TEES VALLEY COMBINED AUTHORITY | TEES VALLEY MAYOR

AGENDA ITEM 7

REPORT TO THE TEES VALLEY COMBINED AUTHORITY CABINET

22 JULY 2022

REPORT OF GROUP CHIEF EXECUTIVE

INVESTMENT PLAN REFRESH

SUMMARY

This report sets out a refreshed Investment Plan for approval by Cabinet. There is 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 includes 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.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet

1. approves the Investment Plan refresh, including:
    - The UK Shared Prosperity Fund (UKSPF) for Tees Valley and our submission to government;
    - The £3.6m UKSPF Multiply National Programme;
    - An update on the £310m sustainable transport programme;
    - That Tees Valley Combined Authority (TVCA) become party to the 'shell' bus Enhanced Partnership agreement, noting that there are no direct obligations at this stage, and delegate authority to the Assistant Director for Transport & Infrastructure to engage through the Bus Partnership governance structure and agree further detail in relation to any element of the delivery plan, which has implications on TVCA, subject to confirmation of funding and satisfactory completion of the necessary statutory processes.
    - A mandate to commence a project on the establishment of a Tees Valley Energy Company (TVEC), with any decision to establish the TVEC and Invest in Solar energy generation and supply infrastructure to be brought back to Cabinet for a final decision;
    - Teesside International Airport Limited (TIAL) Business Plan;
    - Note the TIAL Draft Accounts 2021/22 which will be approved by the TIAL Board and delegate authority to the TIAL Board to approve the final accounts;
    - the proposal to progress discussions on the consolidation of the TIAL Shareholding with the Local Authority Shareholders;

2. to support the designation of a new Mayoral Development Corporation in Hartlepool, subject to the outcome of the consultation process.

3. to support the designation of a new Mayoral Development Corporation in Middlesbrough, subject to the outcome of the consultation process.

DETAIL

UK Shared Prosperity Fund (UKSPF)

1. In April, the UK Government published its prospectus for the new £2.6 billion UK Shared Prosperity Fund (UKSPF), which succeeds the old EU structural funds. This fund is about levelling up people's pride in the places they love and seeing that reflected in empowered local leaders and communities, a stronger social fabric and better life chances.

2. The UKSPF is focused on three investment priorities: Communities & Place (including culture), Supporting Local Businesses (including innovation) and People & Skills.

3. The Tees Valley allocation from April 2022 – March 2025 is £46.3 million made up of £42.7 million (Core) & £3.6 million (Multiply Adult Numeracy Programme, led by the Department for Education (DfE)) and is predominantly revenue focused. Allocations from 2025 onwards rise significantly and whilst not confirmed are indicated at £28 million per year.

4. Within the current investment plan, assumptions had been made that UKSPF would fund £29.5 million of allocated expenditure, therefore the allocation received has increased the overall investment plan by £16.8 million (£13.3 million core and £3.6 million multiply).

5. Tees Valley Combined Authority (TVCA) is the designated Lead Authority to submit the Tees Valley UKSPF Investment Plan between 30 June – 1 August and to manage the fund in the local area.

6. Our local investment priorities must be aligned to evidence of local need, must complement, and not duplicate existing activity or funding and must be developed in partnership with key stakeholders in the area. Existing strategies, evidence, and engagement through TVCA advisory groups has informed the indicative priority allocations as they address our local challenges and opportunities.

7. A Local Partnership Group has been established [first meeting 21 June 2022] that includes representatives from TVCA, Local Authorities (also covering Local Resilience Forum), Business Board Thematic Leads, Employer Representative Bodies, Teesside University, Further Education, Environmental Representative, VCSE, Public, Police, DWP, DfE and the Cities and Local Growth Unit. This group is involved in the development of the UKSPF plan and moving forward, they will meet quarterly and provide oversight for the management and delivery of UKSPF.

8. The following table sets out indicative local allocations under each investment priority.

UKSPF Priority	TVCA IP Heading	Investment Plan Allocation		Total
		Committed £m	Available £m	£m
Communities & Place	Culture***	14.1	0	14.1
	Place	7.3	3.3	10.6
People & Skills – inc. Multiply*	EES	3.6	5	8.6
Supporting Local Businesses	Business Growth	0	13	13
Total		**25**	**21.3**	**46.3****

**Significant other funding sources are being invested in People and Skills in this period as set out in this report. UKSPF will focus on filling the gaps in support.*
*** Included within the total is an allocation for delivering the UKSPF programme of up to 3%.*
**** Due to the Government categorisation of outputs and outcomes, activity to develop and promote the visitor economy will be allocated and reported under supporting local businesses.*

9. The submission to Government must set out clearly the annual profiles for expenditure, which UKSPF interventions we have prioritised for investment and why and quantify the outputs and outcomes Tees Valley seeks to achieve through these allocations. The Local Partnership Group will have oversight of the final UKSPF Investment Plan submission and the outcome targets agreed.

