

Tees Valley Combined Authority Overview and Scrutiny Committee

Agenda

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Date: Thursday, 11th March, 2021 at 10:00 am

Venue: Microsoft Teams meeting

Membership

Cllr Stephenson (Chair) (Stockton-on-Tees Borough Council)
Cllr Hobson (Vice Chair) (Middlesbrough Council)
Cllr Barlow (Stockton-on-Tees Borough Council)
Cllr Brown (Hartlepool Borough Council)
Cllr Harker (Darlington Borough Council)
Cllr Jeffrey (Redcar and Cleveland Borough Council)
Cllr Jones (Redcar and Cleveland Borough Council)
Cllr Jones (Darlington Borough Council)
Cllr Loynes (Hartlepool Borough Council)
Cllr Rathmell (Middlesbrough Council)
Cllr Renton (Darlington Borough Council)
Cllr Riordan (Stockton-on-Tees Borough Council)
Cllr Rooney (Middlesbrough Council)
Cllr Smith (Redcar and Cleveland Borough Council)
Cllr Smith (Redcar and Cleveland Borough Council)
Cllr Tenant (Hartlepool Borough Council)

AGENDA

PUBLIC

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2 Declarations of interest

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Tees Valley Combined Authority Overview and Scrutiny Committee

Agenda

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Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting, including the opportunities available for any member of the public to speak at the meeting; or for details of access to the meeting for disabled people, please

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Tees Valley Combined Authority Declaration of Interests Procedures

1. The purpose of this note is to provide advice and guidance to all members (the Mayor, elected and co-opted members, substitute members and associate members) of the Combined Authority Cabinet, Sub-Committees and Local Enterprise Partnership Board, on the procedure for declaring interests. The procedure is set out in full in the [Combined Authority's Constitution](#) under the "Code of Conduct for Members" (Appendix 8).

Personal Interests

2. The Code of Conduct sets out in full, the principles on the general conduct of members in their capacity at the Combined Authority. As a general principle, members should act impartially and should not use their position at the Combined Authority to further their personal or private interests.
3. There are two types of personal interests covered by the constitution:
 - a. "disclosable pecuniary interests". In general, a disclosable pecuniary interest will involve any financial interests, such as paid employment or membership of a body, interests in contracts, or ownership of land or shares. Members have a pecuniary interest in a matter where there is a reasonable likelihood or expectation that the business to be considered will affect your well-being or financial position, or the well-being or financial position of the following persons:
 - i. a member of your family;
 - ii. any person with whom you have a close association;
 - iii. in relation to a) and b) above, their employer, any firm in which they are a partner, or a company of which they are a director;
 - iv. any person or body in whom persons described in a) and b) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - v. any body as described in paragraph 3 b) i) and ii) below.
 - b. Any other personal interests. You have a personal interest in any business of the Combined Authority where it relates to or is likely to affect:
 - i. any body of which you are a member (or in a position of general control or management) and to which you are appointed or nominated by the Combined Authority;
 - ii. any body which:
 - exercises functions of a public nature;
 - is directed to charitable purposes;
 - one of whose principle purposes includes influencing public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management).

Declarations of interest relating to the Councils' commercial role

4. The constituent councils of the Combined Authority are closely integrated with its governance and financial arrangements, and financial relationships between the Combined Authority and Councils do not in themselves create a conflict of interest for Council Leaders who are also Combined Authority Cabinet members. Nor is it a conflict

of interest if the Combined Authority supports activities within a particular council boundary. Nevertheless, there are specific circumstances where the Cabinet is considering entering into direct contractual arrangements with a council, for example in relation to a particular commercial investment project, or in which that council is a co-funder. In these circumstances a non-pecuniary declaration of interest should be made by the Council Leader or their substitute.

Procedures for Declaring Interests

5. In line with the Code of Conduct, members are required to adhere to the following procedures for declaring interests:

Register of Interests

6. Each member is required to complete a register of interests form with their personal interests, within 28 days of their appointment to the Combined Authority. If no declaration is received from elected members within 28 days the matter may be referred to the Head of Paid Service of your local authority and Leader of the political group you represent on your council for action. If a Declaration is not submitted within an appropriate timescale you may be prevented from attending committee meetings.
7. Details of any personal interests registered will be published on the Combined Authority's website, with the full register available at the Combined Authority's offices for public inspection. The form will be updated on an annual basis but it is the responsibility of each member to notify the Monitoring Officer of any changes to the register throughout the year. Notification of a change must be made to the Monitoring Officer within 28 days of becoming aware of that change.

Declaration of Interests at Meetings

8. The Combined Authority will include a standing item at the start of each meeting for declaration of interests. Where members are aware that any of their personal interests are relevant to an item of business being considered at a meeting they are attending, they must declare that interest either during the standing item on the agenda, at the start of the consideration of the item of business, or when the interest becomes apparent, if later.
9. Where members consider that their interest could be considered by the public as so significant that it is likely to prejudice the members' judgement then they may not participate in any discussion and voting on the matter at the meeting, but may attend the meeting to make representations, answer questions or give evidence relating to the business, before it is discussed and voted upon.
10. If the interest is a disclosable pecuniary interest (as summarised in paragraph 3a) then the member must leave the meeting room during discussion and voting on the item of business, but may make representations, give evidence and answer questions before leaving the meeting room. Failure to comply with the requirements in relation to disclosable pecuniary interests is a criminal offence.

Sensitive Information

11. Members can seek the advice of the monitoring officer if they consider that the disclosure of their personal interests contains sensitive information.

Tees Valley Combined Authority Overview and Scrutiny Committee

**Microsoft Teams Meeting
Thursday, 7th January, 2021 at 10:30 am.**

Present:

Cllr Stephenson (Chair) (Stockton-on-Tees Borough Council)
Cllr Hobson (Vice Chair) (Middlesbrough Council)
Cllr Barlow (Stockton-on-Tees Borough Council)
Cllr Harker (Darlington Borough Council)
Cllr Jeffrey (Redcar and Cleveland Borough Council)
Cllr Jones (Redcar and Cleveland Borough Council)
Cllr Rathmell (Middlesbrough Council)
Cllr Renton (Darlington Borough Council)
Cllr Riordan (Stockton-on-Tees Borough Council)
Cllr Rooney (Middlesbrough Council)
Cllr Smith (Redcar and Cleveland Borough Council)
Cllr Tennant (Hartlepool Borough Council)

Officers:

Julie Gilhespie - Group Chief Executive
Gary MacDonald - Group Director of Finance & Resources
Alison Fellows - Group Director of Commercial & Delivery
Chris Beck - Director of Business & Skills
Jonathan Bailes - Investment Planning Manager
Peter Judge - Group Chief Legal Officer (Monitoring Officer)
Peter Judge - Group Head of Legal (Monitoring Officer)
Sharon Jones - Governance & Scrutiny Officer
Sally Henry - Governance Officer

Also in attendance:**Apologies for absence:****OSC Declarations of interest**

18/20 There were no declarations of interest.

OSC Minutes

19/20 The minutes from the meeting held on 12th November were agreed as a true record.

OSC Group Chief Executive's Update

20/20 A report was provided detailing the key activity of the Combined Authority since the last meeting.

Discussion took place around the following areas:

Brownfield Housing Scheme - an updated list of the projects will be circulated to

Members following the meeting. Action JB

Kickstart Scheme - This scheme is open to any size business, with the exception of sole traders. However, a business must be taking on a total of 30 people to work directly with Government. TVCA have set up a cluster mechanism to allow businesses to group together so they are eligible for the scheme. This means that TVCA deal with the paperwork with Government but businesses taking on less than 30 employees can still participate.

Teesworks - TVCA are working on a number of ways to help small businesses and local labour get onto the approved contractor list for the Teesworks site. Teesworks skills academy has been set up and is being run by an Education training collective and is working with all contractors on site and coming to site in future to ensure they are advertising jobs to local labour. People in the Tees Valley who want to work on the site can register with them. Alongside this they are looking at enhancing the skills of local labour by setting up Health & Safety courses and induction courses to ensure all necessary requirements are adhered to and allow people to get on site. We have some large contractors on site and are doing all we can to ensure that they are taking on local sub-contractors where these are needed. As an example, the demolition framework contains many big, complex contracts but we have broken down the jobs to make smaller jobs that are not as complex, and this can then be advertised locally as a smaller contract. TVCA are actively trying to ensure local labour is used. 20% of the evaluation of all contracts is around local labour and applicants are actively marked on that to encourage labour to be kept within the region. The aim is to create a partnership between FE providers, employment hubs and businesses to try and marry everything up. As an example, Net Zero will, in five years' time, employ people in highly skilled roles. It's therefore essential to train people now to be able to do those jobs when they become available and keep it local rather than having to recruit from outside of Tees Valley.

Resolved that the detail of the report is noted.

OSC SQW Gateway Review

21/20 A report was provided detailing the findings of SQW at their 5 year Gateway Review.

A presentation was delivered to the committee giving an overview of the detail of the report.

Discussion took place around the following topics:

There was no consultation or involvement of the Overview & Scrutiny Committee, or any political figures in the production of the report. It was explained that TVCA was beholden to SQW's approach. The approach was a national level approach and it was led by them. This can be fed back to them for future reference.

The comments raised via the Peer Review, specifically regarding the deployment of the Investment Fund. It was advised that some of the comments in the Peer Review were very broad and it was difficult to get anything more specific from them. It is a function of the way Government have approached how Combined Authorities are provided with funding. They continue to take a

siloes approach with money in different pots and this meant SQW were not able to look at the full Investment Plan and see how all interactions work. SQW commented that they would have liked to look at the whole Investment Plan but this was outside the scope of the review.

