality of local transport networks over a 5-year period which commenced in 2022/23.
97. The current settlement received from DfT concludes in 2026/27, we have assumed within the Investment Plan that this funding would continue beyond this settlement period at its average annual to the end of the Investment Plan period.

Loan Repayments & Investment Returns

98. A number of Combined Authority investments are made on a recoverable and/or commercial basis. The returns from these investments, including those from Group entities, have been reviewed thoroughly and it is estimated that £52million will be repaid during the period including interest. These returns will be kept under constant review taking account of all internal and external economic factors.

Government Grants

99. 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 secured grants of UKSPF £46.3 million, Brownfield Housing £19.5 million, Offshore Wind £20 million, STDC Development £18.3 million, £12 million European Funded Grants, along with a number of other specific project grants.
100. 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. Based on current secured income the budget is fully funded for 2022/23.

Adult Education Budget

101. 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.

Concessionary Fares Funding

102. 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

103. 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.
104. At April 2021 the balance of usable reserves was £131.7million which was reduced through drawdowns by £7.4million in 2021/22 leaving a balance at April 2022 of £124.3million of available funds held in reserve, and it is forecast that this will reduce by £45.8million within the year to give a balance of £78.5million at the end of March 2023. The full balance of usable reserves will be utilised throughout the investment plan period to support the delivery of the investment plan, as set out in the table in paragraph 77.
105. 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 £1.058million.
106. 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 £0.5million, however management has decided to not amend this from the current reserve of £1.058 million.

DEVOLUTION DEAL FORWARD FUNDING

107. As part of the devolution deal Government agreed to provide the Combined Authority with a devolved fund of £450million. Although this funding is released by Government on an annual basis of £15million 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.
108. 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. 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 and review of the Medium-Term Financial Plan.
109. 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 was 31 March 2021, which was successfully completed.

BORROWING

110. 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.
111. 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 2**.
112. Within the MTFP period the total CFR to deliver the Investment Plan and fund commercial projects is £170million as part of a wider borrowing requirement of £457million over the Investment Plan Period of 2019 to 2029, details of which can be found at **Appendix 2**. This is well within the Government agreed borrowing caps of £774million.
113. 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 2023-27

114. Funding and expenditure for the plan period, including the final 2023/24 budget is summarised in the medium-term financial plan as set out in **Appendix 3**.

FINANCIAL IMPLICATIONS

115. 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

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

RISK ASSESSMENT

117. This Budget Report has been categorised as medium risk to reflect the updated work on the implementation of our group risk management strategy. The group corporate risk register has been updated to reflect funding uncertainty from Government. The existing management systems and daily routine activities are sufficient to control and reduce risk.
118. The risk of increased costs through economic factors is closely monitored and is being managed through the revised borrowing strategy put in place. A robust business case development process reduces the risk of cost pressures of investments by ensuring sufficient contingencies are built in resulting in no additional asks of Authority funds.

CONSULTATION

119. Formal consultation will be undertaken in the period 9th December to 6th January. This is in addition to circulation of this report to Local Authority Directors of Finance, Tees Valley Management Group and Chief Executives.

Name of Contact Officer: Gary Macdonald
Post Title: Group Director of Finance and Resources
Telephone Number: 01642 527707