10. The emerging priorities for activity are set out below:

Communities & Place £24.7m	**People & Skills (exc. Multiply) £5m**	**Supporting Local Businesses £13m**
Cross cutting interventions that also support People, Skills, and Businesses. • Growth Programme for Creative & Visitor Economies • Placed Based Investment • Tackling Anti-Social Behaviour and Security in Town Centres to support significant capital investment through other sources (such as Town Deal / FHSF). Likely to be pilot projects in defined areas testing new ways of working to inform future investment.	• All age careers education and guidance for residents to increase awareness of the changing local economy, current and future opportunities and the skills required. • Intensive wrap around employment support for those economically inactive to move people closer to mainstream provision and employment • Tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses. *Please note there are significant funds from other sources supporting People and Skills such as Adult Education*	Supporting start-up, scale-up and growth • Business Start Up: Stimulation, Support, Investment • SME Net Zero: Know-how, investment • Finance and Funding: Know-how and investor readiness • Digital: Know-how, investment • People: Skills, recruitment, retention, apprenticeships • Supply Chain Opportunities: Awareness and support Creating the environment that stimulates innovation in key sectors: • Sector networks and collaboration • Supply chain development • Supporting innovation infrastructure

Communities & Place £24.7m	People & Skills (exc. Multiply) £5m	Supporting Local Businesses £13m
• Feasibility for digital inclusion interventions.	*Budget, Level 3 Skills and Skills Bootcamps.*	• Supporting digital business and innovation

11. As part of UKSPF investment plan development, Government will consider bespoke local interventions if justified. Tees Valley will seek to secure approval for a bespoke intervention providing all age careers education and guidance for residents to increase awareness of the changing local economy, current and future opportunities and the skills required. This is a priority activity in the Education, Employment & Skills Strategy and will provide valuable support to both people and businesses.

12. Once Government approves the UKSPF investment plan, funds will be confirmed from April 2022 - March 2025 and first payments should be released to the Lead Authority in October 2022.

13. Existing EU funded activity in the region will come to an end at varying points in this period (2023 onwards) and there will be a transparent process to commit available funds to projects that deliver the priorities set out in the UKSPF investment plan using open calls for activity and/or partners and where relevant partnership co-development of activity.

UKSPF Multiply National Programme

14. The UK Government committed that the first priority of UKSPF is Multiply. This is intended to reach adults across the whole United Kingdom over the next three years to improve their functional numeracy skills.

15. TVCA is the designated Lead Authority to submit the Tees Valley UKSPF Multiply Investment Plan by 30th June and to manage the fund in the local area.

16. The Tees Valley indicative revenue allocation from April 2022 – March 2025 is £3.6m.

17. In addition to these local allocations the DfE will lead delivery of a national digital platform for adult numeracy and a programme of evaluation.

18. Multiply has three core aims:
    - More adults achieving maths qualifications, up to and including Level 2-GCSE,
    - Improved labour market outcomes with fewer numeracy skills gaps reported by employers; and
    - Increase adult numeracy across the population.

19. Whilst there is opportunity for innovation and new projects, the provided prospectus identifies 10 areas that could be addressed with Multiply funding, these are:
    - Courses to increase confidence with numbers
    - Courses to help people manage their money,
    - Innovative numeracy programmes delivered with employers to address specific numeracy skills required in the workplace,
    - Courses aimed to assist people to access work,

- New intensive and flexible numeracy courses (functional skills) targeted at people without a Level 2 qualification in maths,
- Courses to enable parents help their children or themselves to progress,
- Numeracy courses aimed at prisoners and those recently released from prison,
- Numeracy courses for those leaving or just left the care system,
- Numeracy activities delivered by the CVSE sector aimed at engaging the hardest to reach learners; and
- Additional relevant maths modules embedded into other vocational courses.

20. Once approved by DfE it is anticipated that delivery will commence from September 2022, in line with the academic year. It is envisaged that a range of delivery patterns will be awarded funding utilising the existing skills Framework of approved providers and additional open procurement undertaken for community level projects and to open the potential for CVSE providers to engage in this programme.

