



Tees Valley Combined Authority Cabinet

Friday 12 December 2025 at 10:00

Venue: Teesside Airport Business Suite, Teesside International Airport, Darlington, DL2 1NJ

AGENDA

Open to the Public and Press

- 1. Apologies for Absence**
To receive any apologies for absence
- 2. Declarations of Interest**
To receive any declarations of interest
- 3. Minutes**
To approve as a correct record the minutes of the meetings held on 26 September 2025.
- 4. Mayoral Update**
To receive a Mayoral update on key activity since the previous meeting of the Cabinet

Budget & Policy Framework Items

- 5. Organisational Improvement Plan Progress**
To receive a report from the Chief Executive in respect of progress in delivering the Organisational Improvement Plan.
- 6. Independent Advisory Board Report**
To receive a report on improvement activity and progress from the Chair of the Independent Advisory Board
- 7. Quarter 2 Budget Monitoring Report**
To receive a report from the Interim Group Director of Finance & Resources on the financial position of the Combined Authority for the period ending 30 September 2025 and an updated Medium-Term Financial Plan.
- 8. Treasury Management Mid-Year Review 2025-26**
To receive and consider a report from the Interim Group Director of Finance and Resources presenting an update on the mid-year performance against the Treasury Management Strategy.

9. Transport Programme Update

To receive and consider a report from the Interim Director of Infrastructure presenting an update on progress being made on transport programme, including CRSTS and TCR.

10. Adult Skills Budget

To receive and consider a report from the Interim Director of Business Solutions presenting an approach to the delivery of adult skills provision for the 2026/27 academic year.

11. Investment Zone

To receive a report from the Interim Director of Business Solutions presenting an update on the Tees Valley Investment Zone Programme and revised delivery plan.

People Items

12. Senior Officer Appointments

To receive and consider a report from the Chief Executive presenting

- For approval, Director of Infrastructure
- For approval, Director of Business Solutions

Governance Items

13. Independent Remuneration Panel

To receive a report from the Interim Monitoring Officer seeking approval for reconvening of an Independent Remuneration panel, its membership and its scope.

14. Assurance Framework

To receive a report from the Interim Monitoring Officer seeking approval of design principles to inform the development of a Single Assurance Framework and proposing interim measures to the existing Assurance Framework.

15. Constitution

To receive a report from the Interim Monitoring Officer setting out the process for the review and development of the Constitution, setting out a scheme of delegations for consideration and approval and contract procedure rules for consideration and approval

16. Governance and Appointments

To receive and consider a report from the Interim Monitoring Officer presenting appointments for confirmation.

Transparency Items

17. Delegated or Urgent Decisions

To receive a report from The Interim Group Chief Legal Officer providing an update on any delegated or urgent decisions made since the last Cabinet meeting.

Date and time of the next meeting – Friday 30th January 2026 at 10:00

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 access to the agenda papers.

Persons wishing to obtain any further information on this meeting or for details of access to the meeting for disabled people, please contact: The Governance Team – tvvagovernance@teesvalley-ca.gov.uk

Membership	
The Tees Valley Combined Authority comprises of the following membership:	
Mayor Ben Houchen	Chair, Tees Valley Combined Authority
Councillor Stephen Harker	Leader, Darlington Borough Council
Councillor Pam Hargreaves	Leader, Hartlepool Borough Council
Mayor Chris Cooke	Mayor, Middlesbrough Council
Councillor Alec Brown	Leader, Redcar & Cleveland Borough Council
Councillor Lisa Evans	Leader, Stockton-on-Tees Borough Council
TBC	Chair, Tees Valley Business Board



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 Tees Valley Business Board 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

Anything is possible

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 CABINET

Friday, 26 September, 2025 at 10.00am

Teesside Airport Business Suite, Teesside International Airport, Darlington

These Minutes are in draft form until approved at the next Cabinet meeting and are therefore subject to amendments.

<u>ATTENDEES</u>	
Members	
Mayor Ben Houchen (Chair)	Tees Valley Mayor
Councillor Stephen Harker	Leader, Darlington Borough Council
Councillor Brenda Harrison	Leader, Hartlepool Borough Council
Mayor Chris Cooke	Leader, Middlesbrough Council
Councillor Lisa Evans	Leader, Stockton-on-Tees Borough Council
Officers	
Tom Bryant	Chief Executive, Tees Valley Combined Authority
Jodie Townsend	Interim Monitoring Officer, Tees Valley Combined Authority
Sarah Brackenborough	Director of Operations, Tees Valley Combined Authority
Jo Moore (by Teams)	Interim Director of Finance & Resources, Tees Valley Combined Authority
Craig Peacock	Director of Inward Investment & Marketing, Tees Valley Combined Authority
Sarah Walker	Interim Director of Business Solutions, Tees Valley Combined Authority
Julie Hurley	Interim Director of Infrastructure, Tees Valley Combined Authority
Rose Rouse	Chief Executive, Darlington Borough Council,
Denise McGuckin	Chief Executive, Hartlepool Borough Council
Erik Scollay	Chief Executive, Middlesbrough Council
Mike Greene	Chief Executive, Stockton on Tees Borough Council
Jacqui Banks	Business Solutions Manager – Adult Skills

Sally Gardner	Business Solutions Manager - Skills
Sally Henry	Governance Officer, TVCA
Also in attendance :-Rob Whiteman	Chair of the Independent Advisory Board (by Teams)

These Minutes capture the key points and decisions of the meeting, but they do not attempt to reproduce every word spoken. The full recording can be found [here](#)

	<p><u>CHAIR'S OPENING REMARKS</u></p> <p>The Chair opened the meeting and welcomed everyone in attendance.</p>
TVCA 33/25	<p>APOLOGIES FOR ABSENCE</p> <p>Councillor Alec Brown, Leader, Redcar and Cleveland Borough Council Brian Archer, Managing Director, Redcar & Cleveland Borough Council</p>
TVCA 34/25	<p>DECLARATIONS OF INTEREST</p> <p>All Local Authority Leaders declared an interest as delivery partners on the Connect to Work project.</p>
TVCA 35/25	<p>MINUTES</p> <p>RESOLVED that the minutes of the meetings held on 27 June 2025 and 25th July 2025 were confirmed as an accurate record.</p>
TVCA 36/25	<p>TEES VALLEY MAYOR'S UPDATE</p> <p>The Mayor advised Cabinet members that he had nothing to update them on which was not covered elsewhere on the agenda.</p> <p>Members were however given an opportunity ask questions.</p> <p>No questions were asked.</p>
TVCA 37/25	<p>GOVERNANCE & APPOINTMENTS</p> <p>Cabinet received a report which sought approval for a number of appointments.</p>

Cabinet members were invited to:-

- i. **APPROVE** the appointment of the Chair and Vice Chair of the Tees Valley Combined Authority Overview and Scrutiny Committee;
- ii. **APPROVE** the appointment of the Chair and Vice Chair of the Tees Valley Combined Authority Audit and Governance Committee;
- iii. **NOTE** the appointment of a member and substitute member to the Hartlepool Development Corporation Audit and Governance Committee;
- iv. **NOTE** the appointment of a member and substitute member to the Middlesbrough Development Corporation Audit and Governance Committee;
- v. **NOTE** the appointment of a member and substitute member to the South Tees Development Corporation Audit and Governance Committee;
- vi. **APPROVE** the appointment of the Substitute Member on the Overview & Scrutiny Committee;
- vii. **NOTE** the appointment of the Chair of South Tees Development Corporation Audit & Governance Committee.

The interim Monitoring Officer provided Cabinet members with an overview of the report.

Members were given the opportunity to comment or ask questions.

There were no comments or questions.

RESOLVED that Cabinet:-

- i. **APPROVE** the appointment of the Chair and Vice Chair of the Tees Valley Combined Authority Overview and Scrutiny Committee;
- ii. **APPROVE** the appointment of the Chair and Vice Chair of the Tees Valley Combined Authority Audit and Governance Committee;
- iii. **NOTE** the appointment of a member and substitute member to the Hartlepool Development Corporation Audit and Governance Committee;
- iv. **NOTE** the appointment of a member and substitute member to the Middlesbrough Development Corporation Audit and Governance Committee;

	<ul style="list-style-type: none"> v. NOTE the appointment of a member and substitute member to the South Tees Development Corporation Audit and Governance Committee; vi. APPROVE the appointment of the Substitute Member on the Overview & Scrutiny Committee; vii. NOTE the appointment of the Chair of South Tees Development Corporation Audit & Governance Committee.
<p>TVCA 38/25</p>	<p>ORGANISATIONAL IMPROVEMENT PLAN PROGRESS</p> <p>Cabinet received a report which provided an update on the progress with the Organisational Improvement Plan.</p> <p>Cabinet were invited to:-</p> <ul style="list-style-type: none"> i. NOTE: the confirmation of Dame Amanada Milling, former government minister, as a member of the Independent Advisory Board. ii. NOTE: progress on the Organisational Improvement Action Plan. <p>The Director of Operations provided Cabinet members with an overview of the report</p> <p>Members were given the opportunity to comment or ask questions. No comments or questions were received.</p> <p>RESOLVED that Cabinet</p> <ul style="list-style-type: none"> i. NOTE: the confirmation of Dame Amanada Milling, former government minister, as a member of the Independent Advisory Board; ii. NOTE: progress on the Organisational Improvement Action Plan
<p>TVCA 39/25</p>	<p>INDEPENDENT ADVISORY BOARD UPDATE</p> <p>Cabinet received the first progress update from the Chair of the Independent Advisory Board.</p> <p>The Chair of the Board attended Cabinet to present the report.</p> <p>He reminded Cabinet members that the role of the Independent Advisory Board is to provide assurance and give help and assistance to the organisation to improve.</p>

	<p>He advised Cabinet that TVCA’s response to the Best Value Notice (BVN) has been appropriate and that good progress is being made. A marked change has been noted since the BVN was issued. He commended the Chief Executive in accelerating the progress and welcomed the appointments of both the Interim Group Director of Finance & Resources and the Interim Monitoring Officer.</p> <p>At the recent Independent Advisory Board meeting, members were provided a very informative presentation from the Interim Monitoring Officer and were also provided an assessment from the Interim Group Director of Finance & Resources.</p> <p>While there is still a lot of work to be done, he advised Cabinet that the Board have no concerns, and that he would be honest if the Board did not believe TVCA was on track.</p> <p>Cabinet were advised that a further round of facilitated workshops will take place with them in the next few months.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>Councillor Harrison noted that she was glad to hear the board are pleased with progress to date. She noted that the open and frank discussions held with the LGA had been useful and looked forward to the further sessions.</p> <p>Mayor Cooke requested that the Governance Deep Dive presentation provided at the last IAB meeting be circulated to Cabinet members. He was advised that the Interim Monitoring Officer is meeting all Leaders and is using the presentation as a basis for the discussions. Once all meetings have taken place, the presentation will be circulated.</p> <p>RESOLVED that Cabinet note the progress update from the Chair of the Independent Advisory Board.</p>
<p>TVCA 40/25</p>	<p>QUARTER 1 BUDGET REPORT AND MEDIUM-TERM FORWARD PLAN UPDATE</p> <p>Cabinet received a report which provided details of the 2025/26 revenue and capital forecast outturn position for Tees Valley Combined Authority (TVCA) and highlighted significant variances between the approved budget for the year and the forecast outturn, based on the position as at the end of June 2025.</p>

The report also included a revised capital programme 2025/26 to 2028/29 to take account of the Investment Plan refresh approved by Cabinet in March 2025. The revised programme also includes new projects where capital grant funding has been secured. A revised capital budget for 2025/26 was also proposed for approval.

Cabinet were also invited to approve a revised revenue budget which incorporates borrowing costs impacts from the revised capital programme as well as additional revenue grant funding secured.