Forecast expenditure on investment plan

Project	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 +	TVCA TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A689 Wynyard Corridor Improvements	75	3,582	0	0	0	0	3,657
Access Fund	0	0	0	0	0	0	0
Billingham Station	100	0	0	0	0	0	100
Bus Capacity Fund	168	168	0	0	0	0	336
Bus Improvement Corridors	0	3,747	0	0	0	0	3,747
Bus Partnership	36	3,000	0	0	0	0	3,036
CRSTS Development Fund	700	2,446	2,447	2,447	2,447	0	10,487
Covid 19 - Bus Services	0	0	0	0	0	0	0
Darlington Station	7,105	13,341	0	0	0	0	20,446
Demand Responsive Transport	909	0	0	0	0	0	909
Eaglescliffe Station Western Gateway	1,925	5,545	0	0	0	0	7,470
Electric Vehicles	2,175	0	0	0	0	0	2,175
Hartlepool Station	9,131	3,273	0	0	0	0	12,404
Hartlepool Western Growth Corridor (Elwick Bypass)	0	3,108	0	0	0	0	3,108
Home to School Transport	0	0	0	0	0	0	0
Hydrogen Transport	0	1,997	0	0	0	0	1,997
Inward Investment Allocation	0	0	0	0	0	5,800	5,800
Local Cycling & Walking Infrastructure Plan	8,526	0	0	0	0	0	8,526
Local Transport Fund	124	0	0	0	0	0	124
Local Transport Plan	16,578	0	0	0	0	0	16,578
Middlesbrough Station	2,805	22,608	0	0	0	0	25,413
Pothole Action Fund	0	0	0	0	0	0	0
Project Development Pot	216	0	0	0	0	0	216
Sustainable Access to Employment Programme	0	0	0	0	0	0	0
Tees Crossing & Portrack Relief Road	0	0	0	0	0	34,360	34,360
Teesside Airport	13,296	19,615	0	0	0	0	32,911
Transport Capability Fund	1,219	0	0	0	0	0	1,219
Travel Demand Management	0	0	0	0	0	0	0
Urban Traffic Management	1,500	1,500	0	0	0	0	3,000
Wheels 2 Work	174	174	0	0	0	0	348
Integrated Transport Plan - To Be Allocated	0	63,004	62,435	62,435	62,435	83,842	334,151
Transport Total	66,762	147,108	64,882	64,882	64,882	124,002	532,518
Education, Employment & Skills Strategy incl Adult Education Budget	36,817	35,005	34,471	34,896	34,896	69,792	265,182
Hartlepool Centre of Excellence in Technical Training for the Creative Industries	89	0	0	0	0	0	89
Kickstart	1,160	0	0	0	0	0	1,160
One Vision Pilot	88	0	0	0	0	0	88
Skills Analyst	13	0	0	0	0	0	13

Project	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 +	TVCA TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Skills Capital	486	0	0	0	0	0	486
Skills Bootcamps	3,285	0	0	0	0	0	3,285
Multiply	1,097	1,267	1,267	0	0	0	3,631
North East Screen	180	190	190	190	190	0	940
EES Total	44,017	39,965	38,928	38,086	38,086	75,792	274,874
BEIS Business Compass	246	0	0	0	0	0	246
BEIS Peer to Peer Network	370		0	0	0	0	370
Billingham Bio-Pharmaceutical Campus	132	0	0	0	0	0	132
Boho	8,456	0	0	0	0	0	8,456
Brexit Preparation Fund	76	0	0	0	0	0	76
Business Growth Programme	6,706	6,966	4,906	5,796	2,387	4,642	31,403
Central Park	3,650	0	0	0	0	0	3,650
Delivering Sector Action Plans Programme	0	0	0	194	294	689	1,177
Energy Efficiency ERDF Grant	526	300	0	0	0	0	826
ERDF Business Growth Fund	7,136	2,740	0	0	0	0	9,876
Faverdale (Phase 1)	0	50	0	0	0	0	50
Freeport	700	638	0	0	0	0	1,338
Ingenium Parc - Phase 1	195	0	0	0	0	0	195
Kirkleatham Estate Investment Project	0	228	0	0	0	0	228
Local Industrial Strategy	241	0	0	0	0	0	241
North East Screen	340	340	340	340	340	0	1,700
Offshore Wind	20,000	0	0	0	0	0	20,000
One Public Estate	227	227	0	0	0	0	454
SSI Task Force Programmes	4,729	6,242	0	0	0	0	10,971
STDC Business Case	18,316	0	0	0	0	0	18,316
Stockton High St	4,846	4,358	7,216	0	0	0	16,420
Tees Valley Business Challenge	384	0	0	0	0	0	384
UKSPF Projects	0	3,000	6,900	0	0	0	9,900
Welcome to Redcar & Cleveland	2,622	6,256	500	0	0	0	9,378
Business Growth Total	79,898	31,345	19,862	6,330	3,021	5,331	145,787
Culture & Tourism Programme	4,000	7,000	6,717	0	0	0	17,717
Culture: Rugby League World Cup Bid	105	0	0	0	0	0	105
Hartlepool Waterfront (incl NMRN)	6,993	8007	0	1,600	0	0	16,600
Museum of the Royal Navy	25	0	0	0	0	0	25
Stockton & Darlington Railway Heritage	10,792	7,438	0	0	0	0	18,230
Culture Total	21,915	22,445	6,717	1,600	0	0	52,677
Bio / Life Science Innovation Support	2,000	2,000	0	0	0	0	4,000
Carbon, Capture & Storage	50	0	0	0	0	0	50
Darlington Hybrid Innovation Centre	2,800	0	0	0	0	0	2,800