City Region Sustainable Transport Settlement (CRSTS)

21. The £310m City Region Sustainable Transport Settlement (CRSTS) for the period 2022/23 to 2026/27 has previously been incorporated into the Investment Plan by Cabinet on the 28th of January 2022.

22. The government has since confirmed that the profile of the capital grant is as set out in the table below:

CRSTS capital grant profile				
2022/23	2023/24	2024/25	2025/26	2026/27
£60.4m	£62.4m	£62.4m	£62.4m	£62.4m

23. The CRSTS consolidates funding from previous allocations of the Highways Maintenance Block, Potholes Fund and Integrated Transport Block, all of which will be passed onto the five constituent local highway authorities.

24. Furthermore, in addition to the £3.5 million revenue grant awarded in 2021/22 to support the preparation and planning for the CRSTS Programme, the government has also confirmed that TVCA will receive £7.6 million of revenue funding for the period 2022/23 to 2024/25 to support the development of the CRSTS capital investment programme and build longer-term local transport planning and delivery capacity. Further revenue grant funding beyond 2024/25 will be subject to future Spending Reviews. This additional funding is already incorporated into the investment plan.

25. A programme business case has been submitted to government and dialogue is on-going prior to government agreeing the final project list. All local authorities have been engaged throughout the development of the CRSTS project list. Projects must drive growth through infrastructure investment, level up services towards the

standards of the best, and promote modal shift from cars to public transport, walking and cycling.

26. Once the government has agreed the project list, they will publish the funding settlement, outcomes, delivery timeframes and estimated costs on a single, easily accessible website. This will include detailed information about the projects and progress towards delivery.

27. The programme business case consists of six investment packages:
    - Making cycling & walking the natural choice for shorter journeys by:
        - Delivering new cycling and walking routes, as prioritised in the Local Cycling and Walking Infrastructure Plan (LCWIP).
        - Providing town centre active travel hubs.
    - Transforming the Tees Valley rail system by:
        - Investing in major station upgrade projects to increase capacity and / or improve accessibility.
        - Improving facilities at all stations in the Tees Valley and integration with bus and active travel.
        - Investing in the rail infrastructure to increase capacity for freight and passengers, and reduce journey times.
    - A shared commitment with the operators to transform the Tees Valley bus services and grow passenger numbers by:
        - Delivering improvements on nine key corridors to improve journey time and reliability.
        - Delivering improvements to the customer experience through investment in bus shelters.
    - Putting the Tees Valley at the heart of the digital transport revolution by:
        - Investing in our digital infrastructure to better manage the network and improve customer information.
    - Positioning the Tees Valley at the forefront of decarbonising transport by:
        - Further investment to facilitate vehicle decarbonisation.
    - Ensuring everyone can access opportunity by:
        - Investing services to support people where transport is a barrier to accessing employment, education, health and culture.

28. Once government has agreed the final project list, further detail will be included in the Investment Plan under each investment package.

Enhanced Partnership with Local Bus Operators

29. In March 2021, the Government published *Bus Back Better: national bus strategy for England*. The strategy sets out the long-term vision and opportunity to deliver better bus services for passengers across England.

30. The strategy includes a requirement for all Local Transport Authorities (LTAs) to:
    - Produce a Bus Service Improvement Plan (BSIP), which should set out the evidence and vision for delivering a step-change in bus services.
    - Implement an Enhanced Partnership (EP), which is a statutory agreement between TVCA, the five Tees Valley local authorities and the Tees Valley bus

operators. The EP is made up of two parts: the EP plan, which summarises the content of the BSIP; and the EP Scheme where the detailed requirements, actions and partner obligations for bus services, infrastructure and other supporting measures in the area are set out specifically.

31. The government has made it clear that there should be full alignment between the CRSTS projects and BSIP. Furthermore, there is an expectation that all relevant projects, and particularly bus priority schemes, are included in the Enhanced Partnership (EP) plan and scheme. The EP must also include a mechanism for the operating cost savings realised by bus operators because of CRSTS schemes to be reinvested in delivering other specified aspects of the BSIP.

32. It is important to understand that TVCA is party to the agreement as the LTA and the five Tees Valley local authorities in their capacity as local highway authorities.

33. The legacy of COVID-19 continues to impact on bus services in terms of patronage, service delivery and operational timetabling. These impacts, coupled with the fact that the CRSTS project list has yet to be agreed by government, means that the EP needs to be fluid and will be adapted.

