

REPORT OF STRATEGY & INVESTMENT PLANNING DIRECTOR**INVESTMENT PLAN DELIVERY REPORT****SUMMARY**

The Combined Authority Cabinet approved a ten-year Investment Plan (2019-2029) in January 2019.

The plan sets out:-

- £588.2m to be invested across the key themes from the Strategic Economic Plan;
- Devolved funding to deliver specific activity including the Adult Education Budget and a range of Transport & Infrastructure funds; and
- Projects which are being delivered from the previous Combined Authority Investment Plan (2017-2019).

This report provides:-

- An overview of the ten-year Investment Plan financial performance;
- An update by theme on its delivery in the current year;
- An update on pipeline development;
- Highlights any risks;
- Sets out the current economic position on the targets from the Strategic Economic Plan;
- Direct outputs from the work of the Combined Authority; and
- Plans for further outcome and impact evaluation.

Appendix 1 is the Investment Plan Performance Dashboard (key messages below).

Of the ten-year Investment Plan (2019-2029):-

- 9.3% has been spent to date with a further 6.5% approved (Q1 of Year 1);
- 46.5% is in business case development; and
- 37.7% uncommitted.
- We have estimated that the Investment Plan has the potential to secure approximately 32,000 jobs by 2029;
- The economic indicators used to monitor the SEP targets are broadly moving in a positive direction with an increase in productivity and new businesses.

In this financial year (2019/20):-

- We are forecast to deliver 15% of the overall Investment Plan in Year 1;
- Of which, 70.9% has been approved, 25.2% is in business case development and 3.9% is currently formally uncommitted.
- 61.9% of the annual projected spend, has been delivered in Q1; therefore
- 38.1% is forecast to be delivered in Q2-Q4.

This delivery report will be produced on a quarterly basis; the financial information is based on data for the period April-June 2019 which is Quarter 1 of 2019/20, with the qualitative project updates being as recent as possible.

RECOMMENDATION

It is recommended the Combined Authority Cabinet:-

- i. Notes the contents of the report; and
- ii. Provides any feedback on the matters covered.

DETAIL

INVESTMENT SUMMARY

1. The dashboard in Appendix 1 provides a high-level overview of the Investment Plan.
Table 1: Sets out the allocations by theme and year as agreed in the Investment Plan 2019-2029. Any changes (such as securing additional funds) will be highlighted clearly each quarter.
2. 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.
3. All investments are subject to due diligence through the Combined Authority Assurance Framework agreed with Government. This requires a Business Case to be developed in line with the HM Treasury Green Book and due diligence to be undertaken from which recommendations are made to Cabinet or (where delegations are in place) the Combined Authority Chief Executive, Tees Valley Mayor and Portfolio Holder.
4. **Table 2:** Sets out for each theme how projects are progressing through the assurance process and spend to date to provide an indicator of performance. Stages are defined below and in future this table will highlight any changes by quarter:
 - **£92.9m Approved** –Approved and In Delivery;
 - **£273.6m Business Case Development** – Agreed priority in the Investment Plan subject to Business Case approval; and
 - **£221.7m Uncommitted** – The value remaining to deliver the rest of the Investment Plan priorities.
5. Of the uncommitted funding the following are indicative allocations as agreed in the Investment Plan:
 - £132m to deliver the Integrated Transport Programme, which is subject to Cabinet approval, currently on the forward plan for January 2020 (See Transport Section of this report);
 - £40m for the continuation of the Employment & Skills Programme of activity from April 2021 onwards. More detailed plans will be subject to future Cabinet approval;
 - £30m to deliver a Business Growth Programme; further detail is provided for consideration at Cabinet in a separate paper; and
 - £20m to deliver Research, Development & Innovation (See separate section of this report).
6. The following business cases are currently being developed. As projects are taken to Cabinet or through delegated arrangements and are approved, changes to the budgets will be reflected in this report the following quarter.