Cabinet were invited to:-

- i. Note the new quarterly report format;
- ii. Note the Q1 revenue forecast of net deficit of £5.772m for year ending 31 March 2026 to be funded from reserves and in line with approved budgets;
- iii. Approve the proposed changes to the 2025/26 revenue budget;
- iv. Note the revenue implications of the additional £6.020m of borrowing for capital investment arising from the Investment Plan refresh approved in March 2025;
- v. Note the revenue reserve position and the planned use of reserves over the period 2025/26 to 2028/29;
- vi. Note the Q1 forecast gross capital expenditure of £237.223m for financial year ending 31 March 2026 in line with the proposed revised capital Budget.
- vii. Approve the proposed changes to capital budget
- viii. Note the Capital Reserves position and the planned use of reserves.

The Interim Director of Finance & Resources provided Cabinet members with an overview of the report. She advised that the new format is still a work in progress, but it is anticipated the new format will be complete by the Quarter 2 report.

Cabinet members were given the opportunity to comment or ask questions.

Councillor Harrison noted that the report format is much clearer and more transparent. She acknowledged the amount of work that has been undertaken and expressed her appreciation.

Mayor Cooke also acknowledged that the format of the report has improved.

	<p>Mayor Cooke expressed concern over the onward lending and he was advised that any of the loans which are not being serviced is by formal agreement.</p> <p>Mayor Cooke requested confirmation that a Cabinet briefing would take place before Quarter 2. The Chief Executive confirmed that a Cabinet workshop had been scheduled in November. This will cover the budget along with strategic priorities.</p> <p>The Chair thanked the Interim Director of Finance & Resources and the finance team as a whole for the significant amount of work that has been undertaken.</p> <p>Mayor Cooke noted that he had submitted questions in advance of the Cabinet meeting but had not received a response. The interim Monitoring Officer agreed to provide a full response to the questions in writing.</p> <p>Mayor Cooke and Councillor Harrison abstained from approving the recommendations within the report until such time that the outstanding queries were resolved.</p> <p>RESOLVED that Cabinet:-</p> <ul style="list-style-type: none"> i. Note the new quarterly report format; ii. Note the Q1 revenue forecast of net deficit of £5.772m for year ending 31 March 2026 to be funded from reserves and in line with approved budgets; iii. Approve the proposed changes to the 2025/26 revenue budget; iv. Note the revenue implications of the additional £6.020m of borrowing for capital investment arising from the Investment Plan refresh approved in March 2025; v. Note the revenue reserve position and the planned use of reserves over the period 2025/26 to 2028/29; vi. Note the Q1 forecast gross capital expenditure of £237.223m for financial year ending 31 March 2026 in line with the proposed revised capital Budget. vii. Approve the proposed changes to capital budget viii. Note the Capital Reserves position and the planned use of reserves.
<p>TVCA 41/25</p>	<p>TRANSPORT PROGRAMME UPDATE</p> <p>Cabinet members received a report which invited them to consider the transport programme including:-</p>

- Details of the transport capital investment programme comprising Transforming Cities Fund, City Region Sustainable Transport Settlement 2022-2027 (CRSTS1), the Transport for City Regions (TCR) 2027-2032 (formerly CRSTS2), together with other funding which TVCA has been able to secure to support the delivery of the Strategic Transport Plan (2020-2030).
- Details of the development funding committed since the last report to Cabinet to commence TCR project development.
- Details of the Consolidated Active Travel Fund committed since the last report to Cabinet.
- Details of the CRSTS1 revenue funding committed since the last report to Cabinet.

Cabinet members were recommended to:-

- i. **NOTE** the update on the development of the transport capital investment;
- ii. **NOTE** the additional delegated decisions taken by the Interim Director of Infrastructure to finalise Bus Service Improvement Plan (BSIP) funding allocations for 2025/26 (updating the provisional allocations made previously);
- iii. **NOTE** the delegated decisions taken by the Interim Director of Infrastructure to approve CRSTS1 revenue expenditure for the development of the transport capital investment programme;
- iv. **NOTE** that a number of schemes are expected to be completing the project development phase in the next quarter (October – December) and the Business Cases will be appraised in accordance with TVCA's Assurance Framework, ahead of moving into the delivery phase The specific schemes are:
 - Urban Traffic Management and Control
 - Connected Autonomous Vehicle Trial
- v. **DELEGATE** authority to the Interim Director of Infrastructure to take all decisions required to manage the Pavement Channels Grant allocation for 2025/26, in consultation with Tees Valley Management Group / Transport Advisory Group as set out in paragraphs 88 and 89. It is proposed that the funding will be used to support the development and delivery of the Electric Vehicles Infrastructure theme of the transport investment programme, and in accordance with the grant conditions and agreement of Department for Transport.
- vi. **DELEGATE** authority to the Director of Infrastructure to take all decisions required to progress delivery of business cases for each project within the approved CRSTS / TCR programme in consultation

	<p>with TAG / TVMG. In accordance with the Tees Valley Assurance Framework, the approval of business cases is delegated to the Tees Valley Combined Authority Chief Executive, in consultation with the Tees Valley Management Group, and the Tees Valley Combined Authority Section 73 Officer and Monitoring Officer.</p> <p>The Interim Director of Infrastructure further advised members that additional support has been identified to assist with the delivery of the Transforming Cities Regional Delivery Plan which is due to be submitted to the Department for Transport (DfT) by the end of October.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>Mayor Cooke enquired what the process is for reallocating funds if projects are either on hold or not going ahead.</p> <p>He was advised that all projects are allocated to a specific funding stream and the process varies depending on the DfT requirement.</p> <p>He was advised that he will be provided with written responses to the questions submitted in advance of the meeting.</p> <p>The Chair requested officers to provide Cabinet with a full review of the transport programme for consideration.</p> <p>Mayor Cooke agreed and enquired whether this would be an opportunity to open the programme up to new submissions. It was agreed that this could be discussed when the review is presented back to Cabinet.</p> <p>Councillor Harrison enquired about the bus shelter survey and whether it included all the Tees Valley and also whether all bus shelters have been looked at.</p> <p>She was advised that the bus shelter survey covered all shelters and that the transport team are now looking at the costing and phasing of the required enhancements. Regular engagement with Local Authority officers has been taking place and also feedback from members of the public has been acted on.</p> <p>It was agreed that an update on the process will be issued to Cabinet members post-meeting.</p> <p>Councillor Harrison enquired why the Care Leavers bus pass offer is taking so long to develop. She expressed concern that the delay has meant a</p>
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cohort of care leavers have all been without a pass. Denise McGuckin also highlighted the impact of the delay on care leavers. There were offers of assistance to speed up the process if needed.

It was agreed that a progress update will be provided to Cabinet members.

Councillor Harker noted that there are two delegations listed in the recommendations and requested an explanation.

The Interim Monitoring Officer explained that the points being highlighted are the key components of a Single Assurance Framework, which is deemed to be best practice amongst Combined Authorities and which we are aiming to implement at pace.

This will include a set of tolerances, which will require a Cabinet decision and proposals will be brought back to Cabinet for consideration. This principle has already been discussed with Local Authority Monitoring Officers.

It was emphasised that the delegations listed in the report are fully in line with the current Assurance Framework.

It was proposed that the Interim Monitoring Officer and Interim Director of Infrastructure work together on an initial set of tolerances which could be made available for the December Cabinet meeting.

The Chair highlighted that until such time, none of the larger projects are in the delivery stage.

Mayor Cooke requested that a list of Actions be included, separate to the Recommendations in future minutes.

The Chair summarised by noting that Cabinet are agreeing the delegations subject to the changes discussed.

RESOLVED that Cabinet:-

NOTES the update on the development of the transport capital investment programme;

NOTES the additional delegated decisions taken by the Interim Director of Infrastructure to finalise Bus Service Improvement Plan (BSIP) funding allocations for 2025/26 (updating the provisional allocations made previously) as set out in paragraphs 80-82 and **Appendix 2**.

	<p>NOTES the delegated decisions taken by the Interim Director of Infrastructure to approve CRSTS1 revenue expenditure for the development of the transport capital investment programme as set out in paragraphs 84 and 85 and detailed in Appendix 3.</p> <p>NOTES that a number of schemes are expected to be completing the project development phase in the next quarter (October – December) and the Business Cases will be appraised in accordance with TVCA's Assurance Framework, ahead of moving into the delivery phase. The specific schemes are:</p> <ul style="list-style-type: none"> • Urban Traffic Management and Control • Connected Autonomous Vehicle Trial <p>DELEGATES authority to the Interim Director of Infrastructure to take all decisions required to manage the Pavement Channels Grant allocation for 2025/26, in consultation with Tees Valley Management Group / Transport Advisory Group as set out in paragraphs 88 and 89. It is proposed that the funding will be used to support the development and delivery of the Electric Vehicles Infrastructure theme of the transport investment programme, and in accordance with the grant conditions and agreement of Department for Transport.</p> <p>DELEGATES authority to the Director of Infrastructure to take all decisions required to progress delivery of business cases for each project within the approved CRSTS / TCR programme in consultation with TAG / TVMG. In accordance with the Tees Valley Assurance Framework, the approval of business cases is delegated to the Tees Valley Combined Authority Chief Executive, in consultation with the Tees Valley Management Group, and the Tees Valley Combined Authority Section 73 Officer and Monitoring Officer.</p>
<p>TVCA 42/25</p>	<p>LOCAL GROWTH PLAN AND INVESTMENT PIPELINE UPDATE</p> <p>Cabinet members were presented a report providing a further update on the Local Growth Plan, specifically on recent policy updates, wider partner and stakeholder engagement and the development of the Tees Valley Investment Pipeline.</p> <p>Cabinet were recommended to note the update report.</p> <p>The Interim Director of Infrastructure highlighted the key areas of the report to note. She advised Cabinet members that consultants are in place and engagement will start next week.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p>

	<p>No comments or questions received</p> <p>RESOLVED that Cabinet note the update</p>
<p>TVCA 43/25</p>	<p>GET TEES VALLEY WORKING PLAN</p> <p>Cabinet were provided a report which provided an update on the Get Tees Valley Working Plan, including the Get Tees Valley Working Plan – First Edition, which was also provided for Cabinet approval.</p> <p>Cabinet was recommended to:-</p> <ul style="list-style-type: none"> i. NOTE the update on the Get Tees Valley Working Plan. ii. In relation to the Get Tees Valley Working Plan – First Edition Cabinet has the following options: <ul style="list-style-type: none"> a. APPROVE the Get Tees Valley Working Plan – First Edition and agree that the plan can be published, in accordance with paragraph 32 of the Guidance for Developing local Get Britain Working plans (England). b. NOT APPROVE the Get Tees Valley Working Plan – First Edition and not agree that the plan can be published. <p>RECOMMENDED OPTION – Option ii(a). As set out in paragraph 32 of the Guidance for Developing local Get Britain Working plans (England), ‘as a minimum all areas are expected to have initial plans covering inactivity completed and published by September 2025’. The aim of Local Get Britain Working plans is to address the challenges related to labour force participation (employment, unemployment and economic inactivity) and progression in work. Given the high levels of economic inactivity in Tees Valley, the Get Tees Valley Working Plan – First Edition sets out the priorities focusing on addressing economic inactivity at a local level. The scope of the plan will be expanded over time to cover the full scope of the government’s Get Britain Working ambition.</p> <p>Members were given the opportunity to comment or ask questions. No comments or questions were received.</p> <p>RESOLVED that Cabinet:-</p> <ul style="list-style-type: none"> i. NOTE the update on the Get Tees Valley Working Plan;