34. In recognition of this challenge, the EP is currently in the form of a ‘shell’ agreement, which sets out the high-level priorities. These priorities are structured around a five-point delivery plan:
    - Decarbonisation – to be 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 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 customer experience.
    - Network – a collaborative approach focused on core corridors and integration with the Tees Flex on-demand bus service. This will ensure services respond to demand, better connect more people to opportunity and facilitate modal shift.

35. There are no direct obligations on TVCA at this stage other than those that apply to all LTAs as set out in paragraph 30. The EP Plan includes a bespoke variation mechanism, which enables further detail to be added as agreement is reached with the bus operators on specific interventions. This report seeks approval for TVCA to become party to this ‘shell’ agreement.

Tees Valley Energy Company (TVEC)

36. TVCA is developing proposals to establish a Tees Valley Energy Company, initially by utilising surplus land on the North Side of the Airport’s site to build a solar energy facility. The proposed land is adjacent to the runway and as such is not suitable for other commercial or industrial development due to height restrictions. Initial advice suggests that the proposed site would be sufficient to provide approximately 40MW of solar energy once fully developed. A plan showing the proposed site is attached at **Appendix 1**.

37. It is expected that the initial scheme will be phased over 2-3 years as to reach the maximum potential capacity will require upgrading of utility infrastructure and

potentially requiring an enhancement to the Grid connection. This is likely to take some time, so the intention is for the first phase to maximise the capacity available through existing capacity.

38. We have had initial conversations with the UK Investment Bank (UKIB) about funding this project on a commercial basis and the project will only move forward if there is a return available. Modelling suggests that even in the worst-case scenario, where power was effectively just sold back to the Grid, the project would generate a financial return for TVCA

39. The total capital cost, including the cost of an updated Grid requirement is expected to be c£50m and the UKIB debt would expect to be provided for a period of 30-50 years. High level projections suggest that, after paying a ground rent to TIAL, and paying funding costs, the project can deliver a significant revenue stream to TVCA.

40. In the initial stages, TVEC intends to sell surplus electricity via Power Purchase Agreements to large local users, potentially Local Authorities, NHS Trusts and other significant users. As TVEC develops in the future there will be an opportunity to grow the business to bring in other sites across Tees Valley and potentially expand the reach of the company to allow it to provide affordable, sustainable green energy solutions to more local businesses.

41. Key to being able to do this is to ensure that TVEC is always matching its ability to generate energy with the level it supplies. This is essential to manage the risk of exposure to electricity price fluctuations. Other suppliers have got into financial difficulty by doing this and this is not something that TVEC will be permitted to do.

42. TVCA will now undertake appropriate due diligence and project development on the proposal and report this back to Cabinet before progressing. This will include looking at the planning requirements and, potentially, preliminary steps in the planning process. for the scheme, whilst continuing to take advice on the wider project and finalise discussions with UKIB. The intention is to have contracts in place to commence the delivery of the first phase by the end of the current financial year. The timing on the next phase will be dependent on the timing of the grid connection.

Teesside International Airport Limited (TIAL)

43. The airport remains critical to the Tees Valley as an essential component of the region’s infrastructure and the Combined Authority remains committed to its 10 year turnaround plan.

44. The past two years have been incredibly challenging for the global aviation industry in the face of the COVID-19 pandemic. The Airport Operators Association, representing some 50+ UK airports, earlier this year reported that it has “suffered its biggest downturn in history” with airports’ total revenue loss totalling £10billion and 2021 noted as an even worse year for airports than 2020. More recently, the sector has also been hit with challenges around the Russia-Ukraine conflict and we note this week, Peel Group’s announcement of the potential closure of Doncaster Sheffield.

45. TIAL has fared better than most regional airports during this time. It has secured routes, increased capacity and carried out significant regeneration and development of its land and assets.

46. During the pandemic, the airport was a responsible employer, topping up staff furlough payments to 100% and ensuring there were no redundancies. This had a positive impact when flights did return, with staff able to provide a fast, efficient and friendly service which grew the airport's reputation and garnered considerable positive feedback.

47. The draft financial statements for the airport highlight the impact these unprecedented circumstances have had on the aviation. The draft outturn for the financial year 2021/22 is an EBITDA loss of £9.1m and an overall loss of £11.7m. We understand these are in line with other airports and operators within the aviation sector and are being driven by incurring fixed unavoidable overheads due to the nature of the industry, and specifically the need to remain open throughout the pandemic period. These losses are, however, down from those recorded in 2020, with a number of cost-saving measures that were put in place beginning to have a positive impact.