Project	Theme	Investment Plan Amount	Status
The Northern School of Art FE Relocation	E, E & S	£14.5m*	October Cabinet
Demand Responsive Transport	Part of Integrated Transport Programme	£2.5m	October Cabinet
Boho Next Generation	Business Growth	£20m	In Development** Expected Sign Off October 2019
City of Culture	Culture & Tourism	£10.7m	January Cabinet
Destination Marketing	Culture & Tourism	£3m	January Cabinet
Festivals & Events	Culture & Tourism	£6.3m	January Cabinet
Hydrogen Transport (OLEV) Match Funding	Transport	£1.75m	January Cabinet
Stockton and Darlington Railway Heritage Quarter	Culture & Tourism	£20m	In Development** Expected Sign Off August 2020
Revitalising Redcar	Business Growth	£20m	In Development**
Riverside Northshore Development	Business Growth	£20m	In Development**
Hartlepool Waterfront	Culture & Tourism	£20m	In Development**
Indigenous Growth Fund	Place	£50m	In Development** Expected Sign Off October 2019
Middlesbrough Station***	Transport	£20m	In Development**
Darlington Station***	Transport	£25m	In Development**
South Tees Development Corporation Infrastructure & Land Acquisition	Business Growth	£44.3m	In Development**
Advance commitments made to date for development of a number of these business cases.		-£4.45m	Approved through delegated decisions.
Total Business Case Development		£273.6m	

*Some financial return expected, details will be set out in the recommendations to Cabinet.

** Cabinet agreed allocation, the business case sign off is delegated to Chief Executive and the S73 Officer.

*** Part of the Integrated Transport Programme, projects have been approved by Cabinet subject to Business Case.

7. Spend profiles have been estimated for the above projects in the Investment Plan, which will become more accurate as we progress through the business case development process. This quarterly report will identify any changes or re-profiling.
8. The following projects have been approved and are moving into delivery:

Transport

- Teesside Airport: Acquisition and Development;
- Urban Traffic Management System: Urgent Replacement Equipment;
- Eaglescliffe Rail Station: Business Case Development; and

- Integrated Transport Programme (ITP): Development and Pilot Project

Business Growth

- Boho Next Generation: Business Case Development, Site Assembly & Preliminary Works
- South Tees Development Corporation Infrastructure & Land Acquisition

Culture & Tourism

- Stockton – Darlington Railway Heritage Quarter: Business Case Development & Acquisition
- First Phase of Festivals & Events

Place

- Indigenous Growth Fund: Pipeline Development

9. **Table 3:** Sets out for each theme the forecasted expenditure set out in the original Investment Plan and highlights any changes.
10. The original Investment Plan forecasted spend in this financial year (2019/20) as £107.1m across all themes. This has been revised to £86m this quarter (-£21m). This is predominantly due to the delays in purchasing the remaining South Tees Development Corporation (STDC) land, which is subject to compulsory purchase. The impact of this means we will delay borrowing until required.
11. A further £120m of funds are secured for specific purposes, including Adult Education, Transport & Infrastructure and existing projects agreed in the previous Combined Authority Investment Plan (2017-2019).
12. **Table 4:** shows the quarterly spend forecasts and the actual spend each quarter and highlights any changes.
13. Details of any changes or key points are explained under each theme in this report.
14. Commercial propositions may come forward that do not have a financial impact on the Investment Plan as a borrowing case can be made. Separate reports will be provided to Cabinet in these cases.

THEME BREAKDOWNS

15. This section of the report sets out for each theme the approval and spend position to date, provides project and programme updates by exception and highlights any risks.
16. Thematic dashboards will be produced to provide more detail for each portfolio holder and relevant advisory groups on the projects and programmes within each theme.

THEME: TRANSPORT

17. Over ten years a total of £256.7m has been allocated to transport. Our aim is to improve connectivity within Tees Valley, across the Northern Powerhouse, the UK and the world.