The Devolution funding is the flexible cash within the Combined Authority and can be moved around. The amount left in this pot is quite small - does that impact on the way we are able to borrow with this fund? It was advised that TVCA utilise flexibility to deploy resources where they are needed. There are different funding streams, LGF as an example, which can also be spent in certain areas. Devolution funding is not the only pot with flexibility. In terms of borrowing this is subject to PWLB and requires a business case to be provided to show how we service the borrowing. The level of borrowing agreed is dependent on funding.

Accelerated expenditure for the airport. We have spent 120% of what we thought we would spend. How much of the 120% has been spent as a subsidy to airlines? The airport has signed commercial contracts, as would any airport. Capital expenditure has been brought forward to enable those contracts. The airport business plan is set over 10 years with milestones within certain timeframes; however, some things are happening sooner, and we need to enable this. We had spent £51.7m to the end of June 2020 against a target of £44m. All spending is however within the 10-year allocation. The proportion used for airline subsidy is not known but can be provided following the meeting. Action AF

Investment in the Southside of the airport is not from Devolved funding so where is this funded from? The funding used is from the cash flow in the whole Investment Plan. There is £23.6m allocated for infrastructure work on southside, this is a non-Investment Plan item but funding is taken from Combined Authority cash reserves.

Will there be Scrutiny involvement in the mentioned Challenge Review? The review will be between senior TVCA members and Government direct. There will be a presentation at this meeting so we can include Scrutiny input within this.

Middlesbrough Station has been removed from the funding. What criteria was used to remove it and what impact does this have on funding and targets? SQW originally set a baseline of projects in scope and progress. Middlesbrough station was taken out as the devolution money was replaced with funding from Getting Britain Building Fund. This means we can then take the devolution fund money and spend it elsewhere. The fact that we are demonstrating flexibility can be a benefit in attracting additional funding.

Are the Investment figures shown in the report gross or net figures? The figures are net as they are taken from the business case. The business case is written before any intervention starts so the figures are projections at the outset. The SQW process is similar to the way TVCA report to Cabinet and the SEP and IP works. We monitor investments across 3 categories. Spend - this is monitored while the project is in place. Outputs – this is typically jobs and GVA. Outcomes – which is what happened. We monitor all of these project by project and provide a quarterly Investment Plan report. This report can be brought to the

next meeting of the Committee to show how this is monitored. Action SJ

There is a figure of 340 jobs created quoted in the report but the covering report quotes over 16,000 jobs. Are we on track to achieve this? The figure of 340 jobs is the number that have been evaluated from TeesAmp and the airport. 340 is the figure only from those specific interventions and what they have achieved over the last 5 years. We are expecting further progress and the number of jobs to continue to rise. The progress report for the projects within the devolution fund shows they are still in a relatively early stage of delivery, so it primarily looks at expenditure rather than outputs. The next 5 year review should focus on the outputs. The expected number of jobs can be provided following the meeting. There are also quarterly reports provided to Cabinet which detail job numbers.

Resolved that the detail of the report is noted.

OSC Finance & Resources Sub Committee - Budget Consultation Report

22/20 A report was presented by the Chair of the Finance & Resources Sub Committee on the Budget Consultation process and findings.

The Committee agreed the report to be submitted to Cabinet as part of the Consultation process.

Resolved that the report is agreed and will be provided to Cabinet at their meeting on 29th January.

OSC Delegated Decisions

23/20 A report was provided detailing the Delegated Decisions made by the Combined Authority since the last meeting.

Resolved that the report is noted

OSC Meetings and Forward Plan

24/20 STDC Quarterly reports to be added to the Forward Plan. Action SJ

The next meeting will be scheduled for May - date TBC.

Resolved that the detail is noted.

OSC Teesside International Airport - Update & Business Plan

25/20 The Chair passed a resolution to exclude the press and public under paragraph 3 of schedule 12A of the Local Government Act 1972.

A covering report and the airport business plan was provided to the Committee.

OSC Confidential Appendix to Teesside International Airport - Update & Business Plan

26/20 Resolved that the detail of the report was noted.

AGENDA ITEM 4**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE****11th MARCH 2021****REPORT OF THE GROUP CHIEF EXECUTIVE****GROUP CHIEF EXECUTIVE'S UPDATE****SUMMARY**

This report provides a general update on the key activities of the Combined Authority since the last Committee meeting, which are not covered in other reports to this meeting.

RECOMMENDATIONS

It is recommended that the Committee notes the detail of the report.

DETAIL**COVID-19 RESPONSE**

1. The Combined Authority continues to work closely with our partners to facilitate and deliver rapid responses to help businesses manage the immediate impact of the pandemic, whilst also planning for longer-term recovery.
2. We continue to act as regional collator of business and economic intelligence, providing local intelligence and economic analysis to ensure that government is aware of the impacts of Covid-19 on our economy and to help shape the national response.
3. We have made the following interventions to support businesses and residents manage the immediate impacts, in addition to those previously reported.
 - Obtaining Cabinet approval to implement a town centre free parking scheme covering all five local authority areas in the Tees Valley, the scheme will encourage people to support local shops, cafés and businesses, as restrictions allow.
 - Securing £75,000 of funding to support transport demand management ahead of an anticipated “return to the workplace” in coming months.
 - Securing a further £631,012 of funding to support home to school and college transport in the January/February half-term, bringing the total amount received by to almost £1.75m.
4. As the regional lead agency for economic development, we are continuing to develop an Economic Recovery Plan of proposed interventions for a more sustainable, resilient and stronger Tees Valley economy in the medium to long-term and to

engage with government to secure the necessary resources to put the plan into action. The Recovery Plan is a 'live' document, which ensures that we are taking appropriate action in response to the continuing economic impacts of Covid-19 to support our businesses and residents.

5. A number of key government policy papers and prospectuses expected early in 2021 – including further details of the planned Shared Prosperity Fund, the National Industrial Decarbonisation Plan, a Place-Based Innovation Strategy and the Devolution and Economic Recovery White Paper – which will inform the development of the Tees Valley approach to recovery going forward.

BUY LOCAL TEES VALLEY

6. In early November, the Buy Local Tees Valley website was redeveloped to give the public information on local goods and services open and operating during the second national lockdown and in the run-up to Christmas. Since its relaunch until mid-December, the site has seen over 17,000 would-be shoppers visit the site, with more than 1,000 businesses now signed up.

TEESSIDE INTERNATIONAL AIRPORT

7. Teesside International has reached a major milestone after confirming that Europe's no.1 airline, the low cost operator Ryanair is set to be flying from the airport in 2021.
8. In preparation for the increased number of passengers expected to use the airport due to 2021's expanded summer schedule of flights and beyond, major renovation work is under way to improve the customer experience. Disused areas of the airport are being brought back to life, with new check-in desks, bars, two executive lounges and a coffee shop as well as a remodelled security area. This includes state-of-the-art bag and body scanners to make moving through security quicker and smoother. We are engaging with local businesses for this work, due to be completed in April.
9. Teesside International has been working in partnership with local specialist testing, treatment and treatment service Recovery4Life, which has established a new COVID-19 testing facility at the airport. It aims to give passengers peace of mind and potentially reduce the need for them to self-isolate when travelling internationally. It offers four types of testing options and is the most competitively priced of its kind in the North East and Yorkshire.

MIDDLESBROUGH STATION REDEVELOPMENT

10. Phase 1 of the redevelopment of Middlesbrough Station started in January 2021. The works will extend platform 2 and provide a turnback facility to enable longer trains to serve the station. This will be the first significant investment in a Tees Valley rail station since the opening of the James Cook University Hospital Station in 2014.
11. The works are required in advance of the anticipated LNER London to Middlesbrough service that is due to be introduced in 2021. The significant progress made in less than a year has been a result of collaborative working between the Combined Authority and Network Rail, which has enabled new ways of working to be adopted and timescales significantly cut.
12. Further phases of work include the redevelopment of the station undercroft, a new platform 3 to provide additional capacity for more rail services, enhancements to

station facilities and public realm improvements around the station. All phases of the project are due to be completed by 2023.

CULTURE AND TOURISM

13. Work is now underway to progress the four 'foundation frameworks' which will underpin the new Growth Programme for the Creative & Visitor Economies, approved by the Combined Authority Cabinet on 27th November 2020:
 - Cultural Industries sector analysis;
 - Case for Capital;
 - Destination Management Plan;
 - Events & Festivals Framework.

14. The independent Cultural Industries and Visitor Economy Recovery Task Force, established by the Tees Valley Mayor in June, has now met four times, providing insights and guidance to shape the detail and delivery of the £1m Cultural Industries & Visitor Economy Recovery Programme. Significant progress has been made on two key strands in recent months:
 - a. The Cultural Development & Innovation Fund is a £350k grant fund designed to support businesses in the culture sector to build resilience by making strategic step-changes in business activity / business models with a view to diversifying income streams, protecting jobs and growing sustainability in the longer term. Over 150 Expressions of Interest were received in late October, of which 53 were invited to make a full application. The deadline for the full applications was the 27th November and these applications were assessed by Umi (an independent Grant Management partner) and their assessment was moderated by TVCA. The outcome of the appraisal was then taken to an independent Expert Panel who were asked to review and moderate a recommended portfolio of investment within the level of available funding. Final approvals were made in December / January with an anticipated investment portfolio including 20 businesses receiving between £2,500 – £25,000.