	<p>ii. APPROVE the Get Tees Valley Working Plan – First Edition and agree that the plan can be published, in accordance with paragraph 32 of the Guidance for Developing local Get Britain Working plans (England).</p>
<p>TVCA 44/25</p>	<p>CONNECT TO WORK</p> <p>Cabinet was provided a report which updated on the approach for the delivery of the Tees Valley Connect to Work programme for the period 2025/2026 to 2029/2030. Information was previously presented to Cabinet via a paper for the meeting on 27 June 2025. Since then, continued work has been undertaken, including through close engagement with and feedback from the Department for Work & Pensions (DWP), to develop and finalise the delivery plan.</p> <p>Cabinet was advised that the final submission of the plan was made on 14 August; TVCA have been notified by DWP that the plan was approved subject to fulfilling a small number of conditions. A formal response to these conditions was submitted on 15 September with panel scheduled to review the response 18 September.</p> <p>Cabinet is recommended to:-</p> <ul style="list-style-type: none"> i. NOTE the update on the mixed-model option selected and approved at June Cabinet. ii. NOTE the amendment to the budget and participant volumes following discussions with the Department for Work and Pensions (DWP). iii. APPROVE the Delivery Plan submitted to the DWP. iv. DELEGATE authority to the TVCA Chief Executive, in consultation with the Section 73 Officer and Monitoring Officer, to conclude any final changes to the delivery plan required by DWP, take the necessary actions, including, but not limited to, approval of the final delivery partners in line with the DWP approved delivery plan and entering relevant contracts and/or other legal agreements to implement the above. <p>The Interim Director of Business Solutions provided Cabinet with an overview of the report and Cabinet members were given the opportunity to comment or ask questions.</p> <p>Mayor Cooke enquired whether we could choose not to bring in partners and if so, can that allocation be used in the main body of the programme.</p>

	<p>He was advised that in the Delivery Plan, 100% grant was allocated to the Local Authorities as it was felt they are in the best position to deliver the programme. There will be a 60/40 split between Local Authorities and the additional delivery partners. This split was based on conversations with all Local Authorities.</p> <p>RESOLVED that Cabinet:-</p> <ul style="list-style-type: none"> i. NOTE the update on the mixed-model option selected and approved at June Cabinet. ii. NOTE the amendment to the budget and participant volumes following discussions with the Department for Work and Pensions (DWP). iii. APPROVE the Delivery Plan submitted to the DWP; iv. DELEGATE authority to the TVCA Chief Executive, in consultation with the Section 73 Officer and Monitoring Officer, to conclude any final changes to the delivery plan required by DWP, take the necessary actions, including, but not limited to, approval of the final delivery partners in line with the DWP approved delivery plan and entering relevant contracts and/or other legal agreements to implement the above.
<p>TVCA 4a5/25</p>	<p>ADULT SKILLS UPDATE</p> <p>Cabinet was provided a progress update on the development of the approach to the delivery of adult skills provision from the 2026/27 academic year.</p> <p>They were advised that the final recommendations will be presented to Cabinet for approval in December 2025.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>Mayor Cooke noted that in the MTFP there was a gap in Adult Skills for the ongoing year and enquired whether this gap still exists.</p> <p>He was advised that last year, accrued under spend was utilised to top up the budget as we found out late in the process that our allocation had been reduced. We will not be able to do that this year so whatever we do moving forward will be based on the allocation.</p> <p>He was further advised that the devolved budget was expected to be received by the end of January 2026 but currently there is no indication what that will look like, but we expect it to be in the region of £30m. It is</p>

	<p>expected to be a fully devolved budget but clarification from DfE is still needed.</p> <p>A detailed paper will be brought to Cabinet in December which will advise members of the outcomes of the workshops and the approach to Adult Skills moving forward.</p> <p>RESOLVED that Cabinet noted the update and that a further report on the proposed approach will be reported to Cabinet in December 2025</p>
<p>TVCA 46/25</p>	<p>OVERVIEW & SCRUTINY COMMITTEE – EDUCATION, EMPLOYMENT AND SKILLS SUB-COMMITTEE</p> <p>Cabinet was provided a report which sought Cabinet approval to adopt the recommendation of the Overview & Scrutiny Committee following the conclusion of the Education, Employment and Skills Sub-Committee’s task and finish exercise.</p> <p>It was recommended that Cabinet:-</p> <ul style="list-style-type: none"> i. NOTE the report and recommendation detailed within the report alongside the response from officers ; <p>and AGREE to:</p> <ul style="list-style-type: none"> ii. respond to the Overview and Scrutiny Committee indicating whether it agrees to adopt the recommendations; and iii. publish a response to the Committee’s recommendations. <p>The Interim Monitoring Officer thanked the Overview & Scrutiny Chair for attending Cabinet. He advised that it is considered best practice when Overview & Scrutiny items are presented to Cabinet, that the Chair of the Committee is in attendance. TVCA are working with the Chair and Committee on an Improvement Plan to go alongside the identified Improvement Plan for the organisation.</p> <p>Cabinet were informed that the recommendation from the sub committee is that TVCA should develop and create a Youth Forum to act as a consultation vehicle for youth-based policy and activity of the Authority.</p> <p>Councillor Harrison commented that she was pleased to see the Chair of the Committee in attendance and thanked him, the committee and the sub-committee for the report. She indicated her support for the recommendations within the report.</p>

The Chair of the Committee remarked that the Committee are keen to ensure that a Youth Forum would cover all demographics throughout the whole Tees Valley.

Mayor Cooke noted that the report indicates there are no financial implications for the delivery of a Youth Forum which raised concerns with him.

The Interim Director of Business Solutions noted that if the proposal to establish a Youth Forum was agreed, the Business Solutions Directorate would look at how to develop the project and how this will work. She agreed that this would require a resource.

The Interim Monitoring Officer noted that there are examples of Youth Forms in other Combined Authority areas which would be worth looking at as some have been very successful and some have not, so good learning can be taken from them. There is also good learning to take from those set up by Police & Crime Commissioners which tend to operate more successfully than the ones established by a Combined Authority.

Mike Greene advised that a number of Tees Valley Local Authorities have nationally recognised examples of youth participation and children's involvement so consulting with the Director's of Children's Services would be beneficial.

The Chair noted that he has no issue with the principles of establishing a Youth Forum however the recommendation seems premature given the review that we are undertaking on the governance frameworks and structures and we do not know how this fits in with our constitution which it was noted will be undergoing a full review and re-write.

Also, as youth forums already exist at Local Authority level, are we replicating what is already in existence so is there value at having one at Tees Valley level?

He also noted that the establishment of a permanent Education Employment & Skills Overview & Scrutiny sub committee could be replicating the work of the already established Education Employment & Skills Group, chaired by Councillor Evans.

The Chair of the Overview & Scrutiny Committee commented that there are already 2 permanent sub-committees in place covering Finance & Resources and Transport. The recommendation is to establish a third sub-

committee in line with what the other established sub-committees already undertake.

The Interim Monitoring Officer commented that the intention is that Overview & Scrutiny will move to a single committee model. Within the Scrutiny Protocol it is a recommendation to have a sub-pool of scrutiny members which sit under the Scrutiny Committee and support with the functions of the single committee model.

The Overview & Scrutiny Committee Improvement Plan will take this into account.

Councillor Harrison noted that while Local Authorities have their own Youth Forums, she believes a Tees Valley wide Youth Forum is a good idea.

She also noted that the sub committees are a good way of doing the deep dives on some of the issues and they have worked well in the past.

Mike Greene noted that youth forums are a good opportunity of getting young people's voices in the big ticket areas in the region. He noted that the Local Authorities have vibrant networks in existence already so rather than starting from scratch, offered to speak to Directors of Children's Service in all the Local Authorities.

Mayor Cooke also noted that Local Authorities have their own Youth Forums however they often discuss issues which affect the region. He believes there should be a joined-up strategy across the full Tees Valley.

Councillor Harrison requested that Cabinet agree to a Youth Forum in principle but revisit the idea when the review is completed.

The Interim Monitoring Officer noted that the O&S Improvement Plan will pick up the development of an EES sub-committee and this will be brought back to a future Cabinet meeting for endorsement.

The Scrutiny Chair noted that the Committee has agreed its work programme for the forth coming year so was happy to defer a further discussion on the EES subcommittee until a later date.

The Chair expressed his intention to vote against the recommendations put forward in the report to establish a youth forum whilst further work was undertaken.

Following a further discussion, it was agreed that Mike Greene would set out existing local authority youth forum arrangements across the Tees

	<p>Valley and liaise with Sarah Walker on potential opportunities for TVCA engagement.</p> <p>Mayor Cooke proposed that the decision is deferred. This was seconded by Councillor Evans.</p> <p>RESOLVED that Cabinet:-</p> <ul style="list-style-type: none"> i. DEFER the recommendation to establish an Overview & Scrutiny Committee Education Employment & Skills sub-committee this municipal year; ii. DEFER the recommendation to establish a Youth Forum until a full proposal has been brought back to Cabinet.
<p>TVCA 47/25</p>	<p>OVERVIEW & SCRUTINY ANNUAL REPORT</p> <p>Cabinet received a report requesting Cabinet's endorsement of the Overview and Scrutiny Committees annual report for the 2024/25 Municipal Year.</p> <p>The Chair thanked the Overview & Scrutiny Committee for all their work.</p> <p>Members were given the opportunity to comment or ask questions. No comments or questions received.</p> <p>RESOLVED that Cabinet endorse the Overview & Scrutiny Report for the municipal year 2024/25</p>
<p>TVCA 48/25</p>	<p>NORTH EAST & YORKSHIRE NET ZERO HUB</p> <p>Cabinet were provided a report which highlighted evolution in a number of areas of management and delivery and makes a number of recommendations to strengthen and augment the Hub's governance by TVCA.</p> <p>Cabinet is recommended to:</p> <ul style="list-style-type: none"> i. <u>AUTHORISE</u> the Group Interim Monitoring Officer to update TVCA's Constitution to accurately reflect the current scale and complexity of Hub delivery.

	<ul style="list-style-type: none"> ii. APPROVE the Hub-specific delegations, which delegate authority to the Chief Executive or their nominated representative in consultation with the Section 73 and Monitoring Officer for decisions relating to the Hub’s governance and financial responsibilities and to the Director of Business Solutions for matters of internal management. Once approved, the Hub-specific delegations will be added to the Scheme of Delegation within the TVCA Constitution. iii. NOTE the update relating to the Hub’s Regional Governance Board in relation to membership and process for selecting an independent Chair. iv. NOTE that an Options Appraisal relating to the future Hub delivery will be brought to the Cabinet meeting in December. <p>The Interim Director of Business Solutions provided Cabinet with an overview of the report.</p> <p>Members were given the opportunity to comment or ask questions. No comments or questions received.</p> <p>RESOLVED that Cabinet:-</p> <ul style="list-style-type: none"> i. AUTHORISE the Group Interim Monitoring Officer to update TVCA’s Constitution to accurately reflect the current scale and complexity of Hub delivery. ii. APPROVE the Hub-specific delegations, which delegate authority to the Chief Executive or their nominated representative in consultation with the Section 73 and Monitoring Officer for decisions relating to the Hub’s governance and financial responsibilities and to the Director of Business Solutions for matters of internal management. Once approved, the Hub-specific delegations will be added to the Scheme of Delegation within the TVCA Constitution. iii. NOTE the update relating to the Hub’s Regional Governance Board in relation to membership and process for selecting an independent Chair. iv. NOTE that an Options Appraisal relating to the future Hub delivery will be brought to the Cabinet meeting in December.
<p>TVCA 49/25</p>	<p>LOCAL REMEDIATION ACCELERATION PLAN</p>