Transport Allocation for 2019/20	
Investment Plan Allocation	£47.9m
Spend to Date (Q1)	£42.2m
Forecasted Spend (Q2-Q4)	£8.2m
Balance (-/+)	£2.5m
Revised Annual Profile 2019/20	£50.4m
Of which, Approved	£47m
Risk in Year	Low
Overall Investment Plan Risk	Medium

18. This original allocation was for the acquisition and working capital for the Airport and to start delivery of the Integrated Transport Programme (ITP).
19. This theme is currently categorised as 'Low Risk' in this financial year as we have accelerated delivery of the capital programme; and 'Medium Risk' to the delivery of the overall Investment Plan. The ITP is a large investment programme made up of complex projects and programmes, which are all at different stages of development and dependent in many cases on external factors.
20. It includes major schemes such as Darlington and Middlesbrough Rail Stations, which are in the process of developing business cases and are dependent on securing significant external funding (further detail at point 27 below).

TEESSIDE INTERNATIONAL AIRPORT

21. The Combined Authority finalised the purchase of the Airport in January 2019, of which £41.1m has been spent including the £40.2m purchase of the Airport and the operational costs to date which has been transferred to Goosepool (2019) Limited, the company which holds the shares in the Airport.
22. Key appointments have been made with Phil Forster as Head of Airport Development, and Martin Waters as Executive Director of Goosepool.
23. In the first few months of ownership, progress in delivering the business plan has been made with new flights announced to Palma and Majorca.
24. The name was changed from Durham Tees Valley Airport back to Teesside International Airport in July with a new logo and branding launched.

25. The capital programme has been accelerated with £2.6m to be spent on a range of improvements to the airport in this financial year.

STRATEGIC TRANSPORT PLAN

26. The draft Tees Valley Strategic Transport Plan was approved by Cabinet in July to go out for consultation with the public. This will be delivered through the ITP the detail of which will be considered for formal approval by Cabinet in January 2020. The remaining 2019/20 transport allocation of £5m is forecasted to be spent in Quarter 3 and 4. The development of the ITP will be monitored closely, and business cases are currently being developed for projects.

PIPELINE DEVELOPMENT

27. A major part of the ITP is funded through the Transforming Cities Fund (TCF) which is devolved to the Combined Authority to invest in projects that 'transform connectivity through improved public transport and active travel infrastructure, reducing congestion and enhancing air quality'. Allocations are based on an annual profile set by the Department for Transport (DfT). We are not contractually bound by the annual profiles, however, if we delay delivery this could impact on future allocations, therefore it is prudent to meet the annual profiles where possible.
28. Once the full programme has been approved by Cabinet, which is on the forward plan for January 2020, the Combined Authority will work with project sponsors to accelerate development of business cases and delivery where possible, therefore no further action is currently required but it will be monitored closely.

THEME: EDUCATION, EMPLOYMENT & SKILLS (EES)

29. Over ten years a total of £55m has been allocated to Education, Employment & Skills: £40m for the continuation of the Employment & Skills Programme of activity from April 2021 onwards and £15m to deliver capital priorities. Our aim is to increase educational attainment, produce the skilled workforce that businesses need and increase lifetime opportunities for our residents. A further £29m annually, to deliver Adult Education provision across Tees Valley was devolved to the Combined Authority.

Education, Employment & Skills Allocation 2019/20	
Investment Plan Allocation	£7.5m
Spend to Date (Q1)	£0m
Forecasted Spend (Q2-Q4)	£5.2m
Balance (-/+)	-£2.3m
Revised Annual Profile 2019/20	£5.2m
Of which, Approved	£0m
Risk in Year	Medium
Overall Investment Plan Risk	Medium

30. The original allocation was forecast for the Northern School of Art Further Education Relocation project as an identified priority in the Investment Plan (subject to Business Case, which is being presented to Cabinet in a separate paper on 25 October).