 - b. Tees Valley Young Creatives: Class of 2020 seeks to ensure recent creative graduates / education leavers are supported to continue to develop the essential skills, networks, understanding and experience necessary for building fulfilling creative careers despite the sectoral uncertainty caused by the pandemic. Following a competitive procurement process, ARC has been selected to deliver a 12month programme of network development and online training / support for the Class of 20/21 cohorts. The programme is expected to launch in late January, in partnership with Stockton Riverside College, MIMA School of Arts & Design and Northern School of Art.

15. The National Lottery Heritage Fund and Arts Council England have approved an extension to the Great Place programme until March 2021, to support Tees Valley cultural venues to adapt to the current climate and develop new ways to maintain connections with their local audiences. The Reconnecting Communities programme will enable the delivery of a series of pilot projects, testing new approaches for renewing audience/ visitor confidence and attendance, whilst creating work opportunities for local artists and freelancers. Five pilot projects have been selected in the first phase and further expression of interest have been received for Phase 2, with outcomes to be announced in the New Year.

16. The Combined Authority has been successful in securing £100k (matched with £100k of Combined Authority funding) of Partnership Investment funding from Arts Council England (ACE) to build a Tees Valley-wide Creative Education Partnership. The funding will enable the delivery of a two-year programme of pilot and research projects, network development and, ultimately, the creation of a new Creative Education Strategy for the region.

TEESWORKS

17. Demolition and land preparation work at a 153-acre portion of land on the South Bank area at Teesworks is drawing to a close. As part of the work, carried out by Hall Construction, 12 buildings have been demolished, a 12m-high concrete railway bridge has been removed and more than 1km of old railway lines and sleepers have been cleared. Planning permission has been granted for a 4.5million sq ft offshore wind manufacturing zone on the site, which could create 9,000 jobs plus 1,000 in construction. It will also support a 1.3km, £90million heavy load quay.

TEESWORKS SKILLS ACADEMY

18. Teesworks has appointed the Education Training Collective (Etc.), which includes Stockton Riverside and Redcar and Cleveland Colleges, to lead the work on Teesworks Skills Academy. The Skills Academy will help local people take advantage of job opportunities by training them to gain skills they need and linking them with employers who are recruiting across Teesworks. Etc. will be joined by Darlington, Middlesbrough and Hartlepool FE Colleges and Teesside University and the Learning Curve Group to help deliver the academy, alongside Redcar and Cleveland Borough Council's community-based training and employment hubs. Work is now under way to develop a skills and recruitment plan for the site.

EDUCATION, EMPLOYMENT AND SKILLS

19. Eight applications have now been submitted to the Department of Work and Pensions (DWP) for the Kickstart programme. Of the 501 placements created from 110 businesses 354 have been approved by the DWP. There is a longstanding issue with the eligibility of Sole Traders who want to utilise the scheme which the Secretary of State is keen to resolve, there has also been a relaxation regarding the criteria that businesses need to be trading for 12 months to qualify, which should mean businesses that have not been trading for 12 months can have their applications resubmitted to the DWP by the Combined Authority. Work has now commenced to recruit young people into the placements created. The opportunity remains open and businesses are encouraged to engage either directly with DWP if they can offer more than 30 placements or partner with a "Gateway" organisation such as the Combined Authority. There are additional gateway organisations approved to operate within Tees Valley.
20. Colleagues have been working with DWP and Department for Education (DfE) to develop new national programmes of support for the unemployed and raise skill levels. As a result, early in 2021 we expect to see a proportion of the £95m National Skills fund devolved to the Combined Authority and involvement in the procurement process for Restart which will, from next summer offer intensive support to residents who are 12-18 months unemployed.

RESEARCH, DEVELOPMENT, INNOVATION & ENERGY

21. Planning permission has now been granted for both of the Combined Authority's proposed Hydrogen Fuelling Station sites. Commercial discussions are ongoing with suppliers and landowners with a view to progressing the project in 2021.
22. The Combined Authority has signed a Collaboration Agreement with BP and NEPIC for the delivery of its Industrial Strategy Challenge Fund Cluster Plan. The project will focus on the Tees Valley which is the UK's most compact and integrated industrial cluster. The cluster includes 5 of the UK's top 25 CO2 emitters and is responsible for 5.6% of UK industrial emissions; the Tees Valley process sector generates £12bn of exports annually, employs over 12,000 people and contributes £2.5bn to UK GVA.

FINANCIAL IMPLICATIONS

23. There are no financial implications to this report.

LEGAL IMPLICATIONS

24. There are no legal implications to this report.

RISK ASSESSMENT

25. This report is an update and therefore is categorised as low risk.

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AGENDA ITEM 5**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY
OVERVIEW AND SCRUTINY COMMITTEE****11th MARCH 2021****REPORT OF GROUP DIRECTOR OF FINANCE AND RESOURCES****INVESTMENT PLAN DELIVERY UPDATE Q2 2020/21****SUMMARY**

The Combined Authority Cabinet approved a ten-year Investment Plan (2019-2029) in January 2019, with a one-year on update provided and agreed at Cabinet in January 2020. The one-year on Investment Plan update gives an overview of progress made to date building on previous iterations and reaffirms our continued investment strategy for the period to 2029. This report is provided on a quarterly basis in order to provide an overview of the progress made in the delivery of the ten-year Investment Plan.

The Investment Plan Finance and Output Performance Dashboards for the period July – September 2020, which is Quarter 2 of the financial year 2020/21, are provided at **Appendix 1 and 2**.

This report provides as of Q2 2020/21:

- An overview of the financial performance of the ten year Investment Plan;
- An update on delivery by Investment Plan theme;
- A summary of any perceived risk to achieving the spend forecasts within the Investment Plan;
- An overview of the current position on the targets set out within the Strategic Economic Plan; and
- A summary of direct outputs achieved by the work of the Combined Authority

RECOMMENDATIONS

It is recommended that the Overview and Scrutiny Committee note the contents of the Q2 delivery update.

INVESTMENT PLAN Q2 2020/21 FINANCIAL DELIVERY UPDATE

1. The dashboard provided at **Appendix 1** gives a high-level overview of the financial performance of the Investment Plan, as of Q2 2020/21. **Table 1** of the dashboard sets out updated forecast expenditure of the Investment Plan 2019-2029 by theme and year as at Q2 2020/21. In line with financial good practice the Medium-Term Financial Plan sets the budget for a four-year period. Therefore, the expenditure has been set out annually for year 1 through to 4 and then aggregated in year 5-10. In summary, there have been no changes to the overall allocations by theme at the start of 2020/21, total allocations are shown below, for information:

Transport – £256.7m
Education, Employment and Skills - £55m
Business Growth - £146.5m
Culture and Tourism - £60m
Research, Development and Innovation - £20m
Place - £50m
Total – £588.2m

2. **Table 2** of the dashboard sets out by each theme how projects are progressing through the assurance process, detailing spend to date, to provide an indicator of performance. In summary, as of Q2 2020/21:

£243m (41.3%) Approved – Agreed and in delivery

£236.8m (40.2%) Business Case Development – Agreed as priority projects within the Investment Plan, and are developing Business Cases for approval

£108.4m (18.5%) Uncommitted – Funds remaining within the Investment Plan that are yet to be agreed or fully defined.

3. At Q2 of 2020/21, in total, 81.5% of Investment Plan projects and programmes now have or are developing business cases. This will allow for increased accuracy in forecasting expenditure, mitigating the probability of underspend and allowing for an increased understanding of when projects are failing to perform in line with the projected programme for delivery as set out in individual business cases, further enabling early detection of delivery risk.
4. In total, £93.3m of Investment Plan funds have been spent by Q2 2020/21 this is the equivalent to 15.8% of total Investment Plan funds. The ten year plan is broadly on track if spend was to be spread equally over the lifetime of the plan. Of the projects which have been approved, £149.7m of funds are yet to be spent, this represents 62% of all approved funds, correspondingly 38% of approved funds have been spent.
5. **Table 3** of the dashboard sets out for each theme the in-year 2020/21 forecast expenditure as detailed in the Investment Plan and highlights any changes that have occurred. The original Investment Plan forecast £64.7m of spend across all themes in the financial year 2020/21, this has been revised upwards to £86.8m, an increase of £22.1m. This reprofiling has taken place due to underspend from the previous financial year 2019/20 being carried forward. Notably, this has occurred in the Business Growth Theme, underspend specifically relating to land and infrastructure costs following successful Compulsory Purchase Order decision has been reprofiled, these funds will now come forward in line with the approved business case for the STDC site. There is also some degree of accelerating spend which has also occurred in the Transport theme. Slippage has been witnessed notably in the Culture Theme – we have been able to provide increasingly accurate forecasts due to the number of Business Cases coming forward for approval with detailed financial models - this is the case within the Culture Theme which has resulted in the in-year revision, with projected spend revised down to £3.1m opposed to the £11.4m which had previously been reported.
6. **Table 4** of the dashboard shows the in-year quarterly spend forecasts and the actual spend by each quarter, highlighting any changes. Delays in receiving and processing monitoring returns, largely owing to the Covid pandemic led us to utilise best estimates based on previous claims and monitoring returns and approved business cases we therefore profiled forecast expenditure flat at Q1. As of Q2 we are now in

receipt of increasingly accurate forecasts from project sponsors, this is expected to continue as we move through the financial year, allowing for more accurate forecasting at the programme level, particularly, when coupled with an increasing number of projects moving through development stages with Business Cases progressing through to approval, as noted above.

