

AGENDA ITEM 4

REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET27th NOVEMBER 2020

REPORT OF THE TEES VALLEY MAYOR

TEES VALLEY MAYOR'S UPDATE

SUMMARY

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

RECOMMENDATIONS

It is recommended that the Tees Valley Combined Authority Cabinet notes the report.

DETAIL

COVID-19 RESPONSE

1. The Combined Authority continues to work closely with our partners to help the local economy manage the impact of the pandemic. 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 the crisis on our economy and to help shape the national response.
2. To date we have made the following interventions:
 - **Kickstart Tees Valley scheme:** The Combined Authority is providing support to SMEs who wish to create work placements for 16-24 years olds under the DWP Kickstart scheme. 501 Job Placements at 159 businesses have been applied for so far in five applications.
 - **Welcome Back Fund:** 328 small hospitality businesses were supported in making adaptations allowing them to reopen in July.
 - **Business Growth Fund:** An additional £2m of funding has been secured from MHCLG for the Tees Valley Business Growth Fund. 99 applications have been received and 22 offers of funding made to date, with a total value of £400,000.
 - **Back to Business Fund for Visitor Economy:** Funding has been made available to support businesses in the visitor economy through access to advice, guidance and consultancy support of professional services. 94 businesses have been invited to complete applications to the value of £256k.
 - **Back to Business Fund for the Wider Economy:** Funding has also been made available to SMEs in other sectors to access new equipment and technologies or

- direct professional support and guidance in areas such as HR, accountancy, legal, financial, health and safety, IT and digital. Over 200 businesses have been invited to complete a full application with a total value of £929k.
- **Apprenticeship Grants:** 105 applications have been approved for Apprenticeship Support Grants in key sectors.
 - **Cultural Development & Innovation Grant** supporting cultural businesses adopt to new ways of working and diversify their businesses. 90 expressions of interest have been received to date. A **Cultural Industries & Visitor Economy Recovery Taskforce** has also been established to develop a £1million recovery programme.
3. Combined Authority engagement with government has also secured the Tees Valley:
- £517,308 to ensure sufficient transport capacity for children and young people to access school and college safely up to October half-term and £597,308 for the November to December. The funding has been apportioned between LAs and FE providers.
 - An allocation of £481,539 from the Department for Transport Emergency Active Travel fund to support walking and cycling. A second allocation is anticipated.
4. As the regional lead agency for economic development, we are in the process of finalising an Economic Recovery Plan of strategic interventions for a more sustainable, resilient and stronger Tees Valley economy in the medium to long-term. This Plan has six key themes:
- **Confident People, Confident Businesses**
 - Supporting Town Centre / High Street revival and local businesses.
 - **Education, Skills & Jobs**
 - Creating opportunities for young people, preventing long term scarring as a result of unemployment and developing the skills necessary to support growth
 - **Agile Companies & Competitive Workers**
 - Supporting firms and workers to adapt to changing economic conditions
 - **The Building Blocks for Growth**
 - Developing transport, business & digital infrastructure
 - **Supporting Health for Growth**
 - Supporting delivery of critical services to the national economy
 - **Bringing Business Home**
 - Establishing Tees Valley as an exemplar region in green technologies – leading the way in low carbon sectors, delivering innovation & meeting net zero targets
5. The Combined Authority has also made a formal submission to the government's Comprehensive Spending Review, setting out economic interventions detailed in the draft Tees Valley Economic Recovery Plan.

TEESSIDE INTERNATIONAL AIRPORT

6. Teesside International Airport has secured a new summer service operated by TUI, the UK's biggest holiday company. TUI is set to return to the airport to offer weekly flights to Palma, Majorca, from summer 2022, with tickets on sale from 5th November.

7. The airport also secured a deal with Loganair, which is returning to the airport after it previously left in 2018. It will operate up to seven flights per week to Dublin and Belfast City, six flights per week to Aberdeen, three per week to Cornwall Airport Newquay and twice weekly to Jersey. Tickets are on sale now for all routes, with Aberdeen and Belfast City to commence 1 February 2021 and routes to Jersey, Newquay and Dublin set to begin from summer 2021.