31. This theme is currently categorised as 'Medium Risk' in this financial year as the forecasted expenditure is not yet approved. This will change to 'Low Risk' against the revised profile, if Cabinet approves the business case.
32. A revenue allocation to deliver the continuation of the Education, Employment and Skills Programme is not required in this financial year, as activity from the previous investment plan period is still in delivery with £500,000 spent in Quarter 1 and a further £3.4m projected to the end of the financial year.
33. This theme is currently categorised as 'Medium Risk' to delivery of the overall Investment Plan. The remaining allocation is for one large Education, Employment & Skills programme of activity yet to be developed. Evaluation of the current programme will be undertaken before developing the next stage.

THE NORTHERN SCHOOL OF ART FURTHER EDUCATION RELOCATION

34. The Combined Authority has worked collaboratively with the Northern School of Art and Middlesbrough Council on this business case and detailed recommendations for the relocation of the Northern School of Art's Further Education Campus in Middlesbrough are presented to Cabinet in a separate report. As a specialist asset in Tees Valley the growth of this establishment will bring wider economic benefits, not only through its direct location but raising the profile of Tees Valley and contributing to the growth of the creative sector.
35. If approved by Cabinet, forecasted spend for this year is £5.2m. Therefore £2.3m will be carried forward to next year and will be fully utilised by Quarter 2 of 2020-21.

ADULT EDUCATION PROVISION

36. Following a procurement exercise, the number of providers was reduced from 273 to 33, and delivery began in August. We are forecast to spend £20m in this financial year as expected (pro-rata as the £29m allocation was based on academic years). The programme is being monitored closely on a monthly basis and future updates will be provided.

THEME: BUSINESS GROWTH (INC.ENABLING INFRASTRUCTURE)

37. Over ten years a total of £146.5m has been allocated to Business Growth: £116.5m to unlock key sites for business and £30m to support businesses. Our aim is to diversify the economy, support more business start-ups, develop high growth potential businesses and key growth sectors.

Business Growth & Infrastructure Allocation 2019/20	
Investment Plan Allocation	£38.7m
Spend to Date (Q1)	£11.3m
Forecasted Spend (Q2-Q4)	£5.7m
Balance (-/+)	-£21.7m
Revised Annual Profile 2019/20	£17m
Of which, Approved	£12.3m
Risk in Year	Medium
Overall Investment Plan Risk	Low

38. £35.7m of this allocation was for STDC land purchases and site remediation and £3m for the Tees Valley Business Growth Programme.
39. Performance in this financial year is currently 'Medium Risk' as there is a forecasted underspend of £21.7m. This is predominantly due to the delays in purchasing the remaining STDC land, which is subject to compulsory purchase. The impact of this means we can delay borrowing, therefore no action is currently required but it will be monitored closely.
40. The indicative allocations for the £30m Business Growth Programme of support are set out in a separate Cabinet report. If the indicative allocation is approved by Cabinet, business cases for each activity will be developed and approved through the appropriate delegated decision route. It is forecast that the first funds and activity will become operational in January 2020 and therefore the full £3m allocation will not be spent this financial year.
41. We have accelerated the development of robust business cases for the strategic capital projects in the Investment Plan (updates below point 46-52) with expenditure of £3m forecast in this financial year.
42. This theme is currently categorised as 'Low Risk' to delivery of the overall Investment Plan, as the majority of expenditure is progressing well through business case development, with approvals anticipated in the next quarter of approximately £50m.

SOUTH TEES DEVELOPMENT CORPORATION (STDC) SITE ACQUISITION

43. South Tees Development Corporation completed the purchase of 1,420 acres of land which represents over 50% of developable land in the Development Corporation area. As a direct result of the purchase £14million of Government funding was unlocked allowing early redevelopment of part of the site to take place to attract new business and investment. The purchase of remaining elements of the land was initially forecast to start within 2019/20; however due to issues relating to a CPO this has now been delayed.