7. In Q2 of 2020/21 we have spent £3.3m more than was forecast in Q1 as noted this is because the Q1 forecast was based on an equitable split across the year. Now that we are in receipt of more accurate forecasts there is a lower risk of any deviation in forecast spend in forthcoming quarters. In total Investment Plan expenditure sits at £29.1m of the £86.8m forecast in the financial year 2020/21, this represents 33% of total expenditure. However, Q1 was subject to particularly low spend given the disruption caused by the Covid Pandemic, it is anticipated that spend will continue to accelerate over the remaining quarters of 2020/21, as has been the case in Q2. Given the increased accuracy of our forecasts, as noted above, meeting the remaining in-year expenditure forecast (57.7m) is considered to be relatively low risk, the spend which would be required in remaining quarters is comparative to the spend which has been witnessed in Q2.
8. **Table 5** of the dashboard shows yearly spend forecasts and spend to date for activity funded by the Previous Investment Plan 2017-2019 and any additional funds the Combined Authority has received from Central Government Departments not included within the Investment Plan. To date £49.1m of funds have been spent as of Q2 2020/21. In total £10.8m of these funds have been spent in Q2 alone. It should be noted that £182.2m of additional funds have been secured by the Combined Authority to deliver specific projects from Central Government since Q1 of 2020/21, these are largely as a response to the Covid 19 Pandemic with the exception of funding relating to Teesworks, notable sums are highlighted below:

£19.8m Brownfield Housing Fund
£17.4m Getting Building Fund
£53.6m Teesworks Infrastructure
£71m South Tees Site Company
£8.8m of ERDF SME's Business Growth Grant Scheme
£6.9m Pothole Challenge Fund
9. Although only £12.8m of the £65m of spend forecast for the financial year 2020/21 has been achieved to date, leaving £52.2m forecast for the remaining two quarters, this is not considered to be a considerable risk given that spend is tied to the delivery of specific projects, however we are committing development resource where necessary to ensure delivery. It should also be noted that only £7.7m of the entirety of the £322.4m forecast over the 2019-2029 period is subject to the development of business cases, nevertheless on balance we have identified meeting forecasts as a medium risk which requires close monitoring to ensure achievement.

INVESTMENT PLAN Q2 2020/21 OUTPUT DELIVERY UPDATE

10. The dashboard provided at **Appendix 2** gives a high-level overview of the overall economic performance of the Tees Valley and the totality of output performance, as of Q2 2020/21.
11. **Page 1** of the dashboard provides an overview of the current position on the targets set out within the Strategic Economic Plan (SEP). It is worth noting that there is a significant lag in a number of data sets which are utilised, as such, current figures are

not fully reflective of the present climate. It is anticipated that in future updates there will be reductions in a number of the SEP key indicators, particularly, given the ongoing economic climate arising from the Covid Pandemic.

12. With regards to jobs, the Tees Valley SEP set a target to create 25,000 net additional jobs in ten years. This target is not solely linked to the Combined Authority activities but is for the Tees Valley economy as a whole. To reach the 25,000 target, Tees Valley would need to out-perform the UK growth rate in a number of sectors and see significantly smaller decline in others.
13. With regards to productivity, as of the latest available data the Tees Valley has seen an overall 8.9% increase in the GVA per hour worked target, this acts as a measure of productivity. Despite this positive growth the Tees Valley is lagging behind the UK average. As of the latest data, the Tees Valley is at 90.9% of the UK average. The Tees Valley has a further 3.1% to travel in order to bring the GVA per hour worked up to the 94% of UK average target as set within the SEP.
14. The Tees Valley has seen, cumulatively, an increase in 1,110 businesses since 2015 a growth of 6.7% to date, therefore just 3.3% behind the target outlined in the SEP. However, it should be noted that there has been a reduction in business per 10,000 adults from 327 to 324 between 2019 and 2020 from the latest available data (October 2020) this is likely to be an effect of the Covid Pandemic, we need to keep a close eye on the impact of the Pandemic on our business base ensuring adequate support through our Business Growth Fund is available to offset further impacts.
15. **Page 2** of the dashboard sets out the direct outputs which have been achieved by the work of the Combined Authority, as of Q2 2020/21. **Chart 1** shows the performance to date on key output targets, against the overall number of outputs which have been forecast based on approved business cases. As such, this chart provides an indicator both of overall anticipated Investment Plan outputs and progress against achieving forecasts. It should be noted that forecasted outputs are only drawn from funds approved to date, it is therefore envisioned that as business cases continue to be approved there will be significant increases in forecasted output totals.
16. In terms of the total number of jobs delivered to date as a result of supported Combined Authority activity, 2,506 total jobs inclusive of facilitated and indirect jobs have been created as of Q2 2020/21, this represents approx. 17% of the total number of jobs currently forecast to be created over the lifetime of the Investment Plan. To date 3,582 apprenticeships have been created as a result of Combined Authority interventions as of Q1 20/21 this represents 23% of the total currently forecast, this number has increased significantly since Q1 2020/21, this is as a result of the availability of more accurate monitoring data and a more general increase owing to uptake of the new apprenticeships grant, this figure is expected to continue to increase over the course of the financial year as the Employment and Skills Programme continues to deliver.
17. Businesses supported to date total 1,106 out of the 4,580 currently forecast which is equivalent to 24% of the overall forecast. The number of Businesses we are forecasting will be in receipt of support over the lifetime of the Investment Plan has significantly increased between Q1 and Q2 from 2,406 to 4,580, again this is as a result of the availability of more accurate monitoring data and as a result of Business Cases linked to the Innovation Programme moving from development to approval. In order to reach the forecast target over the lifetime of the Investment Plan a further

3,474 businesses are to be supported. As of Q2 20/21, 30 new to firm products have been created as a result of Combined Authority interventions this represents 6% of the current total lifetime target, however, this is expected to increase significantly over the course of the next financial year as the Collaborative Networks Programme begins to deliver.

18. In total, to date, 34,644sqm of additional floorspace has been created by interventions supported by the Combined Authority this represents over 7% of our overall forecast. The lifetime forecast of commercial floorspace which will be created has increased significantly from 261,317m² in Q1 to 451,470 m² in Q2, again this is as a result of increased accuracy in monitoring data and as a result of IGF Programme Call-Offs coming forward for approval. It is anticipated that this output may be subject to lag due to the Covid pandemic curtailing construction, however, the overall output forecast will generally be slow to deliver over the lifetime of the plan given the nature of capital construction projects. In addition, 1,078 new homes have been delivered to date as a result of support from Investment Plan funds this represents 25% of the current forecast, the overall forecast is expected to increase over the lifetime of the plan as a significant number of new homes will be facilitated, in particular, by Transport interventions yet to come forward for approval.

19. **Chart 2** shows the apportionment of Combined Authority grant funding to the level of other public sector investment and the private sector investment leveraged to date based on those business cases which have been approved. The total match funding profile of approved projects at Q2 2020/21 is, for information:

- Combined Authority Investment – 58%
- Public Sector match funding – 30%
- Private Sector funds leveraged – 12%

20. Therefore, for every £1 spent by the combined authority a further approximately £0.71 will be leveraged from additional match funding.

NEXT STEPS

21. The Investment Plan delivery update will continue to be produced on a quarterly basis highlighting financial performance by theme throughout the financial year 2020/21 as well as reporting on the position of the targets set out within the Strategic Economic Plan utilising the most recent available data sets, and the direct outputs achieved by the work of the Combined Authority by quarter.

22. Upon the implementation of the Combined Authority's Business Intelligence system, we will consider the most appropriate means of ongoing reporting, including, additional thematic dashboards.

FINANCIAL IMPLICATIONS

23. The Investment Plan update sets out the high-level activities that the Combined Authority will consider over the plan period, within an initial funding envelope of £588.2m. Each project or programme within the Investment Plan will continue to come forward with a detailed business case for due diligence and final approval in line with our Assurance Framework.

LEGAL IMPLICATIONS

24. None related to this report.

RISK ASSESSMENT

25. The overall performance risk associated with the ten year Investment Plan is that the Combined Authority does not pass the Government gateway process to unlock further years of devolution deal funding. Appropriate programme and project management processes are in place to ensure that delivery is achieved. This report highlights perceived risk in achieving the spend forecasts and the delivery of outputs relating to the work of the Combined Authority.

26. In producing this report the short, medium and longer term risk impact of the current climate arising from the Covid-19 pandemic has been considered which is reflected in the risk ratings highlighted in the table below. In the short term some delays have been witnessed, particularly, in relation to those projects which were scheduled to undertake construction in the period. In addition, due to resourcing pressures and capacity issues arising as a result of lockdown, delays in the submission and receipt of quarterly claims from project sponsors has been witnessed which has impacted accurate forecasting. As of Q2 2020/21 we have been increasingly in receipt of more accurate monitoring returns and improved financial forecasts, this has allowed, in turn, for a more accurate picture of performance.

27. In the medium term it is anticipated that some degree of re-casting of milestones and the forecasted achievement of outputs may continue to be necessary as we progress through the financial year. Long term, macro-economic factors such as changes in consumer behaviour and investor confidence may have an impact on the activity supported by the Combined Authority, particularly, in considering the Place and Culture theme.

28. In order to mitigate against the lasting impacts of the Covid-19 Pandemic, TVCA will continue to work closely with project sponsors in terms of the delivery of projects which may be negatively affected, closely monitoring progress through monthly returns and offering enhanced support where appropriate and/or necessary. In addition, TVCA will ensure adequate development support is provided at Business Case development stage to best consider the impact of the Covid-19 Pandemic on proposed activity, advising appropriate risk mitigations and optioneering in order to ensure that the overall objectives of the Strategic Economic Plan continue to be met.