	<p>Cabinet received a report which provides an overview of the Tees Valley Local Remediation Acceleration Plan including how it has been developed.</p> <p>Cabinet were recommended to APPROVE the Local Remediation Acceleration Plan for publication on the TVCA Website and NOTE the convening role TVCA takes in its delivery.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>Councillor Harrison advised Cabinet members that meetings have been taking place on a regular basis and that everything that needs to be done is being done. She also commented that there are 2 very good fire services who are involved in this project.</p> <p>RESOLVED that Cabinet:-</p> <ul style="list-style-type: none"> i. APPROVE the Local Remediation Acceleration Plan for publication on the TVCA Website; and ii. NOTE the convening role TVCA takes in its delivery.
<p>TVCA 50/25</p>	<p>DELEGATED OR URGENT DECISIONS</p> <p>Cabinet were provided a report which detailed all the Delegated Decisions made since Cabinet last met on 25th July 2025.</p> <p>The Interim Monitoring Officer advised Cabinet that the report provides 6 Delegated Decisions to note which had been signed since the last Cabinet meeting. No Urgent Decisions have been taken in that's time.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>It was noted that some forms are signed by the Portfolio holder while others are not. It was explained that delegated decisions are taken in line with what has previously been agreed by Cabinet.</p> <p>The Interim Monitoring Officers advised Cabinet that as part of the improvement work, the approvals process will be looked at as will financial thresholds and publication of decision notices. The Overview & Scrutiny Committee will be involved in any of the changes surrounding Key Decisions and financial thresholds as this will influence the Call-in process.</p> <p>Mayor Cooke commented that the Business Case for the airport should have been brought to Cabinet for approval. The Chair advised that a detailed report on this project was presented to Cabinet, which included a</p>

	<p>value for money assessment. The Interim Monitoring Officer advised that the business case for this project was appraised in accordance with the existing TVCA Assurance Framework.</p> <p>RESOLVED that Cabinet noted the Delegated Decisions made since Cabinet on 25th July 2025</p>
	<p>DATE AND TIME OF FUTURE MEETINGS</p> <ul style="list-style-type: none">• 10am Friday, 12th December 2025 <p>The Chair thanked all in attendance.</p>

DRAFT

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	5		
Report Title	Organisational Improvement Plan Progress		
Accountable Cabinet Member	Mayor Ben Houchen Chair of the Cabinet		
Accountable Chief Officer	Tom Bryant Chief Executive		
Accountable Employee	Sarah Brackenborough Director of Operations		
Report considered by	Pre-Cabinet process		
Key Decision	Yes	No	Progress update is provided and therefore does not require a decision at this stage.
		X	
Public Report	Yes	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
	X		
Voting arrangements	Not applicable for this report.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A

Note: Progress on the Organisational Improvement Action Plan.



1. Purpose

- 1.1 In accordance with agreed reporting procedures this report provides an update on progress relating to the Tees Valley Combined Authority Organisational Improvement Plan and other matters relating to the Best Value Notice, issued on 3 April 2025, and the External Audit Statutory Recommendations Letter, issued on 15 April 2025.

2. Executive Summary

- 2.1 This report sets out updates in relation to Organisational Improvement as described above, including:
- A summary of progress relating to the Organisational Improvement Plan.
 - The monthly progress report on the 47 headline actions of the plan (**Appendix 1**).
 - Updates on engagement with the established Independent Advisory Board (IAB) and the Ministry of Housing, Communities and Local Government (MHCLG).

3. Organisational Improvement – Summary of Progress

- 3.1 The Organisational Improvement detailed action plan contains 47 headline actions that capture and address the scope of change required to achieve meaningful and sustainable organisational improvement. A number of actions cut across multiple themes, particularly those linked to the Single Assurance Framework, which will provide greater direction and clarity for several identified areas/actions.
- 3.2 The TVCA Executive Leadership team has strategically prioritised actions within their respective areas to ensure progress is considered and timely in order to provide impactful improvement. The Interim Monitoring Officer continues to undertake a governance review to ensure that the authority’s governance arrangements are robust, transparent, and compliant with statutory requirements and devolution agreements. The Interim Monitoring Officer presented a deep dive on Governance to the Independent Advisory Board (IAB) in September and has undertaken engagement work with Key Partners and Stakeholders. Throughout this work a number of items that are directly linked to the organisational improvement work are presented as separate agenda items within the Cabinet meeting of 12 December.
- 3.3 The below table summarises some key areas of activity since the September Cabinet report. Progress against all headline actions in the improvement plan is detailed in **Appendix 1**.

3.3.1 Partnerships and Continuous Improvement

Strategic Priority	1. Rebuild Trust & Shared Ownership
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<p>Action</p>	<p>Implement a balanced external communications plan to ensure TVCA restores public confidence, promotes itself and manages challenge & external scrutiny, with a greater role for Cabinet portfolio holders.</p>
<p>Progress</p>	<p>Significant engagement with senior stakeholders across the region continues to take place, led by the TVCA Executive Leadership Team. TVCA has established a Communications group with the Local Authorities that will continue to meet quarterly.</p> <p>The TVCA Communications Team has engaged with IAB member Dame Amanda Milling. Scoping for support in development of strategic external communications plan has been conducted. Work is being developed to strengthen existing comms and scoping to understand the external support available/required with a view to building on:</p> <ul style="list-style-type: none"> • reputation • strengthening the strategic narrative and • continuous proactive engagement with business communities, politically interested stakeholders and Local Authorities. <p>In addition to conversations with Dame Amanda Milling, the Local Government Association (LGA) has been engaged to support development of the strategy.</p> <p>The next steps are for communications specialists to conduct research with Local Authority stakeholders in November and December and facilitate a development workshop with TVCA and LA communications leads in January 2026. LA Comms leads will be interviewed by LGA communications specialists and subsequently attend the LGA workshop in January to facilitate further collaborative strategy development.</p>
<p>Strategic Priority</p>	<p>5. Deliver Strategic Clarity, Long-Term Planning & Performance Focus & Prepare for the next phase of long-term devolution</p>
<p>Action</p>	<p>Implement a collaborative approach to strategic long-term priority setting and planning, working closely with the constituent local authorities, with meaningful political engagement at the outset and throughout the process.</p>
<p>Progress</p>	<p>The need to establish clarity of purpose to direct decision-making, inform prioritisation and allocation of resources is an essential governance foundation. The priority is to establish this clarity at the earliest opportunity.</p> <p>The development of the strategic planning process will be aligned with the development of a new Single Assurance Framework (SAF). The TVCA Chief Executive and wider leadership team are actively engaging with key partners and stakeholders including MPs, Local Authority Leaders and business leaders. TVCA Directors are strengthening their relationships with relevant portfolio holders to support a more collaborative approach.</p>

	<p>External workshops with a strategic focus on the Local Growth Plan have taken place with key groups. On 7 November TVCA held the first in a series of Cabinet workshops designed to support and shape the organisation's improvement journey within the context of the Budget setting process for 2026/27. This initial session provided a valuable opportunity for Cabinet members to engage in open and constructive dialogue around the Authority's strategic direction, priorities, and the alignment of these with the forthcoming budget-setting process. The workshop marked a significant step in fostering collective ownership of the Authority's vision and ensuring that future decisions are grounded in shared understanding and ambition.</p> <p>Next steps are to continue to build upon this momentum through continued engagement, using future workshops to deepen strategic alignment, strengthen governance, and ensure that our resources are targeted where they can deliver the greatest impact for the region. To support this a series of further Cabinet conversations is planned. These workshops will provide a structured forum for in-depth discussion, challenge, and consensus-building around TVCA's strategic priorities and budget. They will enable Cabinet members to engage meaningfully with key issues, test assumptions, and co-develop a shared vision for the future. This iterative and collaborative approach will be instrumental in embedding strategic clarity and financial alignment at the heart of the Authority's improvement journey.</p>
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3.3.2 Use of Resources

Strategic Priority	1. Strengthen Governance, Oversight & Accountability
Action	Review all finance processes and procedures and implement any necessary changes to ensure exemplar finance best practice, capture changes within the Constitution and improve awareness and understanding across the organisation.
Progress	<p>Key finance processes have now been defined and process owners assigned to each. The process owners have identified and documented the "as is/was process" and the "to be process", ensuring that fundamental improvements required are documented and an appropriate plan implemented to rectify. This includes Budget monitoring, finance accounting monthly control process, Treasury management and cash management.</p> <p>Next steps are for the roll out of processes to be planned at an appropriate point when new systems and processes are defined.</p>
Strategic Priority	1. Strengthen Governance, Oversight & Accountability

Action	Respond effectively and in a timely manner to address the recommendations and actions contained within the external auditor's statutory letter received on the 15th April 2025.
Progress	<p>The new Interim S73 Officer is working closely with the external auditors. The public accounts inspection recommendation is now understood and will be complied with.</p> <p>An update on the 2024/25 external audit and year end position was provided to the Authority's Audit & Governance Committee on 18 September.</p> <p>Suitably experienced interim resources will be prioritising resolving any residual 2024/25 matters as well as formulating a comprehensive plan for the 2025/26 year-end closing process.</p> <p>Officers have engaged with the LGA and have agreed a proposal for working together and this support commenced during November.</p>

3.3.3 Governance

Strategic Priority	1. Strengthen Governance, Oversight & Accountability
Action	Undertake a comprehensive review of the TVCA Assurance Framework, taking into account best practice, working closely with the constituent local authorities and Cabinet, and implement any necessary changes to ensure it remains fit for purpose.
Progress	<p>The Assurance Framework has been identified as a priority area for improvement. Best practice centres around the development of a Single Assurance Framework (SAF), which will enable TVCA to address issues, introduce a new approach and culture to approvals and drive standards.</p> <p>An initial assessment of the existing Assurance Framework by the Interim Monitoring Officer in September 2025 concluded that:</p> <ul style="list-style-type: none"> • The existing Assurance Framework is in need of redesign to meet evolving national requirements. • Engagement with key staff has highlighted opportunities to strengthen the existing Assurance Framework, particularly in achieving greater consistency in project initiation, business case development, and subsequent consideration and approval. Enhancing these areas will help improve value for money and maximise the delivery of intended benefits across programmes and projects. • The BVN improvement action should require the development of a SAF which is recognised best practice. • A SAF provides opportunities to deal with the uniqueness and nuances of the Tees Valley set up of Mayoral Development Corporations.

	<p>Tees Valley Specific Design Principles have been developed. MHCLG have been engaged to align design principles. Design Principles endorsed by Tees Valley Mayor, Tees Valley Chief Executives and Tees Valley Management Group.</p> <p>An item on the Assurance Framework is included within this Agenda. A working group has been established that will drive forward this work. Clear milestones will be set now the initial scoping work as described above has concluded.</p>
Strategic Priority	1. Strengthen Governance, Oversight & Accountability
Action	Review all governance processes and procedures and implement any necessary changes to ensure exemplar governance and decision-making best practice, capture changes within the Constitution and improve awareness and understanding across the organisation.
Progress	<p>The Interim Monitoring Officer is undertaking a governance review to ensure that the authority's governance arrangements are robust, transparent, and compliant with statutory requirements and devolution agreements. Its purpose is to assess whether decision-making structures, leadership roles, and accountability mechanisms are fit for purpose, while strengthening democratic oversight through effective scrutiny. The review will identify gaps or weaknesses and recommend improvements to enhance efficiency and resilience.</p> <p>Next steps are, at its meeting on 12 December, Cabinet will be asked to consider proposed amendments to the Constitution, including:</p> <ul style="list-style-type: none"> • Updates to the Scheme of Delegation • Clarification of decision-making principles; and • Introduction of a financial threshold for defining Key Decisions. <p>Following this decision work will continue to progress.</p>

3.3.4 Culture

Strategic Priority	3. Build a High-Performing Organisation with a strong Operating Model
Action	Initiate and undertake a programme of Organisational Development (OD), with an external partner to provide support and challenge.
Progress	<p>Work is continuing with the procured OD partner. A series of workshops have been held with members of the Senior Leadership team during September and October continuing into November. TVCA has commenced partnership working with the LGA to access training and guidance on organisational development.</p> <p>Next steps are to define the scope which will include:</p> <ol style="list-style-type: none"> a. An initial analysis of TVCA's OD plan and its aims