PIPELINE DEVELOPMENT: STRATEGIC PRIORITIES

44. There are recognised investment priorities in the Investment Plan with a Combined Authority allocation of up to £20m each (subject to business case approval). Therefore, in line with the Assurance Framework, approval of the business case is delegated to the Combined Authority Chief Executive in consultation with the Management Group, the Section 73 Officer and the Monitoring Officer.

BOHO 'THE DIGITAL CITY' (MBC)

45. This project will unlock the continued growth of the digital cluster at the Boho Zone in Middlesbrough and is critical to ensure that the accommodation pipeline can respond to demand in a timely manner. The project will be part of a Master Plan to deliver growth in this area of Middlesbrough by creating better links to Middlehaven, developing the Old Town Hall, the integration of a modern and complementary residential offer and the creation of development plots to attract commercial investment.
46. The delivery of the masterplan will leverage a range of funding and the £20m will specifically fund the development of:

- phase 1A modern modular units (C. 10,000 sqft) – short term ‘pressure valve’ expansion space with 9 to 12-month delivery timescale;
- phase 1B expansion space – Boho 10 (c. 105,000 sqft) – iconic flexible workspace, with the ability to host major presentations and sector meetings; and
- associated servicing, parking, public realm works and landscaping.

47. An advance of up to £1m was approved through the appropriate delegated decision route as set out in the Assurance Framework for priority projects, to fund the following activities:

- Design through to RIBA Stage 4;
- Submission of planning;
- Site acquisition; and
- Implementation of key infrastructure such as utility, broadband provision and enable suitable power supply for the development.

48. Completion of the business case is anticipated in October 2019 and the project will leverage significant private investment.

REVITALISING REDCAR & CLEVELAND (RCBC)

49. Work is underway to identify all elements within this programme. A business case will follow, and updates will be provided in future reports.

RIVERSIDE NORTHSORE DEVELOPMENT (SBC)

50. This project will better connect the riverside with Stockton High Street and increase the active use of the riverside. It aims to repurpose the Town Centre, diversifying the current use by increasing commercial, residential and leisure use, and expanding the Northshore development.

51. A business case is being developed and this project aims to leverage significant private investment and other funding. Updates will be provided in future reports.

THEME: CULTURE & TOURISM

52. Over ten years a total of £60m has been allocated to Culture & Tourism. £20m for a programme of activity including destination marketing, festivals & events and City of Culture development and £40m for two capital priorities: Darlington – Stockton Railway Heritage Quarter and Hartlepool Waterfront. Our aim is to build cultural vibrancy in our communities and change external perceptions of Tees Valley through the arts, cultural and leisure offer whilst making the area more attractive to investors, workers and visitors.

Culture & Tourism Allocation 2019/20	
Investment Plan Allocation	£1m
Spend to Date (Q1)	£0m
Forecasted Spend (Q2-Q4)	£4m
Balance (-/+)	+£3m
Revised Annual Profile 2019/20	£4m
Of which, Approved	£2.2m
Risk in Year	Medium
Overall Investment Plan Risk	Low

53. This original allocation was forecast for expansion and continuation of the culture & tourism programme. However, activity from the previous investment plan period is still in delivery, with £175,000 spend in Q1 and a further £675,000 projected to the end of the financial year.
54. We have accelerated the development of a robust business case for the Stockton – Darlington Railway Heritage Quarter, a strategic capital project in the Investment Plan (update below point 61-63) with expenditure of £1.9m forecast in this financial year.
55. Performance in this financial year is currently ‘Medium Risk’ as the future programme of activity is not yet approved and is forecast for approval in January 2020.
56. This theme is currently categorised as ‘Low Risk’ to delivery of the overall Investment Plan. Project updates below.