29. The table below summarises the current risk rating for each thematic area of the Strategic Economic Plan both in year and over the lifetime of the Investment Plan in terms of spending:

Theme	Risk in Year	Investment Plan Risk
Transport	Medium	Medium
Education, Employment & Skills	Low	Medium
Business Growth	Medium	Low
Culture & Tourism	Medium	Medium

Research, Development & Innovation	Low	Low
Place	Low	Medium
Investment Plan (2017-2019):	Medium	

30. As 41.3% of Investment Plan funds have been approved and a further 40.2% of projects and programmes are currently developing business cases, spend forecasts are becoming increasingly accurate for future years allowing a fuller picture of Investment Plan risk. In addition, as the number of approved business cases increases the number of overall forecast outputs over the lifetime of the Investment Plan will increase, allowing for a more detailed understanding of the economic impact that the Combined Authority is delivering.

31. The table below summarises the current risk rating for the achievement of current total Investment Plan forecasts of each key output taking into account performance to date and macro-economic risk factors:

Key Output	Investment Plan Risk
Total Jobs	Medium
Apprenticeships	Medium
Businesses Supported	Medium
New to Firm Products	Low
Floorspace Created	Medium
New Homes	Low

32. TVCA will continue to monitor and review Investment Plan risks, particularly, taking into account the Covid-19 Pandemic, assessing project and programme risk registers, reviewing performance and placing emphasis on the development of robustly de-risked Business Cases, in order to mitigate against lasting impacts on the achievement of outputs and the realisation of the objectives of the Strategic Economic Plan.

CONSULTATION & COMMUNICATION

33. Consultation has been undertaken on the Investment Plan with the Local Authorities, Local Enterprise Partnership and other statutory Committees in line with the Combined Authority Assurance Framework, with a one-year on update provided and agreed at Cabinet in January 2020.

EQUALITY & DIVERSITY

34. None related to this report.

LOCAL ENTERPRISE PARTNERSHIP

35. These reports are considered at LEP meetings.

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Investment Plan - Quarterly Performance Monitoring Quarter 2 2020/2021 (July - Sept) - Finance Summary

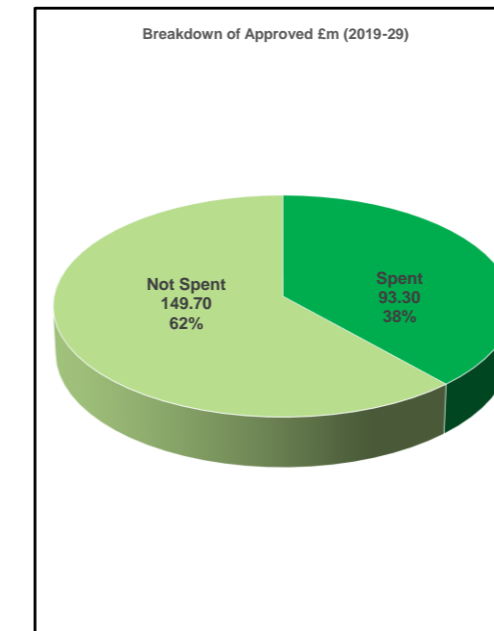
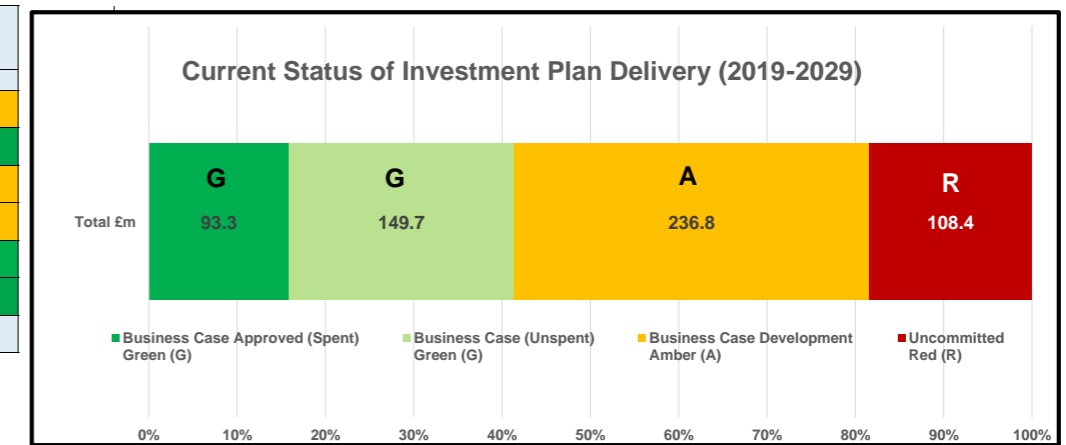
Ten-Year Investment Plan (2019-2029) Update at Q2 July - Sept 2020

TABLE 1) Investment Plan Allocations 2019-2029	2019/20 £'m	2020/21 £'m	2021/22 £'m	2022/23 £'m	2023/29 £'m	Total 2019/29 £'m	Total Previous Quarter £'m	Change in Allocation Since Previous Quarter £'m	Investment Plan Risk Rating	
Transport	50.1	19.6	40.3	77.8	68.9	256.7	256.7	→	0.0	Medium
Education, Employment & Skills	1.0	6.2	12.3	5.5	30.0	55.0	55.0	→	0.0	Low
Business Growth	14.2	51.0	37.2	21.0	23.1	146.5	146.5	→	0.0	Medium
Culture & Tourism	0.3	3.1	17.3	19.2	20.1	60.0	60.0	→	0.0	Medium
Research, Development & Innovation	0.0	1.7	8.5	6.2	3.6	20.0	20.0	→	0.0	Low
Place	1.2	5.2	11.3	21.3	11.0	50.0	50.0	→	0.0	Low
Total	66.8	86.8	126.9	151.0	156.7	588.2	588.2	→	0.0	

TABLE 2) Investment Plan Progress & Spend	Business Case Approved £'m	Business Case Development £'m	Uncommitted £'m	Total £'m	Spend to Date £'m	Of the Approved Balance to Spend £'m	Spend Since Previous Quarter £'m
Transport	79.2	110.1	67.4	256.7	56.8	22.4	4.3
Education, Employment & Skills	14.5	0.0	40.5	55.0	3.1	11.4	2.1
Business Growth	93.6	52.4	0.5	146.5	30.5	63.1	17.1
Culture & Tourism	3.5	56.5	0.0	60.0	0.9	2.6	0.6
Research, Development & Innovation	2.2	17.8	0.0	20.0	0.5	1.7	0.5
Place	50.0	0.0	0.0	50.0	1.5	48.5	0.2
Total	243.0	236.8	108.4	588.2	93.3	149.7	24.8

Risk Rating: Based on Likelihood and Impact	
Low (L)	On Track
Medium (M)	Plan in Place Monitor Closely
High (H)	Action Plan Required

Progress Rating	
Green (G)	Approved / Spent
Amber (S)	Business Case Development
Red (R)	Uncommitted



Key Points
The allocation table sets out the latest profiled spend of the investment plan. As business cases are developed the profile will be amended to reflect the projected annual expenditure.

£243m (41%) of investment has been approved, of which £93.3m has been spent. In total 15.8% of the overall Investment Plan has been delivered as of Q2 2020/21. The ten year plan is broadly on track if spend was spread equally over the lifetime of the plan. At Q2 2020/21 projects & programmes up to a total value of £236.8m are developing business cases, and projects & programmes up to a total value of £149.7m have approved business cases but are yet to spend. In total this represents 65% of the Investment Plan.

£108.4m of 'uncommitted funds' are allocated to activities that are yet to be fully defined which represents in total only 18% of the Investment Plan. Uncommitted funds primarily relate to future years of the Transforming Cities Fund within the Transport theme and £40.5m of undefined Employment and Skills Programmes.

Investment Plan - Quarterly Performance Monitoring Quarter 2 2020/2021 (July - Sept) - Finance Summary