	<p>b) Support with objective setting to effectively cascade Director's objectives from their 90-Day plans</p> <p>c) Review capability and capacity in key areas.</p>
Strategic Priority	3. Build a High-Performing Organisation with a strong Operating Model
Action	Recruit a permanent Chief Executive (CEX) and recruit to the vacant Director posts, and ensure appropriate input from the S73 Chief Finance Officer and Monitoring Officer in the senior leadership team. All future recruitment will be undertaken in accordance with the new and emerging cultural values of the organisation. All senior leaders will be expected to exhibit, champion and inspire the behaviours of cultural change.
Progress	<p>Permanent Chief Executive appointed by TVCA Cabinet in June 2025. Members of the Independent Advisory Board were involved in the recruitment and interview process.</p> <p>Interim Group Director of Finance & Resources and interim Monitoring Officer appointed in July and August 2025. They continue to embed as an integral part of the Executive Leadership Team and drive improvements in their respective areas.</p> <p>Recruitment process for permanent appointments for Director of Infrastructure and Director of Business Solutions has concluded with report being presented to Cabinet on 12 December 2025.</p>
Strategic Priority	3. Build a High-Performing Organisation with a strong Operating Model
Action	Develop and implement a workforce development strategy through a demand and skills analysis, to ensure appropriate capacity and capability, across the organisation, focused on Cabinet approved priorities.
Progress	<p>This strongly correlates to the Operating Model and Organisational Development works as described above. This action is overarching and links across the Improvement Plan to all areas that will lead to improved processes and ways of working. The outcome of linked actions will help further inform the progress and timeline for a strengthened operating model. Discussions are ongoing with Cabinet on the Strategic Framework which will inform this.</p> <p>As an initial first step officers are scoping the people plan to review how directorates and teams will be structured, which will provide the framework for decision making and delegations. This will be linked to strategic priorities for the Authority including future devolution.</p> <p>A mapping exercise has begun which will provide the basis for this work.</p>

Strategic Priority	2. Strengthen Governance, Oversight & Accountability
Action	Develop and implement a workforce development strategy, to ensure a sustainable and high-performing finance function.
Progress	Initial review undertaken and interim structure implemented from October 2025. The permanent workforce plan will be developed by the end of the calendar year with a view to embedding from 1 April 2026.
Strategic Priority	2. Strengthen Governance, Oversight & Accountability
Action	Develop and implement a workforce development strategy, to ensure a sustainable and high-performing governance function.
Progress	Initial review undertaken which has included the Legal Team structure, interim structure implemented from October 2025. The permanent workforce plan will be developed by the end of the calendar year with a view to embedding from 1 April 2026.

3.3.5 **Independent Advisory Board (IAB)**

At its meeting on 27 June 2025, Cabinet approved the establishment of an Independent Advisory Board (IAB).

3.3.6 Since Cabinet approval, the IAB has had two formal meetings, held on 11 July and 12 September, in addition to two informal meetings on 11 August and 24 October. A scheduled forward plan for meetings and content was developed and is considered by the IAB and its chair in advance of meetings. Additional items are incorporated into the agenda and forward plan as required.

3.3.7 Formal Board meetings include deep-dive discussions on the four key themes. The September meeting focused on Governance, with a progress update provided during the informal October meeting. The outcome of some of the Governance related actions have resulted in progress that has been included within other reports on this agenda. The next formal Board meeting is scheduled for 8 December, where the deep-dive theme will be Use of Resources. A forward look to the subsequent deep-dive topic of Partnerships and Continuous Improvement will also be discussed.

3.3.8 **Meetings with the Ministry of Housing, Communities and Local Government (MHCLG) Best Value Notice (BVN) Team**

The Tees Valley Combined Authority (TVCA) Chief Executive and Director of Operations attend monthly meetings with the Best Value Notice team at the Ministry of Housing, Communities and Local Government (MHCLG) to discuss progress in relation to the Best Value Notice. In addition, more detailed quarterly update meetings are held. The last quarterly meeting was held on 14 October. The meeting

included 1 to 1 sessions between TVCA's Chief Executive and Interim Monitoring Officer and MHCLG Officers followed by a presentation given by TVCA, which included reflections and activity updates. The meeting was attended, in part, by IAB member Adele Gritten (in place of the Chair, Rob Whiteman), who gave a summary of progress on behalf of the Board on improvement. The next quarterly visit is scheduled for 16 January 2026.

3.3.9 Reporting

In addition to the standing update item at TVCA Cabinet, TVCA has committed to produce a monthly update report to summarise progress against the Organisational Improvement Plan. The July, August, September and October reports can be found on the TVCA website <https://teesvalley-ca.gov.uk/about/organisational-improvement-plan/>. The reports have been provided directly to the IAB, MHCLG, Cabinet and EY (external auditor). The latest monthly update can be found at appendix 1 for information. The January Cabinet meeting will primarily focus on the draft budget, therefore the next organisational improvement update will be at March Cabinet. Regular reporting will continue as usual, including the public facing monthly update that will be circulated to Cabinet members.

3.3.10 The Chair of the Independent Advisory Board, Rob Whiteman, provides an independent report to Cabinet which can be found at agenda item 6.

4. Background

- 4.1 On 3 April 2025 Tees Valley Combined Authority (TVCA) was issued with a non-statutory Best Value Notice (BVN) by the Ministry of Housing, Communities and Local Government (MHCLG). The letter set out the requirement to produce a clear, overarching and holistic improvement plan, agreed by members of the authority by 3 July 2025.
- 4.2 TVCA's external auditors (EY) wrote to TVCA Cabinet on the 15 April 2025 issuing three recommendations under Section 24, Schedule 7 (2) of the Local Audit and Accountability Act 2014. The TVCA response was approved at a meeting of the Cabinet on the 14 May 2025.
- 4.3 A series of engagement workshops were undertaken with a wide range of partners, officers and members provided an understanding and basis for the development of an Organisational Improvement Plan, which was approved by the TVCA Cabinet at its meeting on 27 June 2025. Following Cabinet approval, the plans were submitted to MHCLG.

5. Partnership & Engagement

5.1 Significant external engagement was undertaken in relation to the development of the Organisation Improvement Plan, which considers, details and addresses feedback from partners and stakeholders.

5.2 Ongoing Partnership and Engagement

Engagement is continuing as implementation of the plan continues, the TVCA Chief Executive and Executive Leadership Team are undertaking substantial engagement with senior regional stakeholders, including:

- MPs
- Businesses
- Other key stakeholders.

In addition to the above, the continued programme of partnership and engagement activity includes:

- A series of informal Cabinet workshops.
- Strengthened portfolio holder arrangements.
- Ongoing dialogue with Local Authority officer groups, including Tees Valley Management Group (TVMG), Chief Executives, Monitoring Officers, Finance Directors and Communications Leads.
- Engagement and support from the LGA.

Work is ongoing with the LGA to plan another series of engagement workshops with key partners and stakeholders early in the new year.

Consultation and communication are key elements which run throughout the detailed actions, including members and staff to be consulted and informed as we progress. External challenge and validation are also a key element of our improvement journey as we work with the IAB, LGA and others to seek guidance and assurance on our progress.

6. Appendices

6.1 Appendix 1 – Organisational Improvement progress update.

Cabinet is requested to consider the following identified implications:

Financial Implications

7.1 The report to Cabinet on the 27 June 2025 identified a number of costs associated with the Organisational Improvement Plan, including:

1. Establishment of a dedicated team - £150K
2. Procurement of Change & Transformation as an organisational development partner - £150K

3. Estimated remuneration for members of the Independent Advisory Board - £132K (the Board has been established in conjunction with the LGA who will fund 50% of the cost via the MHCLG Improvement Grant).

TVCA has identified a specific budget allocation to support Organisational Improvement, which will be factored into the budget review work. This will be developed in parallel with delivery of the Improvement Plan actions, as officers develop a better understanding of the potential resource implications. The resource implications will be incorporated into the Medium-Term Financial Plan.

Legal Implications

- 7.2 The letter from MHCLG states that ministers are concerned as to the authority's capacity to comply with its best value duty under the Local Government Act 1999 and have therefore decided to issue TVCA with this best value notice ("notice"). The notice is a formal notification that the department has concerns regarding the authority and requests that the authority engages with the department to provide assurance of improvement.
- 7.3 This notice is issued outside the statutory powers held by the Secretary of State under the Local Government Act 1999 to inspect or intervene in local authorities where there is evidence of best value failure and, separately, under Section 230 of the Local Government Act 1972 to request information from local authorities.
- 7.4 The majority of measures to move to Established Status and subsequently to achieve an integrated settlement are centred around governance, accountability and assurance. Developing and delivering robust governance, clear accountability, and rigorous assurance arrangements is a critical enabler to unlock additional devolved powers and resources. By demonstrating sound decision-making and transparent stewardship of public funds, TVCA can build the credibility needed to negotiate more ambitious devolution deals with central government.

Equality & Diversity Implications

- 7.5 The Organisational Improvement Plan itself does not directly impact on groups of people with protected characteristics.

However, TVCA considers the potential impact on groups of people with protected characteristics in the development of policy, programmes and projects. Any actions within the action plan that relate to policy, programmes and projects will be subject to Equality Impact Assessments during the development phase.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk	<input checked="" type="checkbox"/>	Assurance Framework	Procurement
Improvement	<input checked="" type="checkbox"/>	Environment	HR & IT

- 7.6 A RACI Matrix, also known as a Responsibility Assignment Matrix, has been applied to each of the detailed actions within the Improvement Plan and regular progress meetings are now taking place with those responsible and accountable for their delivery to ensure early identification of risks.

The MHCLG letter recognises that embedding change across the organisation and ensuring that it is having the desired, long-term impacts is likely to take time and will require sustained effort from both officers and members at TVCA. The letter notes that the notice will be reviewed after 12 months.