Project	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 +	TVCA TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Digital Cyber	240	1,614	0	0	0	0	1,854
Energy Network	1,491	0	0	0	0	0	1,491
Green Homes Grant	45,258	0	0	0	0	0	45,258
Hydrogen Transport	0	0	1,875	0	0	0	1,875
Low Carbon Action Plan	9	0	0	0	0	0	9
Net Zero Innovation Centre	6,113	202	0	0	0	0	6,315
Net Zero Teesside	263	0	0	0	0	0	263
Public Sector Decarbonisation	749	0	0	0	0	0	749
Residential Decarbonisation	722	0	0	0	0	0	722
Rural Energy Fund	217	0	0	0	0	0	217
Social Housing Decarbonisation	2,611	0	0	0	0	0	2,611
Sustainable Warmth Grant	2,977	0	0	0	0	0	2,977
Tees Valley Sector Networks	300	819	612	0	0	0	1,730
To Be Allocated to Projects	0	615	0	0	0	0	615
Innovation & Clean Growth Total	65,800	5,250	2,487	0	0	0	73,536
Brownfield Housing	10,335	6,200	3,103	0	0	0	19,638
Car Parking	3,957	0	0	0	0	0	3,957
Indigenous Growth Programme	14,766	11,375	15,679	7,500	2,500	0	51,820
UKSPF Communities & Place	0	1,666	1,667	0	0	0	3,333
Place Based Investment Fund	2,000	9,000	9,000	10,000	0	0	30,000
Place Total	31,058	28,241	29,449	17,500	2,500	0	108,748
INVESTMENT PLAN TOTAL	309,450	274,354	162,325	128,398	108,489	205,125	1,188,141

Borrowing

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 - 2028/29	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Borrowing Required	124,951	117,292	29,034	22,054	2,055	0	295,386
		MTFP PERIOD			170,435		

	Bal c/f	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 - 2028/29	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Borrowing Required	161,284	124,951	117,291	29,034	22,054	2,055	0	456,669
Internal Borrowing	24,584	0	-7,000	-7,000	-4000	-3,000	-3,584	0
External Borrowing	136,700	124,951	124,291	36,034	26,054	5,055	3,584	456,669

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 - 2028/29	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Minimum Revenue Provision	2,653	5,022	8,062	8,989	9,805	20,826	55,357
Loan Interest	755	4,246	13,349	14,752	15,637	32,067	80,806
		MTFP PERIOD			79,862		

Medium Term Financial Plan 2023-27

MEDIUM TERM FINANCIAL PLAN	2023/24	2024/25	2025/26	2026/27	TOTAL
	£'000	£'000	£'000	£'000	£'000
Funding	170,112	173,887	151,219	150,960	646,178
Borrowing	117,291	29,034	22,054	2,055	170,434
TOTAL FUNDING	287,403	202,921	173,273	153,015	816,612
Investment Plan	274,354	162,325	128,398	108,489	673,566
Concessionary Fares	15,985	15,985	15,985	15,985	63,940
Commercial Projects	54,326	0	0	0	54,326
Research and Evaluation	102	0	0	0	102
Core Running Costs	5,294	5,894	4,794	4,794	20,766
Cost of Borrowing	9,268	21,411	23,741	25,442	79,862
TOTAL EXPENDITURE	359,329	205,615	172,918	154,710	892,572
TRANSFER TO / FROM RESERVES	-71,926	-2,694	355	-1,695	
Reserves Opening Balance	78,530	6,604	3,910	4,265	
Transfer To / From Reserves	-71,926	-2,694	355	-1,695	
RESERVES CLOSING BALANCE	6,604	3,910	4,265	2,570	