48. As set out in the business case when we bought the airport, the long-term sustainability of the airport is as a major economic asset for the region. Its long-term profitability will be dependent upon diversifying sources of income to deliver property, commercial and freight related revenues as well as leisure flights.

49. Significant investment has been made and continues to be made in both the terminal building and commercial offering to help diversify revenue streams. Aviation-related property is key to securing additional revenue through landing fees and fuel sales alongside rents. Key developments within the last 12 months include:
    - Global Aviation Firm Willis Asset Management's investment in new hangars and the Jet Centre to expand its operations, set to create new jobs.
    - Draken Europe's expansion with a new hangar to house seven new aircraft, more than doubling its operation and creating up to 30 jobs.
    - The development of the new cargo handling facilities is complete, including a Regulated Agent facility, with a purpose-built 21,000 sq. ft hangar. Freight income is expected to be delivered by the autumn.
    - There has been Freeport investment in a customs facility with HMRC clearance.
    - The airport is also at advanced stages of negotiations with numerous businesses relating to the Southside logistics, manufacturing and commercial business park.

50. The delivery of these developments will drive the move to profitability in the coming years and allow TIAL to be less dependent on seasonal leisure flights to generate income.

51. The airport management is continuing to have very productive conversations about new leisure routes with multiple airlines and there is an expectation that we will see additional routes being secured in the next year.

52. While the airport is focused on increasing its leisure flights and route development for local people and businesses, this is not a key driver of profitability. Commercial and

freight development will be the central factor in increasing the airport’s income and therefore delivering profitability. The developments to date, noted above, demonstrate that the airport is well on the way to achieving the diversification required to achieve profitability within three years.

53. These circumstances have required TIAL to update its financial plan. As a result, there is a need for an additional funding allocation to underpin the airport’s post-COVID sustainability by replacing funding utilised during the pandemic but importantly some of this additional funding will be used to accelerate cargo and freight facilities, to diversify the airport’s revenue streams and attract other business investment to the airport site, which will underpin long term profitability by developing these new revenue streams. An allocation of £20m has been provided in the Investment Plan for these purposes. This will be a central factor in delivering plans for profitability within three years.

54. The TIAL Business Plan is attached at **Appendix 2.** This further expands on the growth opportunities and includes the financial forecasts for TIAL. The draft accounts for 2021/22 are also included for noting**.**

TIAL Shareholding

55. TVCA has been providing funding to support TIAL since its acquisition in the form of shareholder loans. There is a need to consider consolidating the public sector shareholding at TVCA level to allow this support to continue. To this end initial negotiations have commenced with the local authority shareholders and the intention is to continue to progress these discussions in the coming weeks. To that end, TVCA officers will work to provide the local authority shareholders to ensure that they have the information required to make the relevant decisions in the individual authorities.

Mayoral Development Corporations

56. In 2017, the first Mayoral Development Corporation (MDC) outside of London was established at South Tees. Following the success of this locally-led model to accelerate regeneration, secure private investment and create jobs – the Tees Valley Mayor is proposing the designation of two new Mayoral Development Corporations, one in Middlesbrough and one in Hartlepool. The Combined Authority has undertaken a consultation with statutory consultees and other stakeholders, for each proposed area. They were published on the TVCA website on Thursday 23rd June and will close on Thursday 4th August at 12noon:
    - Link to Hartlepool Consultation
    - Link to Middlesbrough Consultation

    A verbal update on responses received to date will be given at the meeting.

57. Included within this Investment Plan report is an allocation of £20m to support the new Mayoral Development Corporations (MDCs) in Middlesbrough and Hartlepool.

58. Masterplans are being developed over the coming months for each MDC area, with a focus on accelerating key projects and leveraging private sector investment. It is proposed that both new MDCs will have planning powers and any additional costs arising from this, and any other appropriate resource requirements, will be met from the Investment Plan allocation.

59. The designation of Mayoral Development Areas is a mayoral power under Localism Act 2011 (section 197) and the paper seeks cabinet's support/ approval for the exercise of this power, subject to a satisfactory outcome from the ongoing consultation process.