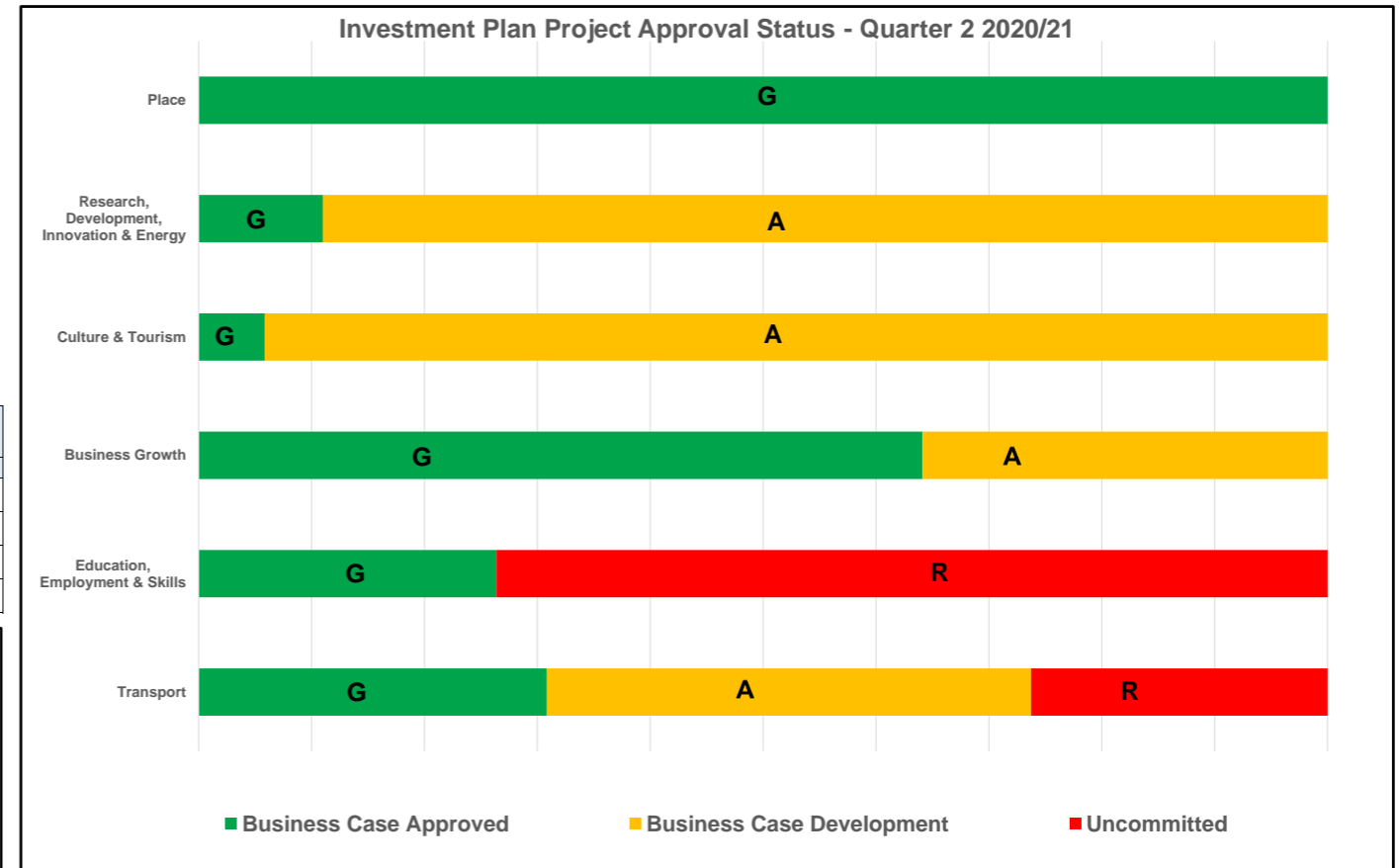
Investment Plan - Performance To Date (Q2 July - Sept 2020)

TABLE 3) Projected Expenditure by Theme 2020/21	Expenditure Forecasts 2020/21					Risk in Year
	Original Investment Plan £'m	Previous Quarter £'m	Projected Expenditure £'m	Change Since Original Investment Plan £'m	Change Since Previous Quarter £'m	
Transport	18.1	22.3	19.6	↑ 1.5	-2.7	Medium
Education, Employment & Skills	8.7	9.5	6.2	↓ -2.5	-3.3	Low
Business Growth	16.8	27.9	51.0	↑ 34.2	23.1	Medium
Culture & Tourism	9.1	11.4	3.1	↓ -6.0	-8.3	Medium
Research, Development & Innovation	2.0	2.2	1.7	↓ -0.3	-0.5	Low
Place	10.0	12.2	5.2	↓ -4.8	-7.0	Low
Sub Total	64.7	85.5	86.8	↑ 22.1	1.3	

TABLE 4) Quarterly Expenditure 2020/21	Q1 - Jun £'m	Apr	Q2 Jul - Sept £'m	Q3 Oct - Dec £'m	Q4 Jan - Mar £'m	Total 2020/21 £'m	Total Previous Quarter £'m	Change Since Previous Quarter £'m
Forecasted	4.3		21.5	26.8	34.2	86.8	85.5	↑ 1.3
Actual	4.3		24.8	0.0	0.0	29.1	4.3	↑ 24.8
Difference (+/-)	0.0		3.3	-26.8	-34.2	-57.7		
Cumulative	0.0		3.3	-23.5	-57.7			

Key Points

We are increasingly in receipt of more accurate forecasts from project sponsors, this is expected to continue, allowing for more accurate forecasting at the programme level, particularly as Business Cases move through development stages and are approved. In Q2 we have spent £3.3m more than was forecast in Q1 this is because Q1 forecasts were based on an equitable split across the year. Now we are in receipt of more accurate forecasts there is a lower risk of this occurring in forthcoming quarters. In total we have spent £29.1m of the £86.6m forecast over 2020/21 this represents 33%, however, Q1 had been subject to particularly low spend given the disruption caused by the Covid Pandemic, it is anticipated that spend will continue to accelerate as has been the case with Q2. The largest forecast expenditure is on the Transport and Business Growth Themes - these themes have been rated as medium risk, however, revised projections have been based on project specific forecasts and finance plans and are related to acceleration of spend on those projects, which is a mitigating factor and overall cannot be considered to be a major risk to the Investment Plan at the programme level.

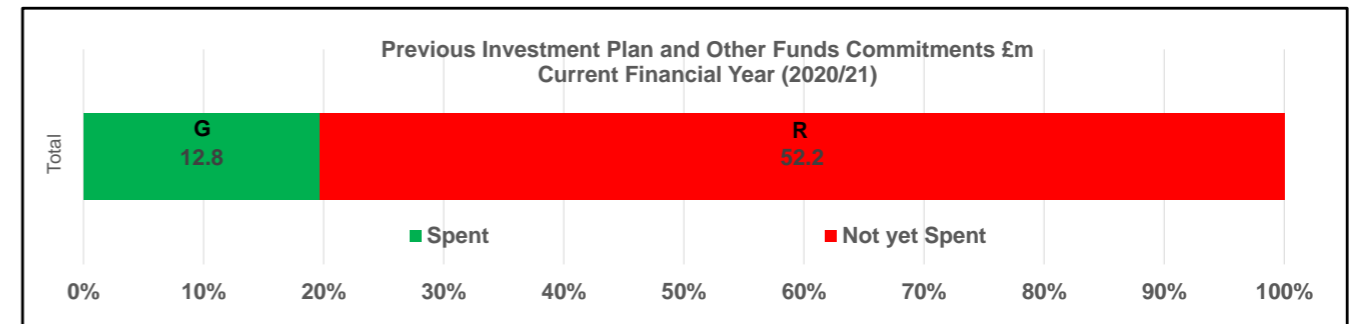
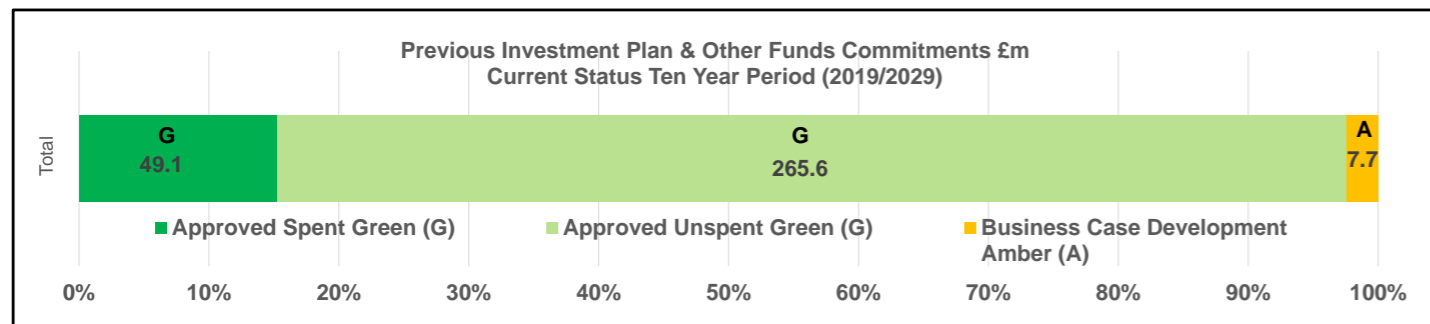


Previous Investment Plan and Other Funds Delivery Progress (2017-2019)

TABLE 5) Overall Expenditure	2019/20 £'m	2020/21 £'m	2021/22 £'m	2022/23 £'m	2023/29 £'m	Total 2019/29 £'m	Total Previous Quarter £'m	Change Since Previous Quarter £'m	Overall Risk Rating
Revised Forecast	36.3	65.0	153.2	44.3	23.6	322.4	140.2	↑ 182.2	Medium
Business Case Approved	36.3	65.0	153.2	44.3	15.9	314.7	127.9	↑ 186.8	
> Delivery (spend)	36.3	12.8	0.0	0.0	0.0	49.1	38.3	↑ 10.8	

Key Points

Spend in Q2 of 2020/21 of previous investment plan funds was £10.8m. We are now forecasting £65m of expenditure over 2020/21. In total £182.2m of additional funds have been secured by the Combined Authority to deliver specific projects, largely from Central Government, this includes:
 £19.8m Brownfield Housing Fund
 £17.4m Getting Building Fund
 £53.6m Teesworks Infrastructure
 £8.8m of ERDF SME's Business Growth Grant Scheme
 Although only £12.8m of spend for 2020/21 has been achieved to date with a further £52.2m forecast for the remaining two quarters - this is not considered to be a considerable risk given spend is tied to the delivery of specific projects, however we are committing development resource where necessary to ensure delivery.