Theme: Partnerships and Continuous Improvement						October 2025 Update	
Accountable Director: Director of Operations						Status	Commentary
Strategic Priorities (Note: Some of the below cross over into other or all areas, the below represents the dominant theme)	Headline Actions	Key Steps	Overarching Measure of Success	Target Date to Achieve			
4. Embed a Culture of Continuous Improvement	Ensure progress against the actions contained within the Organisational Improvement Plan is effectively monitored, working closely with the constituent local authorities and the Independent Improvement Board, and reported in a transparent manner to Cabinet, the Improvement Board, the Ministry of Housing, Communities & Local Government (MHCLG) and EV (external auditor).	Regular engagement with all stakeholders, building relationships.	Clear & regular reporting, timely meeting papers, improved/positive feedback	Q4 2026	Ongoing	IAB Board meetings in place. Stakeholder engagement workshops held. Ongoing relationship building through various groups and committees continues. Feedback has been received from various partners on a shift in engagement in relation to key workstreams & projects.	
		Set up report structure for both internal and external reporting at agreed frequency.			Complete	Reporting structure agreed by TVCA Cabinet and in place.	
		Set up spreadsheet to show progress against each action or KPI.				Spreadsheet set up and actively updated.	
		Attend Improvement Board and MHCLG meetings providing previous minutes and recording any actions.			Ongoing	Governance process is well established. 4 IAB meetings held with a further 4 planned to the end of March 2026. A forward plan for all IAB meetings was developed and is monitored and added to monthly as appropriate and as new topics to discuss are identified by TVCA and IAB. Monthly informal meetings are continuing in addition to quarterly MHCLG meetings, the next is due to be held in January. Engagement with and attendance at meetings ongoing.	
1.Rebuild Trust & Shared Ownership Across the Combined Authority	Implement a balanced external communications plan to ensure TVCA restores public confidence, promotes itself and manages challenge & external scrutiny, with a greater role for Cabinet portfolio holders.	Develop plan	Clear, easily accessible information for the public that meets with legislation and best practice	Q2 2025	In Progress	Significant engagement with senior stakeholders across the region continues to take place, led by the TVCA Executive Leadership Team. TVCA have established a Communications group with the Local Authorities that will continue to meet quarterly. The TVCA comms team have engaged with IAB member Dame Amanda Milling. Scoping for support in development of strategic external communications plan has been conducted. Work is being developed to strengthen existing comms and scoping to understand the external support available/required with a view to building on: <ul style="list-style-type: none"> • Reputation, • Strengthening the strategic narrative and • Continuous proactive engagement with business communities, politically interested stakeholders and Local Authorities. 	
		Work with partners, stakeholders and Members to embed plan			In Progress	In addition to conversations with Dame Amanda Milling, the Local Government Association (LGA) has been engaged to support development of the strategy. The next steps are communications specialists will conduct research with Local Authority stakeholders in November and facilitate a development workshop with TVCA and LA communications leads in December. LA Comms leads will be interviewed by LGA communications specialists and subsequently attend LGA workshop in December to facilitate further strategy development.	
		Review and update monthly			Ongoing	To be reviewed as and when it progresses with a view to updating monthly once in full delivery to ensure embedding and continuous improvement.	
4. Embed a Culture of Continuous Improvement	Take part in a Local Government Association (LGA) peer review in 18-24 months and seek external support and challenge from the LGA, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Centre for Governance and Scrutiny (CFGS) to support the Organisational Improvement Plan.	Liaise with LGA/CIPFA/CFGS for peer review and external support & challenge	Agreed dates with each planned into TVCA timescales	Ongoing	Ongoing	Engagement with LGA/CIPFA/CFGS being accessed as appropriate to support improvement journey Details on specific actions/workstreams are updated on appropriate actions throughout the commentary of this progress update. Peer review dates to be agreed for 18-24 months post BVN.	
		Agree dates & timescales				Dates to be agreed at appropriate point.	
5. Deliver Strategic Clarity, Long-Term Planning & Performance Focus & Prepare for the next phase of long term devolution	Undertake an assessment and identify any new actions to ensure that we are striving for excellence in the remaining categories set out in the statutory guidance on best value standards and interventions (not covered in the Best Value Notice (BVN) or by the external auditor statutory letter), which are leadership, use of resources and service delivery.	Undertake assessments and identify & implement any actions involving partners & key stakeholders when appropriate - using BVN guidance as the framework/benchmark	Positive benchmarking/improved position recorded & continually measured.	Ongoing/Q4 2025	Ongoing	Improvement team established to provide assessments and continuous monitoring of progress against actions. The appointment of 2 new Statutory Officers has supported this work. The Officers have identified additional requirements to support Use of Resources and service delivery workstreams. Additional Leadership support is being accessed via the Organisational Development Partner procured as part of the Culture theme for improvement.	
5. Deliver Strategic Clarity, Long-Term Planning & Performance Focus & Prepare for the next phase of long term devolution	Implement a collaborative approach to strategic long-term priority setting and planning, working closely with the constituent local authorities, with meaningful political engagement at the outset and throughout the process.	Implement a series of workshops for priority setting, engage key partners and Members and ensure the workshops fit with the corporate calendar.	Partners and key stakeholders understand long term plans and provide positive/improved feedback on meaningful engagement.	Ongoing/Q2 2025	In Progress	The need to establish clarity of purpose to direct decision-making, inform prioritisation and allocation of resources is an essential governance foundation. The priority is to establish this clarity at the earliest opportunity. The development of the strategic planning process will be aligned with the development of a new Single Assurance Framework (SAF). The TVCA Chief Executive and wider leadership team are actively engaging with key partners and stakeholders including MPs, Local Authority Leaders and business leaders. TVCA Directors are strengthening their relationships with relevant portfolio holders to support a more collaborative approach. External workshops with a strategic focus on the Local Growth Plan have taken place with key groups. On 7th November, the Tees Valley Combined Authority (TVCA) held the first in a series of Cabinet workshops designed to support and shape the organisation's improvement journey within the context of the Budget setting process for 2026/27. This initial session provided a valuable opportunity for Cabinet members to engage in open and constructive dialogue around the Authority's strategic direction, priorities, and the alignment of these with the forthcoming budget-setting process. The workshop marked a significant step in fostering collective ownership of the Authority's vision and ensuring that future decisions are grounded in shared understanding and ambition. Next steps are to continue to build upon this momentum through continued engagement, using future workshops to deepen strategic alignment, strengthen governance, and ensure that our resources are targeted where they can deliver the greatest impact for the region. To support this a series of further Cabinet conversations is planned. These workshops will provide a structured forum for in-depth discussion, challenge, and consensus-building around TVCA's strategic priorities and budget. They will enable Cabinet members to engage meaningfully with key issues, test assumptions, and co-develop a shared vision for the future. This iterative and collaborative approach will be instrumental in embedding strategic clarity and financial alignment at the heart of the Authority's improvement journey.	
3. Build a High-Performing Organisation with a strong Operating Model	Develop and implement a new organisation-wide operating model to improve processes, efficiency, understanding and quality.	Set out how directorates and teams will be structured and where decision making will sit in order to create a set of general accountabilities for Directors, which are expressed through their objectives to deliver against the policies set out by the Combined Authority.	Agreed operating model is rolled out and understood. Staff can report via surveys understanding of high level objectives and where their role impacts these.	Ongoing Q4 2026	In Progress	Strengthening the way the CA operates is in progress. This action is overarching and links across the Improvement Plan to all areas that will lead to improved processes and ways of working. Areas being prioritised for review are Finance and Governance. Development of officer schemes of delegation, approval systems and processes are being prioritised and work in these areas is progressing well. This is alongside scoping for a people plan to review how directorates and teams will be structured, which will provide the framework for decision making and delegations. This will be linked to strategic priorities for the Authority a mapping exercise has begun which will provide the basis for this work. A review of the scheme of delegation has begun, which links to the refresh of the Assurance Framework and other Governance related matters. Staff have been engaged in this process to date to ensure alignment with working in practice. More details on the approach to this are noted within the Governance section of this plan. A review of existing policies and processes has been undertaken in various themes relating to the improvement plan and business as usual. Internal communications on these items is on going as appropriate. Roll out of any changes will happen at the earliest opportunity and will consult and inform internally and externally as appropriate.	
		Create a scheme of delegation that covers specific delegations or requirements for compliance where officers are fulfilling these accountabilities.					
		Undertake an internal review of existing policies & processes, identify gaps and improvements to be made, implement any changes and roll out any appropriate internal & external communications					
3. Build a High-Performing Organisation with a strong Operating Model	Implement a Programme Management Office (PMO), with standardised processes and tools, to ensure consistency in terms of how the organisation develops, manages and monitors projects and programmes.	Explore the structure of a PMO style model within TVCA to ensure it is fit for purpose and specific to TVCA, implement a fit for purpose PMO style model.	An appropriate PMO 'model' is in place for TVCA. Demonstrable benefits of the PMO can be seen & recorded.	Q4 2025	In Progress	Initial scoping is underway to develop an appropriate timeline and holistic approach, linked to all actions that will deliver improved processes as an outcome, recognising the interdependencies with constitutions and schemes of delegations and ensuring they flow through the processes. Pre-market engagement has concluded and next steps are being considered. An internal working group is being established, to consider this role and function as part of the review into the Assurance Framework, which includes representatives from cross-departments and levels within the organisation.	
2. Strengthen Governance, Oversight & Accountability	Refocus the Chief Executives meetings into a Tees Valley Strategic Leadership Team, made up of the six chief executives (5 LAs and 1 CA, CEXs) supporting the delivery of priority workstreams.	Undertake a review of the TV CEXs meetings, priorities and Terms of Reference, implement changes from the review appropriately and reflect any changes in the governance structure and corporate calendar of the wider organisation and embed changes to processes.	Implementation of Tees Valley Strategic Leadership Team meetings. Positive feedback and demonstrable impact of the working arrangements received.	Q3 2025	Ongoing	Discussions are ongoing at CEX level to ensure strategic focus on priorities with alignment to the review. Chief Executive meetings are held monthly and are embedded within the TVCA corporate calendar and Cabinet Cycle. The TVCA Executive Leadership Team identify and present key strategic priorities monthly to ensure CEX engagement.	
4. Embed a Culture of Continuous Improvement	Undertake an assessment and identify any new actions to ensure that we are striving for excellence in the remaining categories set out in the statutory guidance on best value standards and interventions (not covered in the Best Value Notice or by the external auditor statutory letter), which are leadership and service delivery.	Undertake assessment. Agree actions and develop implementation plan.	Monitoring continuous monitoring a clear positive direction of travel can be demonstrated.	Q4 2025	Ongoing	Initial assessment of the remaining areas in the Best Value Notice guidance is being undertaken and will be appropriately included as part of continuous improvement.	

Theme: Use of Resources					October 2025 Update		
Accountable Director: Interim Group Director of Finance and Resources							
Strategic Priorities (Note: Some of the below cross over into other or all areas, the below represents the)							
Headline Actions	Key Steps	Overarching Measure of Success	Target Date to Achieve	Status	Commentary		
2. Strengthen Governance, Oversight & Accountability	Review all finance processes and procedures and implement any necessary changes to ensure exemplar finance best practice, capture changes within the Constitution and improve awareness and understanding across the organisation.	Produce a baseline assessment of finance processes and procedures and 'gap analysis' where applicable to form the basis of future improvement plan.	Fully documented finance business processes and procedure documentation is widely available and understood by staff	End Q3 026	In Progress	Key finance processes have now been defined and process owners assigned to each one. The process owners have identified and documented the "as is/was process" and the "to be process", ensuring that fundamental improvements required are documented and an appropriate plan implemented to rectify. This includes Budget monitoring, finance accounting monthly control process, Treasury management and cash management. Next steps are for the roll out of processes to be planned at an appropriate point when new systems and processes are defined.	
		Cabinet approval of finance process changes as required in line with Constitution			In Progress	This will progress as and when required.	
		Roll out of processes across the organisation (including all necessary awareness raising and training)	Ownership and accountability is demonstrated through budget holder leadership for their respective areas of delegated authority.	Q1 2026	In Progress	Roll out of processes will be planned at appropriate point when new systems and processes are defined.	
		Implementation of the necessary system changes to reflect the new sub-scheme of delegation				This is linked to the Governance related action of review of the scheme of delegation and will be included within that update.	
		Roll out training for all new budget holders and individuals with delegations	Document authorisation processes are compliant, timely and accurate working to agreed service standards across the Group	Q3 2026		This is linked to the Governance action of reviewing the document authorisation system. Roll out of training will be planned at appropriate point when new systems and processes are defined.	
2. strengthen Governance, Oversight & Accountability	Develop and implement a workforce development strategy, to ensure a sustainable and high-performing finance function.	Produce baseline of Finance team capacity and capability. Produce Terms of Reference for review of Finance team and approval by Cabinet	The Finance team has a clear structure building on current capabilities to ensure an appropriately qualified team and a development pathway to a resilient high performing service	Q2 2025	In Progress	Initial review undertaken and interim structure implemented from October. The permanent workforce plan will be developed by the end of the calendar year with a view to embedding from 1 April 2026.	
		Benchmarking analysis and review by Tees Valley Strategic Resources Group (FDs) for feedback					In Progress
		SWOT analysis and local government finance workforce action plan key recommendations analysis performed to support review of the Finance Team		02/03/26	In Progress		
2. strengthen Governance, Oversight & Accountability	Respond effectively and in a timely manner to address the recommendations and actions contained within the external auditor's statutory letter received on the 15 th April 2025.	Capacity review	All public inspection periods for the Annual Financial Statements (including narrative report) and Annual Governance Statement are complied with in line with legislation.	Q2 2025	In Progress	The new Interim S73 Officer is working closely with the external auditors. The public accounts inspection recommendation is now understood and will be complied with. An update on the 2024/25 external audit and year end position was provided to the Authority's Audit & Governance Committee on 18 September. Suitably experienced interim resources will be prioritising resolving any residual 2024/25 matters as well as formulating a comprehensive plan for the 2025/26 year-end closing process. Officers have engaged with the LGA and have agreed a proposal for working together and this support commenced during November.	
		Process review		Q2 2025	In Progress		
		Clear timetable for production of its 2024/25 Statement of Accounts		Q4 2026	Complete		
2. Strengthen Governance, Oversight & Accountability	Produce a readiness plan for fiscal devolution, including a potential future integrated settlement, and new accountability arrangements as set out in the Devolution White Paper.	Produce baseline self-assessment of readiness against best practice using models produced for MCAs who have already progressed through readiness activity. Produce an action plan designed to address any gaps in readiness identified through the baseline assessment work to deliver for March 2026 to inform formal readiness processes with Government. This is on the basis that the first financial year where further fiscal devolution and integrated settlement could occur for TVCA is 1 April 2027. Approval of readiness plan with stakeholders	TVCA Cabinet approved readiness plan	Q3 2025	In Progress	Work is continuing on the Strategic Framework which includes a review of Tees Valley strategies and plans, including the Local Growth plan evidence base and proposed metrics and 10 year targets linked to the LSP. This includes review of the English Devolution & Community Empowerment Bill (July 2025) and interdependencies with other bills and legislation linked to the Devolution Framework. This will include assessment of identified key steps and measures of success as well as examination of readiness plans at other CAs accessed via the CA Governance Network.	
2. Strengthen Governance, Oversight & Accountability	Ensure that all actions from audit reports are addressed in an effective and timely manner and progress is reported to Audit & Governance (A&G) Committee and Cabinet.	The detailed activities are covered by other actions in the use of resources section. The formal reporting to TVCA AGC and TVCA Cabinet will follow the approved plan. This requires reports to be produced for circulation with these stakeholders for May, June, September and November.	External Audit recommendations evidenced as complete with Auditors	Q3 2025	In Progress	S73 officer improving relationships with External Auditors. Revised approach agreed to statutory backstop date of 27 February 2026. Updates and progress will be reported to Cabinet & A&G Committee.	