PIPELINE DEVELOPMENT

HARTLEPOOL WATERFRONT (HBC)

57. This project will see development of the Hartlepool Waterfront which could include a visitor attraction, further growth of the National Museum of the Royal Navy, a hotel and event space. This is a recognised investment priority in the Investment Plan with a Combined Authority allocation of up to £20m (subject to business case approval), therefore in line with the Assurance Framework, approval of the business case is delegated to the Combined Authority Chief Executive and Section 73 Officer.
58. Site investigations are currently underway to determine the physical constraints and opportunities on the site to help inform the options development. This will help inform any commercial discussions with potential investors.
59. HBC is working closely with the National Museum of the Royal Navy and has recently entered an MOU with them. Representatives from the Combined Authority will be part of the programme board throughout the development of the project.
60. A business case is being developed and the project aims to leverage significant private investment and other funding. Further updates will be provided in future reports.

DARLINGTON - STOCKTON RAIL HERITAGE QUARTER (DBC)

61. This project will develop and deliver a new visitor attraction and museum at the Railway Heritage Quarter in Darlington. It is part of the wider Railway Heritage Programme to implement a full interpretation plan and connect other key sites of conservation, interest and importance along the 26 miles and beyond. This is a recognised investment priority in the Investment Plan with a Combined Authority allocation of up to £20m (subject to business case approval), therefore in line with the Assurance Framework, approval of the business case is delegated to the Combined Authority Chief Executive and Section 73 Officer.
62. A masterplan has been produced considering the viability and options with high level costings. An advance of up to £1.9m was approved through the appropriate

delegated decision route as set out in the Assurance Framework for priority projects to fund the following activities:

- Review of the Masterplan;
- Design through to RIBA Stage 3; and
- Urgent site acquisitions.

63. A business case is being developed with completion anticipated in August 2020 and the project aims to leverage other funding.

THEME: RESEARCH, DEVELOPMENT & INNOVATION (R, D & I)

64. Over ten years a total of £20m has been allocated to Research, Development, Innovation & Energy. Our aim is to introduce new processes and practices which reduce carbon emissions, increase productivity and the availability of high value jobs.

R, D & I Allocation 2019/20	
Investment Plan Allocation	£2m
Spend to Date (Q1)	£0m
Forecasted Spend (Q2-Q4)	£0m
Balance (-/+)	£2m
Revised Annual Profile 2019/20	£2m
Of which, Approved	£0m
Risk in Year	Medium
Overall Investment Plan Risk	Medium

65. The original allocation was identified to begin delivery of the ten-year R, D & I investment programme. This theme is currently categorised as 'Medium Risk' in both this financial year and the overall investment plan. However, the Business & Skills Director started in September and will lead the review of the Tees Valley Innovation Strategy and the membership and remit of the advisory group.

66. This will identify the priority areas where the Combined Authority aims to focus the £20m Investment Plan allocation and may subsequently result in open calls for projects. We have not revised the profile as it is likely this will progress in this financial year. Several projects are in the pipeline and the Combined Authority is working closely with key stakeholders.

THEME: PLACE

67. Over ten years a total of £50m has been allocated to create the Indigenous Growth Fund. Each of the five boroughs that make up the Tees Valley has distinct economic assets and opportunities and it is essential that we can unlock these opportunities for residents of the whole of Tees Valley.

68. With an allocation of £10m for each local authority area, our aim is to accelerate the supply of good quality homes across the whole housing market, revitalise our town centres and urban core, bring forward surplus public and blighted brownfield land for development and strengthen our commercial property offer. It is up to each Local Authority to determine its indigenous priorities and it is encouraged that the £10m be used in a way that maximises the economic return, including recycling of these funds wherever possible and leveraging other private and public-sector funds to deliver increased impact.