CULTURE AND TOURISM

8. The independent Cultural Industries and Visitor Economy Recovery Task Force, established by the Tees Valley Mayor in June, has now met three times, providing insights and guidance to shape the detail and delivery of the £1m sector-specific Recovery Programme.
9. As part of the Cultural Industries & Visitor Economy Recovery Programme, on 19th October, the Combined Authority launched a £350,000 grant fund for businesses in the culture sector. The Cultural Development & Innovation Fund will support businesses to build resilience by making step-changes in business activity with a view to diversifying income streams, protecting jobs and growing sustainability.
10. A second phase of Enjoy Tees Valley's 'Welcome Back' campaign activity, designed to drive resident and visitor engagement with hospitality and visitor sector businesses, launched in late August and ran for six weeks. The campaign was targeted within a 1-2hour drive time encompassing the North East and Yorkshire. Activity pushed out across digital and placed in key regional publications in print and online saw impressions of over 437,000. The short Welcome Back film alone received over 70,000 complete views on YouTube as well as featuring across social media and digital adverts, which received an impressive click through rate of over 6% (industry average is 2.5%). During the campaign period engagement on enjoyteesvalley.com converted to Things to do and Eating out content reflecting the campaign call to action. The campaign has been refined and re-targeted in response to changing local guidance and restrictions to ensure engagement with viable markets.
11. The National Lottery Heritage Fund and Arts Council England have approved an extension for the Tees Valley Great Place programme to enable live projects to adapt to the current climate and to ensure learning and best practice can be incorporated into the work of the Task Force. The extension has also enabled the development of a new programme which has been designed to respond to specific challenges faced by cultural venues and freelancers at this time. The Reconnecting Communities programme will enable the delivery of a series of pilot projects, testing new approaches for renewing audience/ visitor confidence and attendance. Artists / freelancers will be commissioned to deliver the projects.

EDUCATION, EMPLOYMENT AND SKILLS

12. The Combined Authority has received applications for Kickstart job placements from 146 businesses to create 481 placements. These are spread across the whole of the

Tees Valley and across all sectors. We are awaiting final confirmation of the grant to be provided from the Department of Work & Pensions (DWP).

13. The successful Routes to Work programme has been extended by providing an additional £900,000 that will maintain the current level of provision through to March 2022. The eligibility criteria have also been widened to ensure more Tees Valley residents access the support they need.
14. The Combined Authority has now had confirmation of European Social Funding (ESF) to the tune of £1.9m that will deliver a new programme of Skills support to Tees Valley businesses. The Combined Authority has provided just under £1m in match funding for this project. The project will deliver through to December 2023.

RESEARCH, DEVELOPEMNT, INNOVATION & ENERGY

15. Tees Valley has been announced as the UK's Hydrogen Transport Hub, this means large deployment of hydrogen vehicles across trains, port, HGV, and buses. The funding associated with this Hub is subject to the Comprehensive Spending Review however. Department for Transport (DfT) have commissioned a report which will detail the scale of projects which will be delivered. The Combined Authority is working closely with DfT to scope the scale and ambition of the Hydrogen Transport Hub.
16. The Combined Authority has also submitted the planning application for the two hydrogen refuelling stations being built at MPI and TeesPort, the result of these is expected in November.
17. The North East Yorkshire and Humber Energy Hub, which is managed by the Combined Authority, will be awarded up to a fifth of a £300m fund to deliver energy efficiency upgrades to fuel poor households. The fund, which will be operational in 2021 and will run until March 2022, will provide grants to local authorities to deliver large scale housing retrofit programmes. The Combined Authority has been working with all the local authorities and Local Enterprise Partnerships in the North East Yorkshire and Humber and has submitted its strategy to deliver the funds to the Department for Business, Energy and Industrial Strategy (BEIS). This strategy has been shared with all the Local Authorities, and the final funding allocation to the Combined Authority is expected soon.
18. The Combined Authority has been successful in bidding for £1.18m from the European Regional Development Fund (ERDF) to deliver a £500,000 energy efficiency grant scheme and advice and guidance for Tees Valley SMEs. The programme, which will be operational from the end of 2020, will provide grants to SMEs to install energy efficiency equipment, and also an intensive advice and guidance programme to provide independent advice to businesses helping them save energy and money. The support will run until May 2023.
19. Net Zero Teesside, in partnership with the Combined Authority and NEPIC, has submitted its £multi-million bid into the Industrial Strategy Challenge Fund. The outcome of this bid will be determined by the end of the year. Meanwhile the Combined Authority, with NEPIC and bp, have submitted an additional bid into this

programme for a Net Zero Cluster Plan, the funding determinations have been made on this project and the outcomes will be made public in the coming weeks.