Theme: Governance					October 2025 Update			
Accountable Officer/ Group Chair	Legal Officer/Monitoring Officer	Strategic Priorities (Notes: Some of the below cross over into other areas, the below represents the content)	Headline Actions	Key Steps	Overarching measure of success	Target Date to Achieve	Status	Commentary
6. Strengthen Governance, Oversight & Accountability		Review all governance processes and procedures and implement any necessary changes to ensure external governance and decision-making best practice, capture changes within the Constitution and improve awareness and understanding across the organisation.	Undertake internal review of processes, sub-divide to directorate/teams, identify changes to be made. Identify stakeholders and consultees and decision making needed i.e. from Cabinet. Incorporate review by formalising each process into TVCA governance structure.	Clear, demonstrable and effective governance processes demonstrated through positive feedback from Members, partners and stakeholders and understanding of key processes by TVCA staff.		Q3 2025	In progress	The Interim Monitoring Officer is undertaking a governance review to ensure that the authority's governance arrangements are robust, transparent, and compliant with statutory requirements and devolution agreements. Its purpose is to assess whether decision-making structures, leadership roles, and accountability mechanisms are fit for purpose, while strengthening democratic oversight through effective scrutiny. The review will identify gaps or weaknesses and, recommend improvements to enhance efficiency and resilience. Next steps are at its meeting on 12th December Cabinet will be asked to consider proposed amendments to the Constitution, including: <ul style="list-style-type: none"> Revising the Scheme of Delegation Clarification of decision-making principles; and Introduction of a financial threshold for defining Key Decisions. Following this decision work will continue to progress.
2. Strengthen Governance, Oversight & Accountability		Undertake a comprehensive review of the TVCA Constitution, including Scheme of Delegation, working closely with the constituent local authorities and Cabinet, to ensure it is fit for purpose.	Complete internal review of the Constitution, engage members and partners in the review and formalise revised version at a future Cabinet meeting.	Revised Constitution is agreed at TVCA Cabinet. TVCA has clear, demonstrable and effective governance processes		Q3 2025	In progress	Numerous actions will result in updates to the constitution. The approach that has been identified is to complete action related updates as progress is made. The initial focus includes: <ul style="list-style-type: none"> Development of the Officer Scheme of Delegations and alignment with the Internal process Detailed examination of the Publication Scheme, aligning transparency requirements with approvals and delegations Enhancing access to information procedures Strengthening compliance policies, particularly in relation to Freedom of Information (FOI) requests and complaints handling These priorities aim to improve transparency, accountability, and operational efficiency across the organisation. Engagement is being undertaken with Cabinet Members by the Interim Monitoring Officer on this workstream. There will be appropriate input from all statutory committees in the revision of the constitution.
1. Rebuild Trust & Shared Ownership Across the Combined Authority		Review Cabinet portfolios and strengthen the role of portfolio holders, ensuring TVCA priorities reflect and deliver on local priorities where this is appropriate and add local value, including appropriate support from senior TVCA officers, and capture changes within the Constitution.	Working with the LAS and Cabinet, agree how portfolio holders are identified and agreed, and how portfolio holders input into TVCA governance processes. Make any necessary changes to the TVCA Constitution and internal processes.	Feedback from Cabinet members of shared ownership and contribution. Identifiable output in decision making and wider governance, which acknowledges the role and remit of portfolio holders.		Q3 2025	In progress	Work has been undertaken with Cabinet members to refresh portfolio areas to empower and strengthen the role of Cabinet members within the organisation. Interim Monitoring Officer is meeting all Cabinet Members to discuss Portfolio requirements. TVCA Directors are working more closely with their constituent Portfolio holders to provide more shared ownership and contribution. Cabinet workshops have taken place with a view to setting and maintaining a collaborative approach to long-term priority setting. The External Comms Plan will articulate inclusion and importance of portfolio leads in comms activity.
1. Rebuild Trust & Shared Ownership Across the Combined Authority		Implement regular informal Cabinet meetings, both with and without officers present. Cabinet workshop sessions where appropriate and portfolio meetings with senior TVCA officers and senior local authority officers where appropriate.	Implement a cycle of informal cabinet meetings workshop sessions and portfolio meetings in the corporate calendar, which have an identified and timely link to the governance processes.	Production of corporate calendar, which is agreed and owned by TVCA, partners and Members. Evidence of additional engagement with Cabinet members, with all feedback addressed and reported back to Cabinet members.		Q3 2025	In progress	Informal Cabinet meetings have been included within Corporate Calendar. Further development of the existing corporate calendar is continuing. Feedback from officers and Members on process and outcomes considered and will be reported back to Cabinet members. Intention is to transfer to the point where Cabinet portfolios lead the discussion on their portfolio with support from officers. The December 2025 and January 2026 Cabinet Cycle has been adjusted to ensure Informal Cabinet takes place at appropriate cycle point. A further update has been provided as part of the Partnerships & Continuous improvement action of collaborative long-term priority setting.
1. Rebuild Trust & Shared Ownership Across the Combined Authority		Review the Cabinet decision-making process and implement any necessary changes to ensure meaningful political engagement at the outset, including presenting Members with through options appraisals, and throughout the process.	Undertake a detailed review of Cabinet decision making process, engage partners and Members in this review, and make any necessary changes to the Constitution and internal processes.	Clearly documented process from origin to decision.		Q3 2025	In progress	Linked to reviewing processes and decision making. The Cabinet Decision making process has been considered as a priority area of focus for the Interim Monitoring Officer. The Cabinet cycle to December is being amended to initially reflect a standard CA 8-week pre-Cabinet cycle alongside improvements to Forward Planning. Engagement on this has begun with key groups. The Interim Monitoring Officer is undertaking a governance review to ensure that the authority's governance arrangements are robust, transparent, and compliant with statutory requirements and devolution agreements. Its purpose is to assess whether decision-making structures, leadership roles, and accountability mechanisms are fit for purpose, while strengthening democratic oversight through effective scrutiny. The review will identify gaps or weaknesses, recommend improvements to enhance efficiency and resilience.
2. Strengthen Governance, Oversight & Accountability		Review the operation of all TVCA statutory committees, ensuring appropriate officer support, and implement any necessary changes to ensure that the responsibilities of each are addressed effectively and efficiently with robust work plans.	Review legislative requirements and terms of reference for each Statutory Committee, engage partners and Committee members in the review, and update the constitution accordingly.	Evidence of training and feedback from Committee members. Changes reflected in governance processes and Constitution.		Q3 2025	In progress	Roles and responsibilities of key groups within the Cabinet cycle have been considered and articulated as part of the Cabinet decision making process as described above. With a view to providing further alignment with organisation objectives as well as fit with best practice approaches and governance opportunities. Both Regulatory Committees have adopted new ways of working, adopting new work programmes and have developed improvement plans in support of the Organisation Improvement Plan.
2. Strengthen Governance, Oversight & Accountability		Ensure committee reports are of sufficient quality and draw attention to the pertinent information, considering best practice and feedback from Cabinet and local authority officers.	Review structure and content of reports & deliver report writing training to identified staff. Deadline for reports clearly communicated with escalation process and action taken (recorded).	Demonstrable audit trail of informed decision making. Testing of the process to ensure robustness.		Q3 2025	Ongoing	The Interim Monitoring Officer has undertaken a review of the reporting template for Cabinet reports to ensure they are of sufficient quality and structure. The new report template has been rolled out for the most recent Cabinet cycle. Further series of sufficient quality report writing with staff will be rolled out.
2. Strengthen Governance, Oversight & Accountability		Ensure that all TVCA statutory committees are appropriately supported and challenged to maximise effectiveness.	Review governance officer capacity. Action log developed and maintained, and reported to each Committee meeting. Review use of confidential items at statutory committees.	Review of effectiveness of each Committee.		Q3 2025	In progress	This will be reviewed as part of an assessment of governance resourcing, process and procedure and good governance behaviours.
3. Build a High-Performing Organisation with a strong Operating Model		Review the non-statutory officer advisory group governance structure, in collaboration with the constituent local authorities and other key stakeholders and implement any necessary changes to ensure efficiency and effectiveness.	Review what exists, what they do and how they contribute to overall governance across the authority, engaging with key partners and stakeholders in the review.	Coherent committee and non-statutory advisory group structure that supports the authority and work of Cabinet. Demonstrated in Committee effectiveness reviews.		Q3 2025	In progress	Scoping underway to identify support. Scoping is including examination of best practice advisory board/ committee structures within CA as well as the specific functions, membership, opportunity and organisational alignment required within the TVCA governance framework. Scoping exercise will involve examination of target date.
2. Strengthen Governance, Oversight & Accountability		Implement a new Member induction process and on-going programme of development, learning from best practice, for members of all TVCA statutory committees to ensure that they are familiar with TVCA, their roles & responsibilities and the expectations of their position	Request feedback from Members and stakeholders on the current induction process. Develop Member induction process for Cabinet and all Statutory Committees.			Q3 2025	In progress	Workshops held and future workshops planned which will provide feedback in order to progress further.
2. Strengthen Governance, Oversight & Accountability		Review the TVCA Publication Scheme and make any necessary changes, to make the maximum amount of information readily available to the public.	Assess what is currently published against what we are able to share publicly.	Revised publication scheme linked to legislative requirements, which is regularly updated and enhanced, with scheduled reviews.		Q2 2025	Scoping	Scoping underway to identify approach to be taken and the extent to which the Interim Monitoring Officer will want to shape that approach. Scoping will include examination of best practice approaches to ensure maximum transparency compliance and identification of gaps in policy and process required to inform publication scheme. Scoping exercise will involve examination of target date.
2. Strengthen Governance, Oversight & Accountability		Undertake a comprehensive review of the Code of Conduct for Officers and Members and implement any necessary changes to ensure it is fit for purpose and aligns with best practice.	Review current Code of Conduct, secure Cabinet sign off and implement changes.	Revised Code of Conduct that aligns to best practice approved by Cabinet and included in member induction processes.		Q3 2025	Scoping	Scoping underway by Interim Monitoring Officer focused on review of existing approach, constitutional content and identified areas for focus and improvement. Scoping will include assessment of language, clarity and accessibility; ethical standards; compliance; supporting protocols and process; required training and awareness; links to reporting and whistleblowing; examination of enforcement and available sanctions; clarity on process and opportunities for use of Independent Persons. Scoping exercise will involve examination of target date.
2. Strengthen Governance, Oversight & Accountability		Develop and implement an on-going improvement plan with the O&S Committee to continue to make improvements to the effectiveness of the work where appropriate, with identified aims, objectives and timescales. Ensure improvement activity is appropriately included in the Committee's work plan.	Work with O&S Committee to develop improvement plan (integrating any actions under the previous Centre for Governance & Scrutiny review where appropriate), with identified aims, objectives and timescales. Ensure improvement activity is appropriately included in the Committee's work plan.	O&S Committee have shaped and developed the plan, the effectiveness of which can be demonstrated in its work and results.		Q3 2025	In progress	Initial workshops and follow up workshops have taken place. Development of improvement continues with ownership of improvement by O&S committee. Both Regulatory Committees have adopted new ways of working. Both Regulatory Committees have adopted new ways of working, adopting new work programmes and have developed improvement plans in support of the Organisation Improvement Plan.
2. Strengthen Governance, Oversight & Accountability		Implement a new governance e-agenda and forward planning system to improve efficiency and compliance.	Implement modern gov. & roll out training to staff, partners and members.	Modern gov works for staff and members with feedback regularly sought and actions taken to address issues		Q2 2025	In progress	Scoping in relation to modern gov started.
2. Strengthen Governance, Oversight & Accountability		Review the format and effectiveness of the existing Annual Governance Statement in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) & the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Good Governance Framework, and make any necessary changes.	Review current format, engage partners and members as appropriate, taking into account best practice.	Production of annual governance statement which fairly reflects the position of governance across the authority with open and transparent acknowledgement where improvements need to be made, with appropriate actions to address.		Q3 2025	Scoping	Scoping underway to identify approach to be taken and the extent to which the Interim Monitoring Officer will want to shape that approach. Scoping will involve examination of best practice and latest guidance. Scoping exercise will involve examination of target date. Scoping exercise will involve examination of target date.
2. Strengthen Governance, Oversight & Accountability		Undertake a comprehensive review of the TVCA Assurance Framework, taking into account best practice, working closely with the constituent local authorities and Cabinet, and implement any necessary changes to ensure it remains fit for purpose.	Undertake an internal review of the Assurance Framework. Work with partners and Members to update. Seek Cabinet approval.	Approval of updated Assurance Framework. Data is available providing evidence of effective assurance processes.		Q2 2025	In progress	The Assurance Framework has been identified as a priority area for improvement. Best practice centres around the development of a Single Assurance Framework (SAF), which will enable Tees Valley Combined Authority to address issues, introduce a new approach and culture to approvals and drive standards. An initial assessment of the existing Assurance Framework by the Interim Monitoring Officer in September 2025 concluded that: <ul style="list-style-type: none"> The existing Assurance Framework is in need of redesign to meet evolving national requirements. Engagement with key staff has highlighted opportunities to strengthen the existing Assurance Framework, particularly in achieving greater consistency in project initiation, business case development, and subsequent consideration and approval. Enhancing these areas will help improve value for money and maximise the delivery of intended benefits across programmes and projects. BNV improvement actions should require the development of a SAF which is recognised best practice. SAF provides opportunities to deal with the uniqueness and nuances of the Tees Valley set up of Mayoral Development Corporations. Tees Valley Specific Design Principles have been developed. MCLGO have been engaged to align design principles. Design Principles endorsed by Tees Valley Mayor, Tees Valley Chief Executives and Tees Valley Management Group. An item on the Assurance Framework is included within this 12 December Cabinet agenda. A working group has been established that will drive forward this work. Clear milestones will be set now the initial scoping work as described above has concluded.
4. Embed a Culture of Continuous Improvement		Ensure that TVCA continues to embed the organisational response to all recommendations from the independent Tees Valley review and reports produced by the Centre for Governance and Scrutiny (CGS) and the Chartered Institute of Public Finance and Accountancy and (CIPFA).	Establish baseline and progress against recommendations and develop action plan to address outstanding actions. Develop and implement continuous improvement actions.	Demonstrable progress towards embedded actions.		Q3 2026	Ongoing	Work underway to explore internal programme and project management options to map processes and improve operational effectiveness. Each process improvements will be mapped and systemised to ensure continuous improvement. Internal audits can establish baseline and improvements.
3. Deliver Strategic Clarity, Long-Term Planning & Performance Focus & Prepare for the next phase of long term devolution		Undertake a business planning exercise and produce a readiness plan in anticipation of the expanded powers set out in the Devolution White Paper.	Planning exercise. Agree readiness plan.	Readiness plan is in place with clear target dates and responsibilities.		Q4 2025	In progress	Work is continuing on the Strategic Framework which includes a review of Tees Valley strategies and plans, including the Local Growth plan evidence base and proposed metrics and 10 year targets linked to the LGR. This includes review of the English Devolution & Community Empowerment Bill (July 2025) and interdependencies with other bills and legislation linked to the Devolution Framework.