Place Allocation 2019/20	
Investment Plan Allocation	£10m
Spend to Date (Q1)	£1.25m
Forecasted Spend (Q2-Q4)	£8.75m
Balance (-/+)	£0m
Revised Annual Profile 2019/20	£10m
Of which, Approved	£1.25m
Risk in Year	Low
Overall Investment Plan Risk	Low

INDIGENOUS GROWTH FUNDS

69. The Combined Authority has developed a business case for the delivery of the £50m programme across Tees Valley. This includes details of how each local authority will make its investment decisions to ensure they fit with the requirements of the programme and our assurance framework.
70. This is a recognised investment priority in the Investment Plan with a Combined Authority allocation of up to £50m (subject to business case approval) therefore in line with the Assurance Framework, approval of the business case is delegated to the Combined Authority Chief Executive in consultation with the Management Group, the Section 73 Officer and the Monitoring Officer.
71. Performance in this financial year and over the lifetime of the Investment Plan is currently 'Low Risk' as the business case is expected for sign off in October and delivery can quickly commence.

INVESTMENT PLAN (2017-2019): PROJECTS AND PROGRAMMES

72. £95m was committed in the previous Investment Plan to several Projects and Programmes. The following section of the report provides an update on their progress. In addition to this commitment, there was an underspend from earlier years of £8.9m. Therefore, the total across the ten-year period (2019-2029) is now £103.8m. This section of the report, provides project updates by exception.

Previous Investment Plan Commitments: 19/20 Allocation	
Investment Plan Allocation	£64.5m
Spend to Date (Q1)	£10.8m
Forecasted Spend (Q2-Q4)	£38.5m
Balance (-/+)	£15.2m
Revised Annual Profile 2019/20	£49.3m
Of which, Approved	£48.8m
Overall Risk Rating	Low

73. The Investment Plan is made up of several income sources: one of the major capital programmes is the Local Growth Fund which has run from 2015/16 and will end in 2020/21. This was devolved through the Growth Deal in 2014. The Combined Authority did not exist at this time, therefore accountability for this fund was devolved to the Local Enterprise Partnership (LEP).
74. Several areas invested these funds in large transport schemes, whilst our programme was fitted to local need at that time and as a result the £118m has

supported 46 capital projects. This brought additional challenges in programme management and accelerating delivery. It is acknowledged that programmes take time to deliver, however in the last two years we have accelerated delivery and as a result the Tees Valley LEP is performing 19th out of 38 LEPs (at the end of 2018/19), from our previous position at 37 out of 38 (in 2016/17).

75. The following projects are completing their business cases to seek final approval to move into delivery. As recognised priorities with an allocation approval of business cases is delegated to the Combined Authority Chief Executive and Section 73 Officer.

TRANSPORT: A689 WYNYARD JUNCTION IMPROVEMENTS (HBC/SBC)

76. The scheme will deliver a package of improvement measures along the A689 corridor in County Durham, Stockton-on-Tees and Hartlepool to improve capacity, journey time reliability and facilitate housing and business growth. It seeks to secure external funding from the national Major Road Network (MRN) Scheme and a bid was submitted in July 2019, with a decision expected very soon. The Combined Authority will finalise its due diligence when the funding package is clear.

A19 GRADE SEPARATION JUNCTION, ELWICK BYPASS & HARTLEPOOL WESTERN LINK (HBC)

77. This project will deliver infrastructure works to provide an overbridge and compact grade separation at the current Elwick North junction to the A19. In addition, a new by-pass to the north of Elwick village. The scheme will support growth ambitions enabling delivery of approximately 1,500 dwellings and a new strategic infrastructure route from Hartlepool to the A19, whilst also addressing safety concerns. It is dependent on securing external funding from Homes England.

78. Work on the business case is ongoing and there is an expected delay on delivery due to the need for land acquisitions.

EDUCATION, EMPLOYMENT & SKILLS AND CULTURE & TOURISM: INNOVATION, SKILLS QUARTER PHASE 2 (HBC)

79. This project will build on the Hartlepool Innovation & Skills Quarter which is home to the Northern School of Art HE Campus, the BIS which offers creative workspace for small businesses and the Church Street regeneration. It will deliver the regeneration of a Grade 2 listed building into commercial premises, additional teaching space for the Northern School of Art and commercial film studios. This business case is in the final stages of development, therefore final approval is not yet in place; it is anticipated in October 2019.