Investment Plan - Quarterly Performance Monitoring Quarter 2 2020/2021 (July - Sept) - Output Summary

Strategic Economic Plan: Progress as of Q2 20/21

		SEP Baseline		Latest Updated Data*								
		Measure	2014	2014	2015	2016	2017	2018	2019	Cumulative Change	% Change	Direction of Travel
SEP Target: JOB DENSITY 55% Growth (25,000 Net New Jobs)	Jobs	293,000	292,000	299,000	292,000	293,000	291,000	Jan 2021	-1,000	-0.3	↓	R
	Job Density	TV 0.70 UK 0.82	TV 0.70 UK 0.81	TV 0.72 UK 0.83	TV 0.70 UK 0.85	TV 0.71 UK 0.86	TV 0.70 UK 0.86	Jan 2021	N/A	N/A	↔	A
	Job Density Gap	0.12	0.11	0.11	0.13	0.16	0.16	-	0.05	N/A	↓	R
	<small>From the updated 2014 data the total number of jobs in Tees Valley was estimated to have fallen by 1,000. Data for 2019 is expected in January 2021. Source: ONS, NOMIS, Jobs density Definition: The total number of jobs is a workplace-based measure and comprises employees, self-employed, government-supported trainees and HM Forces. Please Note: The jobs number of 303,500 quoted in the SEP was calculated by TVCA as Job Density data did not exist. The job density data has since replaced this TVCA calculated measure.</small>											
SEP Target: GVA PER HOUR WORKED 30% Growth Reducing gap to 94% of UK average	GVA Per hour worked (£)	28.3	29.2	30.2	30.6	31.3	31.8	Feb 2021	2.6	8.9%	↑	G
	% of the UK rate	91.3	91.6	92.1	92	91.4	90.9	-	-0.7	N/A	↓	R
	<small>Definition: ONS's preferred measure of productivity is Gross Value Added (GVA) per hour worked. The measure removes employment rate, economic inactivity, demographics and commuting considerations with GVA per head and work pattern issues with GVA per job. SEP target - GVA per hour worked 30% Growth: reducing gap to 94% of UK average. Source: ONS, Sub-regional Productivity, Labour Productivity (GVA per hour worked and GVA per filled job) indices by Local Enterprise Partnership.</small>											
SEP Target: BUSINESS DENSITY 10% Growth (2,000 new businesses) 344 enterprises per 10,000 adults 72.2% of the UK rate	Businesses	16,500	16,500	17,100	17,500	17,230	17,765	17,610	1,110	6.7%	↑	G
	Enterprises per 10,000 adults	307	306	316	323	317	327	324	18	N/A	↑	G
	% of the UK rate	65.6	66.0	65.8	64.8	64.0	65.0	63.7	-2.3	N/A	↓	R
	<small>The Tees Valley has experienced growth in the number of businesses in the region. This is based on micro, small, medium and large enterprises as recorded by ONS. The strongest growth has been in micro enterprises which would suggest start ups and entrepreneurs. The annual figures for 2020 will be released in October 2020. Source: ONS, NOMIS, UK Business Counts - Enterprises Definition: The number of businesses is recorded as the number of enterprises live at a reference date in March. An enterprise is the smallest combination of legal units which has a certain degree of autonomy within an Enterprise Group.</small>											
SEP Target: POPULATION 6% Growth (increasing population to 706,200)	Total Population	666,200	667,000	668,300	671,000	672,500	674,300	675,900	8,900	1.3%	↑	G
	<small>This is based on the most recent data available on the overall population. The annual figures for 2020 will be released in June 2021. Figures are showing an increase in overall population, however there is a decrease in the population of working age residents (16-64) and we have an ageing population with low levels of inward migration. Source: ONS, NOMIS, Population Estimates Definition: Mid-year population estimates are based on results from the latest Census of Population with allowance for under-enumeration.</small>											
SEP Target: NVQ LEVEL 4+ 20% Growth 36% of working age residents with a NVQ level 4 qual	Number aged 16-64 qualified to NVQ4+	125,800	-	125,300	126,600	123,700	125,700	120,700	-4,600	-3.7%	↓	R
	% of working age	30.3	-	30.4	30.8	30.1	30.6	29.6	-0.8	N/A	↓	R
	<small>Definition: This is the percentage of Tees Valley residents of working age (16-64) that are qualified to NVQ Level 4 or above. The annual figures for 2020 will be released April 2021. Source: ONS, NOMS, APS</small>											
SEP Target: CO2 EMISSIONS 25% reduction to 12.5m tonnes	CO2 emissions (million tonnes)	16.7	17.7	12.1	7.4	7.5	7.0	Jun 2021	-10.7	N/A	↓	G
	<small>Definition: This is the amount of CO2 released in terms of million tonnes. The annual figure for 2019 will be released in June 2021. Source: HM Government, UK local authority and regional carbon dioxide emissions national statistics: 2005-2019</small>											

* Note that baseline figures are taken from data confirmed as correct at the time of writing the SEP. Latest updated data may include retrospective revisions to ONS datasets. The latest update provides an indication of the direction of travel, in relation to achieving SEP ambitions.

Commentary:

Jobs:
The number of jobs within Tees Valley fell in 2018 beneath 2014 levels for the first time, overall the cumulative jobs estimate is showing a 1,000 reduction in jobs numbers as of the latest available data. As of 2018 the Tees Valley is 26,000 jobs behind the SEP regional target. Although there is a significant lag in the data, in future we expect to see further reduction linked to the effects of the Covid Pandemic. However, regional performance should be viewed in the light of the UKs macro economic performance, and the Tees Valley is broadly in line with comparative UK regional averages.

Productivity:
As of the latest available data the Tees Valley has seen an overall 8.9% increase in the GVA per hour worked target which acts as a measure of productivity. However, the Tees Valley is lagging behind the UK average. As of the latest data, the Tees Valley is at 90.9% of the UK average. The Tees Valley has a further 3.1% to travel in order to bring the GVA per hour worked up to the 94% of UK average target as set within the SEP.

Business Density:
The Tees Valley has seen, cumulatively, an increase in 1,110 businesses since 2015 a growth of 6.7% to date. However, it should be noted that there has been a reduction in business per 10,000 adults from 327 to 324 between 2019 and 2020 from the latest available data (October 2020) this is likely to be an effect of the Covid Pandemic, we need to keep a close eye on the impact of the Pandemic on our business base ensuring adequate support through our Business Growth Fund is available to offset further impacts.

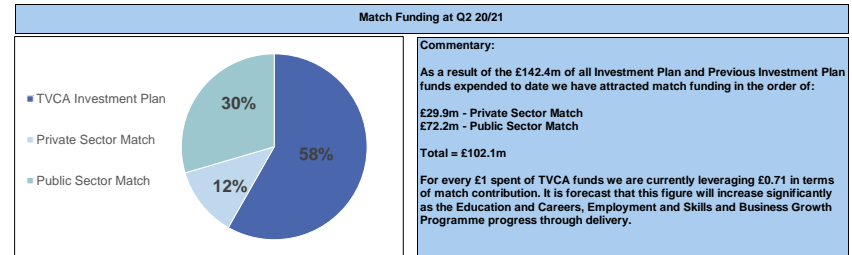
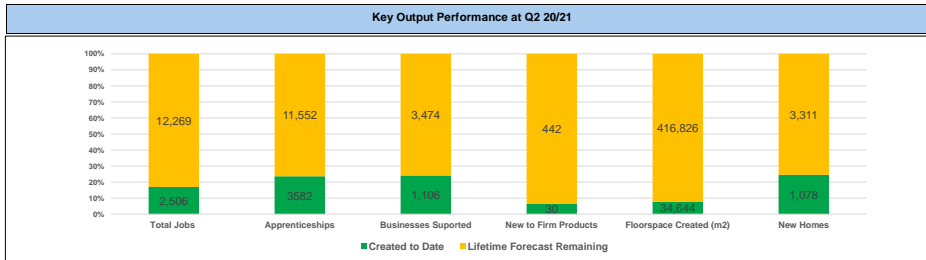
Population Growth:
With regards to population growth the Tees Valley has seen in total a cumulative change of +8,900 equivalent to 1.3% growth as of the latest available data, the Tees Valley is, in total, 30,300 behind the SEP target of increasing population level to 706,200.

NVQ Level 4+:
The percentage of Tees Valley residents of working age (16-64) that are qualified to NVQ Level 4 or above as of 2019, has fallen by 3.7% a cumulative reduction of 4,600 residents since 2015. The Tees Valley has in total 29.6% of working age residents educated to NVQ level 4 and above, which is now 6.4% behind the target outlined in the SEP.

CO2 Emissions Reduction:
As of 2018 the Tees Valley has seen an overall reduction in 10.7m tonnes of CO2 Emissions we have now exceeded the targeted 25% reduction in CO2 Emissions set out within the SEP. Data for 2019 is expected in June 2021.

Investment Plan - Quarterly Performance Monitoring Quarter 2 2020/2021 (July - Sept) - Output Summary

Combined Authority: Investment Plan Outputs as of Q2 20/21



Commentary:
Note: The total number of all key outputs over the lifetime of the Investment Plan are forecast based on the projections from projects which have approved Business Cases, as projects move from Development through to the Approval stage, the total forecast of outputs over the lifetime of the Investment Plan will increase. This will continue until all projects within the Investment Plan have secured approval.

Jobs: In terms of the total jobs delivered to date 2,506 total jobs inclusive of facilitated and indirect jobs have been created as of Q2 20/21 this represents 17% of the total number of jobs created over the lifetime of the Investment Plan.

Apprenticeships: To date 3,582 apprenticeships have been created as a result of our interventions as of Q2 20/21 this represents 23% of the total forecast, this number has increased significantly since Q1 20/21 this is as a result of the availability of more accurate monitoring data and a more general increase owing to uptake of the new apprenticeships grant, this figure is expected to continue to increase over the course of the financial year.

Businesses Supported: Businesses supported to date total 1,106 out of the 4,580 currently forecast which is equivalent to 24% of the overall forecast. The number of Businesses we are forecasting will be in receipt of support over the lifetime of the Investment Plan has significantly increased between Q1 and Q2 from 2,406 to 4,580, again this is as a result of the availability of more accurate monitoring data and as a result of Business Cases linked to the Innovation Programme moving from development to approval.