60. The next steps are:
    - Subject to approval from Cabinet, and the outcome of the local consultation process, the Mayor will write to the Secretary of State in August to formally designate the two new Mayoral Development Corporations;
    - Following this, the Secretary of State (SoS) conducts a separate consultation process relating to the transfer of public sector land into each MDC area;
    - Masterplanning for each MDC will run alongside the SoS consultation process;
    - Specific legislation will then be passed in Parliament, which we expect to be around October time;
    - The Masterplans for each area are expected to be launched in October.

    Constitution and boundary plans are attached at **Appendices 3** (Hartlepool) **and 4** (Middlesbrough). Further detail on each Mayoral Development Corporation can be found at the consultation links in paragraph 56.

Other Place Based Investments

61. An allocation of £10m has been made for other place-based investments in non-Mayoral Development Corporation areas. From this allocation, £6m is ring fenced for projects to drive the economic development of Billingham. A Business Case will be developed in line with the Assurance Framework. The detail for the balance of the funding is still being developed but there is an emerging priority for an improved bus service in East Cleveland and we are in discussions with Darlington Council about potential place related investment there.

FINANCIAL IMPLICATIONS

62. The refreshed investment plan results in changes to the allocations to ensure that we deliver on the proposals set out in this paper.

63. A summary of the amendments to the investment plan are set out in the below table below.

	Business Growth	Transport	EES	Culture	Innovation	Place	Cost of Borrowing	Total
Project	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Place Based Investment (incl MDC)	0	0	0	0	0	30,000	0	**30,000**
Teesside Airport	0	20,000	0	0	0	0	0	**20,000**
UKSPF Additional Allocation	9,900	0	0	0	0	3,333	0	**13,233**
UKSPF - Multiply	0	0	3,632	0	0	0	0	**3,632**

North East Screen Industries	1,700	0	940	0	0	0	0	**2,640**
Savings from previous Investment Plan	-128	0	0	-1,575	-497	0	0	**-2,200**
Reprofiling of Borrowing Requirements	0	0	0	0	0	0	-3,577	**-3,577**
TOTAL	**11,472**	**20,000**	**4,572**	**-1,575**	**-497**	**33,333**	**-3,577**	**63,728**

64. These amendments result in an overall increase in the investment plan of £63.7 million, which is to be funded from additional funding secured of £18.0 million and an additional borrowing requirement of £45.7 million.

65. The North East Screen Industries which was previously approved by Cabinet and has now been incorporated into the plan following confirmation of programme activity. The above allocation is in addition to the £2.1 million included within the creative place programme.

66. Through an extensive exercise in profiling of annual expenditure and subsequent borrowing requirements there has been re-profiling of the costs of borrowing leading to the reduction of £3.6 million in the investment plan period, with these costs now being incurred beyond 2028/29.

67. The implications of the additional borrowing has been carried out and this additional borrowing will remain within the limits set out within the current Treasury Management Strategy. In addition to this an assessment of the servicing of this additional debt has been carried out and is deemed to be affordable and sustainable.

68. The TVCA Assurance Framework will apply, as appropriate, to investments.

LEGAL IMPLICATIONS

69. This report is in line with the constitution and the requirement for an investment plan decision to be by unanimous approval of the cabinet.

70. The designation of a mayoral development area is a Mayoral power under section 197 of the Localism act as applied to Tees Valley by the Tees Valley Combined Authority (Functions) Order 2017 (SI 2017 No.250).

71. If such designation is made the Secretary of State is required to promote legislation to create a Mayoral Development Corporation.

RISK ASSESSMENT

72. The TVCA group is committed to implementing a risk management culture, adopting ISO 31000 best practice in the identification, evaluation and effective management of threats and opportunities.

73. The Risk Management framework provides the architecture for a common platform for all risk management activities undertaken by the Group; from individual function,

process, or project-based assessments to whole-of-organisation assessments, with the aim of enabling comparative analysis and prioritisation of those assessments either individually or cumulatively.

CONSULTATION & COMMUNICATION

74. This report has been considered by all appropriate governance groups in advance of coming to Cabinet. As referred to above, public consultation has been undertaken for the proposed new Mayoral Development Corporations.

EQUALITY & DIVERSITY

75. Equality Impact Assessments will be undertaken, as appropriate.

LOCAL ENTERPRISE PARTNERSHIP

76. This item has been considered by the LEP members in advance of it coming forward to Cabinet.

Name of Contact Officer: Julie Gilhespie
Post Title: Group Chief Executive
Email Address: julie.gilhespie@teesvalley-ca.gov.uk