BUSINESS GROWTH: CO-INVESTMENT FUND

80. This project is subject to a separate report to Cabinet at the October meeting. The proposal is to use the £5m together with £15m from the Investment Plan 2019-29 Business Growth allocation to create a £20 business fund that will support both capital and working capital through grant and loan mechanisms.

RESEARCH, DEVELOPMENT & INNOVATION: CPI HEALTHCARE FUTURES CENTRE

81. This project aims to create an open-access innovation facility and incubator space at Central Park in Darlington. It will also provide outreach support to support and attract SMEs to the Tees Valley. The project has applied for match funding from the

European Regional Development Fund (ERDF) and is anticipated to support 35 businesses and create 14 jobs with wider non-monetised benefits in terms of cluster development due to its co-location to the National Biologics Manufacturing Centre and the National Horizons Centre and raising the profile of Tees Valley.

IMPACT OF THE INVESTMENT PLAN

82. The original Tees Valley SEP set a target to create 25,000 net additional jobs in ten years. This was revised in 2016 as part of the SEP refresh. 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. In the current economic climate this is extremely challenging.
83. The work of the Combined Authority will contribute significantly to this target and we have a Monitoring & Evaluation Framework (May 2018) which is applied to all activities to:
- Provide local accountability to the public, partners and local stakeholders;
 - Comply with external scrutiny requirements;
 - Identify the impact of the activity and benchmark against comparable programmes; and
 - Develop an evidence base for input into future business cases.
84. We have committed to produce a 'Logic Model' for all projects and programmes which sets out the inputs, activities, outputs, outcomes and impact for each. This will be our baseline for evaluation and is the starting point of business case development.

CHALLENGES

85. As defined by Government, to date we have monitored outputs directly delivered from the projects and programmes as these can be measured and evidenced. We report these to Government on a regular basis and our performance is assessed on both spend and outputs. Government has identified that areas across the country are reporting to slightly different definitions and will be undertaking a review to ensure that consistent information is provided.
86. For example, Tees Valley currently reports on direct jobs which we are confident can be measured and evidenced, as the wider outcomes can only be captured through evaluation later. However, other areas are including indirect jobs in their reporting, which means in some cases we are reporting lower numbers. In preparation for the Government review we are undertaking a piece of work to ensure that all outcomes are captured and reported. The outcome of this piece of work will be a full report looking at all projects and programmes delivered since the first year of the Growth Deal in 2015/2016, identifying the indirect jobs and wider outcomes that we anticipate from our interventions, and this will be the baseline for future evaluation.
87. The dashboard shows two levels of information:
- The SEP targets which are monitored using economic indicators (subject to time lags on data); and
 - The delivery of outputs which are monitored directly throughout project and programme delivery. We have undertaken some initial forecasting on the indirect jobs and future years of the plan, which will be refined.

NEXT STEPS

88. We will:

- Develop a dashboard for each theme to provide more detail for thematic portfolio holders and advisory groups on the individual projects and programmes;
- Share the completed outcomes and impact report with Cabinet and update the dashboard accordingly; and
- Commission an evaluation annually to assess performance in terms of the wider outcomes and impacts from our interventions to be reported to Cabinet.

FINANCIAL IMPLICATIONS

89. This is intended to be a regular report on delivery against the Investment Plan.

LEGAL IMPLICATIONS

90. None related to this report.

RISK SUMMARY

91. The table below summarises the current risk rating for each theme both in year and over the lifetime of the Investment Plan. Detail is provided in each thematic section in this report.

Theme	Risk in Year	Investment Plan Risk
Transport	Low	Medium
Education, Employment & Skills	Medium	Medium
Business Growth	Medium	Low
Culture & Tourism	Medium	Low
Research, Development & Innovation	Medium	Medium
Place	Low	Low
Investment Plan (2017-2019):	Low	

CONSULTATION

92. This report has been considered at Tees Valley Management Group, Chief Executives and Local Enterprise Partnership Board / Informal Cabinet.

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