New to Firm Products: As of Q2 20/21 30 new to firm products have been created as a result of our interventions this represents 6% of our total lifetime target, however, this is expected to increase significantly over the course of the next financial year as the Collaborative Networks Programme begins to deliver. As of Q2 20/21 all funding agreements for Round 1 and 2 of this programme have been put in place.

New Homes: 1,078 new homes have been delivered as a result of support from Investment Plan funds as of Q2 20/21 this represents 25% of the forecast, the overall forecast is expected to increase over the lifetime of the plan as a significant number of new homes will be supported, in particular, by Transport interventions yet to come forward for approval.

Floorspace Created: In total, to date 34,644 square meters of additional floorspace has been created by interventions supported from Investment Plan funds this represents over 7% of our overall forecast. The lifetime forecast of commercial floorspace which will be created has increased significantly from 261,317m2 in Q1 to 451,470 m2 in Q2 again this is as a result of increased accuracy in monitoring data and as a result of IGF Programme Call-Offs coming forward for approval. It is anticipated that this output may be subject to lag due to the Covid pandemic curtailing construction, however, the overall output forecast will generally be slow to deliver over the lifetime of the plan given the nature of capital construction projects.

Key Outputs	Total Forecast <small>(Within approved Business Cases)</small>	Achieved at Quarter 1 <small>(Actual)</small>	Achieved at Quarter 2 <small>(Actual)</small>	Direction of Travel
Direct and Indirect Jobs	14,755	2,227	2,506	↑
Apprenticeships	15,134	937	3,582	↑
Businesses Supported	4,580	1,106	1,106	=
New to Firm and New to Market Products / Processes	472	30	30	=
New Homes	4,389	1,078	1,078	=
Commercial Floorspace Created (m2)	451,470	34,644	34,644	=

REPORT TO THE OVERVIEW & SCRUTINY COMMITTEE

11th MARCH 2021

REPORT OF GROUP CHIEF EXECUTIVE

DELEGATED DECISIONS JANUARY-MARCH 2021

SUMMARY

The table below shows the Delegated Decisions signed off by the Combined Authority between January 2021 and March 2021

RECOMMENDATIONS

It is recommended that the Combined Authority Overview & Scrutiny Committee note the table below.

DETAIL

1. The table below shows the Delegated Decisions signed off by the Combined Authority between January 2021 – March 2021.

Title	Amount	Date signed	Key Decision
<p>Lynn and Whitby Street Housing Scheme</p> <p>In July 2020, MHCLG confirmed an allocation of £19.3m to Tees Valley Combined Authority (TVCA) to support the development and delivery of at least 1,000 homes on Brownfield sites in Tees Valley over the Parliamentary term 2020-2025, referred to as the Brownfield Housing Fund (BHF).</p> <p>The fund is devolved to TVCA with final approval of schemes devolved to the Tees Valley Mayor (TVM).</p> <p>All schemes are subject to the development and appraisal of a Green Book compliant business case in line with the TVCA Assurance Framework and to be eligible for funding will need to:</p> <ul style="list-style-type: none"> • Be identified on the relevant LA Brownfield Register and within the Local Plan; • Evidence market failure and why public intervention is required; • Have a BCR >1 and represent VFM, demonstrating wider economic benefits • Start construction of new homes before 31 March 2025; and • To be eligible in year 1, projects must be able to start on site by March 2021. <p>An eligible business case for Lynn Street & Whitby Street has come forward seeking entry into the programme with a request of £1,856,000</p>	£1,856,000	23/12/2020	No

Title	Amount	Date signed	Key Decision															
<p>The Lynn Street & Whitby Street proposal is located in Hartlepool Town Centre within the Innovation and Skills Quarter (ISQ). The scheme comprises three individual sites, linked geographically, with a total area of 1.33ha owned by Hartlepool Borough Council (HBC). The scheme will deliver 47 affordable rented housing units, which will be owned and managed by HBC, profile of units as per below:</p> <ul style="list-style-type: none"> • 7 - Two-bedroom bungalows • 15 - Two bedroom terraced/semi-detached houses • 25 - Three-bedroom town houses <p>Demolition and Remediation works are to be funded by BHF monies and will commence in March 2021.</p>																		
<p>Middlehaven Housing Scheme</p> <p>An eligible business case for the Middlehaven Housing Scheme has come forward seeking entry into the programme with a request of £7,922,000.</p> <p>The Middlehaven scheme will remediate and develop over 8 hectares of the former St Hilda's estate and the adjacent former industrial area situated between the River Tees industrial shore zone to the north, the Darlington to Saltburn Railway line and the town centre to the south; and Middlesbrough Dock, a large dock basin to the east. The scheme will deliver, in total 634 homes, over a number of phases of development.</p> <p>The total, projected development cost is £93.7m inclusive of developer profit, the BHF ask is for £7.9m towards infrastructure costs which total £10.1m (including £1.7m non-site-specific costs). These works are enabling the development and include highways, site remediation, clearance and a new power connection.</p>	£7,922,000	02/02/2021	No															
<p>Gresham Housing Scheme</p> <p>An eligible business case for the Gresham Housing Scheme has come forward seeking entry into the programme with a request of £3,587,286.</p> <p>The Gresham Housing Scheme covers two sites in the Gresham area of central Middlesbrough, with a total area of 4.9ha, the land is currently in the ownership of Middlesbrough Council and will be drawn down for development by the Registered Provider Thirteen Housing Group Limited under 999-year leasehold arrangements. The scheme will deliver, in total, 222 affordable housing units, over two phases, as follows:</p> <table border="1" data-bbox="197 1666 876 1850"> <thead> <tr> <th>Phase</th> <th>Start on site</th> <th>Completion</th> <th>No. of Dwellings</th> <th>Total Cost</th> </tr> </thead> <tbody> <tr> <td>One</td> <td>January 2021</td> <td>October 2024</td> <td>145</td> <td>£20,392,693</td> </tr> <tr> <td>Two</td> <td>January 2022</td> <td>October 2024</td> <td>77</td> <td>£10,352,755</td> </tr> </tbody> </table> <p>The total, projected development cost is £31,012,187 of which a £3,587,286 contribution from BHF will fund abnormal costs to development resulting from the land being a brownfield site and requiring remediation, groundworks and enhanced foundations, surface water management, service diversions and a limited number of remaining demolitions.</p>	Phase	Start on site	Completion	No. of Dwellings	Total Cost	One	January 2021	October 2024	145	£20,392,693	Two	January 2022	October 2024	77	£10,352,755	£3,587,286	02/02/2021	No
Phase	Start on site	Completion	No. of Dwellings	Total Cost														
One	January 2021	October 2024	145	£20,392,693														
Two	January 2022	October 2024	77	£10,352,755														

Title	Amount	Date signed	Key Decision
<p>Elm House Housing Scheme</p> <p>An eligible business case for the Elm House Housing Scheme has come forward seeking entry into the programme with a request of £710,326.</p> <p>The Elm House Housing Scheme is located to the east side of Stockton town centre on Bath Lane. The site is situated 250m from the north end of Stockton High Street and adjacent to the redevelopment of Victoria Estate (Sycamores Development) to the south, The site consists of cleared brownfield land which is on the Brownfield Land Register and which requires extensive remediation works in order to create a viable development platform. Significant works are also needed to resolve drainage and foundation issues on the site which together have combined to apply significant impact on the scheme's financial viability.</p> <p>The total, projected development cost is £2,222,326 of which a £710,326 contribution from BHF will fund abnormal costs to development including site remediation and land stabilisation works. The scheme will deliver 14 two-bedroom three person bungalows with a floorspace of 61.3 sqm (M4 Cat. 2) per unit.</p> <p>Without BHF the scheme is unviable and unlikely to come forward due to the high upfront costs associated with decontamination and site preparation. The scheme has the potential to deliver a significant change to former Victoria Housing Estate/Bath Lane area contributing towards Stockton Borough Council's vision for creating sustainable and healthy communities within the Stockton town centre area.</p>	£710,326	04/02/2021	No

2. All key decisions are sent to the Overview & Scrutiny Committee within 2 days of being made. All other delegated decisions are provided for information at their next scheduled meeting.

FINANCIAL IMPLICATIONS

3. There are no direct financial implications arising from this report. The report derives from the Constitution and Assurance Framework for the Combined Authority, which have embedded within them the statutory financial regulations.

LEGAL IMPLICATIONS

4. The Report derives from the Constitution and the Assurance Framework for the Combined Authority which sets out the appropriate statutory framework and is legally binding.

RISK ASSESSMENT

5. The report is categorised as low risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION & COMMUNICATION

6. Not Applicable

EQUALITY & DIVERSITY

7. Not Applicable

LOCAL ENTERPRISE PARTNERSHIP

8. Not Applicable

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Teess Valley Combined Authority Overview & Scrutiny Proposed Work Programme 2020/2021

Standing Items

Minutes from the Previous Meeting
Chief Executive Update
Delegated Decisions
Forward Plan
Date and Venue of the Next Meeting

Overview & Scrutiny Committee		
Date	Venue	Item / Responsible Officer
11 th March 2021 - TBC	TBC	Freeports Quarterly Investment Plan delivery update
20 th May 2021 - TBC	TBC	Overview & Scrutiny Committee Annual Report STDC Quarterly Monitoring report Culture Programme Update

Finance & Resources Sub-Committee		
Date	Venue	Item / Responsible Officer

Proposed Items to be scheduled
<ul style="list-style-type: none"> • STDC Monitoring Report – Quarterly • Investment Plan delivery update - Quarterly • Portfolio Lead updates • Updates from Finance and Resources Sub Committee (where applicable)

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