20. The Combined Authority partnered with Innovate UK to deliver an innovation week from 12th to 16th of October. The week was very successful with 488 businesses attending. Focused sessions were held on digital, bio-lifesciences and clean growth, with speakers from Alstom, Cummins, Northern Rail, DfT, BEIS, bp, Animmersion, Double 11, Digital City, MPI, TWI, Fujifilm Diosynth, CPI, Teesside University, Jacobs, Cubic and many others.

BUSINESS GROWTH

21. The Combined Authority Business Investment team has commenced its work with the Department for International Trade (DIT) on a High Potential Opportunity (HPO) proposition focused on the areas key strengths in Bio Economy manufacturing. The first workshop was held in October with sector specialists from DIT, UK Research and Innovation, alongside local stakeholders including Fujifilm Diosynth, Nepic, CPI, The Wilton Centre and Teesside University. The workshop focussed on the opportunities in Bio Pharmaceuticals, Bio Feedstocks and Fuels, and Bio Food manufacturing. The team will pull together a proposition based on Tees Valley's existing substantial manufacturing base, skills provision, infrastructure and innovation support. This will be marketed through DIT's network of overseas offices to promote the opportunity globally.
22. Demand for the Tees Valley Capital grant scheme remains strong following the approval of funding through the Combined Authority's Investment Plan funds. The £6m funding approvals to date aims to support private sector investment of over £41m of capital investment, creating and safeguarding over 650 jobs. The pipeline of applications includes expressions of interest for a further £5.115m of grant against project expenditure of £28.419m and 569 jobs. The grant panel is scheduled to meet again at the end of November to review the full applications received.

PLACE

23. In July 2020, the Ministry of Housing, Communities & Local Government (MHCLG) confirmed an allocation of £19.3m to support the development and delivery of at least 1,000 homes on Brownfield sites in Tees Valley over the Parliamentary term 2020-2025. With the agreement of our constituent local authorities, the Combined Authority has committed to delivering at least 1,000 and up to 1,800 homes. It is intended that the programme will contribute to the levelling up agenda, targeting funding to help ease the viability issues that brownfield projects face, alongside supporting wider economic development interventions.
24. 20 sites have initially been identified requesting over £30m, which have the potential to attract over £332m investment into Tees Valley, delivering 3,286 new homes. This would bring back into use 48 hectares of brownfield land that has stalled due to funding viability and low land values, making it commercially unattractive to develop.
25. There are currently eight housing schemes in the pipeline for year 1 (2020/21), which will commit £13.1m of our overall allocation (68%) and deliver 762 new homes. Year

1 delivery must start by March 2021 to enable the allocation of £4.7m to be spent and TVCA are currently working with local authorities to assess the value for money and deliverability of the year 1 schemes.

26. Local authorities are continuing to identify appropriate Brownfield sites and schemes demonstrating the highest additionality in terms of economic benefits will be prioritised. There will be an element of 'over programme' to reduce the delivery risk and prepare priority business cases to put us in a strong position to secure additional funding from the national programme should the opportunity arise.

GROUP GOVERNANCE ARRANGEMENTS – IMPLEMENTATION

27. Following approval of new Combined Authority Group governance arrangements by Cabinet at its meeting on 29th May 2020 and the acquisition of South Tees Site Company by South Tees Development Corporation, approved by Cabinet on 11th September, work continues to implement the changes and achieve the efficiencies highlighted in the May 2020 Cabinet report. A Group Services and Data Sharing Agreement will be put in place to facilitate better co-ordination of support services that enable operational delivery and joint working across the group and plans for a review of staffing structures are developing. These changes will be implemented in accordance with the delegated authority granted by Cabinet and progress will be reported regularly.

FINANCIAL IMPLICATIONS

28. There are no financial implications to this report.

LEGAL IMPLICATIONS

29. There are no legal implications to this report.

RISK ASSESSMENT

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

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