Theme: Culture Accountable : Assistant Director People and Operations					October 2025 Update	
Strategic Priorities (Note: Some of the below cross over into other or all areas, the below represents the dominant theme)	Headline Actions	Key Steps	Overarching Measure of Success	Target Date to Achieve	Status	Commentary
3. Build a High-Performing Organisation with a strong Operating Model	Initiate and undertake a programme of Organisational Development (OD), with an external partner to provide support and challenge.	Procure O&D partner to support the OD development, develop the programme of OD for consideration and agreement by TVCA Senior Leadership Team.	O&D Programme is developed and agreed with clear steps for implementation over the short, medium and long term.	Ongoing/Q4 2025/26	In progress	Work is continuing with the procured OD partners. A series of workshops have been held with members of the Senior Leadership Team during September and October continuing into November and December. TVCA has commenced partnership working with the LGA to complement the OD partner work and access training and guidance on organisational development. Next steps are to define the scope which will include: a) Initial analysis of TVCA's OD plan and it's aims b) Support with objective setting to effectively cascade Director's objectives from their 90-day plans c) Review capability and capacity in key areas.
2. Strengthen Governance, Oversight & Accountability	Review TVCA staff induction process to improve organisational awareness and understanding of governance and finance processes.	Review existing induction content and work with governance, procurement & finance teams to build fit for purpose induction content.	New induction process rolled out to staff.	Q3 2025	In progress	Induction content to cover Governance and Procurement is created and Finance contribution will complete this requirement. The staff focus groups on the staff survey identified that staff would welcome broader organisational understanding from an induction. CEX quarterly meet and greets to commence from Jan 2026 for all new starters. The Tees Valley bus tour which is part of the induction process will be widened to include existing staff. Each team will complete a lunch and learn on who they are and what they do and the intranet will have staff grouped by Directorate/team with a written overview of what they do as a ready artefact for staff to access.
3. Build a High-Performing Organisation with a strong Operating Model	Recruit a permanent Chief Executive (CEX) and recruit to the vacant Director posts, and ensure appropriate input from the STS Chief Finance Officer and Monitoring Officer in the senior leadership team. All future recruitment will be undertaken in accordance with the new and emerging cultural values of the organisation. All senior leaders will be expected to exhibit, champion and inspire the behaviours of cultural change.	Engage with external recruitment agency to develop staged process for vacant CEX post. Undertake a process to recruit remaining Director vacancies. Review Senior Leadership Team to ensure appropriate input from statutory officers. Link with senior Leadership Team development. Design & implement a series of stakeholder surveys.	Recruitment concluded. High performing senior leadership team. Recoding of improved data.	Q3 2025	In progress	Permanent Chief Executive appointed by TVCA Cabinet in June 2025. Members of the Independent Advisory Board were involved in the recruitment and interview process. Interim Group Director of Finance & Resources and Interim Monitoring Officer appointed in July and August 2025. They continue to embed as an integral part of the Executive Leadership Team and drive improvements in their respective areas. Permanent recruitment campaigns to commence in 2026. Recruitment process for permanent appointments for Director of Infrastructure and Director of Business Solutions has concluded with report being presented to Cabinet on 12th December 2025.
2. Strengthen Governance, Oversight & Accountability	Develop and implement a workforce development strategy, to ensure a sustainable and high-performing finance function.				In progress	Initial review undertaken and interim structure implemented from October 2025. The permanent workforce plan will be developed by the end of the calendar year with a view to embedding from 1 April 2026.
2. Strengthen Governance, Oversight & Accountability	Develop and implement a workforce development strategy, to ensure a sustainable and high-performing governance function.				In progress	Initial review undertaken which has included the Legal Team structure, interim structure implemented from October 2025. The permanent workforce plan will be developed by the end of the calendar year with a view to embedding from 1 April 2026.
3. Build a High-Performing Organisation with a strong Operating Model	Develop and implement a workforce development strategy through a demand and skills analysis, to ensure appropriate capacity and capability, across the organisation, focused on Cabinet approved priorities.	Create baseline assessments of workforce - identify skills gaps - creation of team and individual development plans. Develop a draft strategy for consideration and agreement by TVCA Senior Leadership Team. Set out the steps for implementation over the short medium and long term.	Production of a workforce development strategy which is clear on the steps to achieve a high performing workforce. Staff Utilise staff surveys to monitor impact.	Q1 2026	In progress	This strongly correlates to the Operating Model and Organisational Development works as described above. This action is overarching and links across the Improvement Plan to all areas that will lead to improved processes and ways of working. The outcome of linked actions will help further inform the progress and timeline for a strengthened operating model. Discussions are ongoing with Cabinet on the Strategic Framework which will inform this. As an initial first step officers are scoping the people plan to review how directorates and teams will be structured, which will provide the framework for decision making and delegations. This will be linked to strategic priorities for the Authority including future devolution. A mapping exercise has begun which will provide the basis for this work. LGA Support is being accessed for this work and is at scoping stage with next steps to be determined early December 2025.
3. Build a High-Performing Organisation with a strong Operating Model	Develop and implement a workforce development strategy, to ensure expertise and experience across TVCA & the constituent local authorities are fully utilised in support of continued organisational improvement.				In progress	Links to Operating Model and Organisational Development Plan. The outcome of those actions will help inform work force strategy. Plan of stakeholder engagement has been developed in partnership with Local Authorities. Utilising expertise in constituent LAs as an example, Director of Inward Investment & Marketing is spending a day a week in each LA area to define the developing Inward Investment Strategy and ensure its fit for purpose for the region.
3. Build a High-Performing Organisation with a strong Operating Model	Develop and implement a workforce development strategy, to enhance skills and knowledge at all levels within the organisation.				In progress	Links to Operating Model and Organisational Development Plan. The outcome of those actions will help inform work force strategy. As above, scoping the people plan to review how directorates and teams will be structured as first step, with priority focus on finance and governance.
3. Build a High-Performing Organisation with a strong Operating Model	Ensure that the TVCA values (open, empathetic, collaborative & focussed) are embedded through everyday activity, organisational development and the appraisal process.	Design and implement a recordable system to give positive feedback where TVCA's values are lived out and demonstrated	Clear data showing increasing evidence of TVCA staff living our values	Q3 2025	Complete	The intranet feature has been edited and where a staff member receives recognition, this now captures against which value was demonstrated. Work has been done to embed TVCA's values in recruitment, with the value's clear and visible in vacancy advertisements, and also at the assessment stage there is a bank of questions to test to value-aligned responses/fit of a candidate. TVCA's values have been more actively featured in the new induction, including an induction video that is in progress. The TVCA graphics team have worked on new wall display/decals to have the values visible and present in the office. The reception TV screen that hosts staff messages, as well as the desktop IT landing page has also been designed to display the values.
3. Build a High-Performing Organisation with a strong Operating Model	Embed appraisal process that ensures individual accountability through clear objective setting, which is aligned to team and organisational priorities and robust performance management.	Run training sessions for appraising managers on effective objective setting to ensure consistency. Create a process that overlays the appraisal incremental time points (6month and annual) whereby objectives review is more fluid to create accountability.	Appraisal process is embedded. Objectives are demonstrably achieved or action is taken to address this.	Q4 2024	In progress	This is now being supported by the LGA. Meeting early December 2025 to agree scope.
3. Build a High-Performing Organisation with a strong Operating Model	Create a healthier work environment by engaging with staff through the staff survey and staff forum and making changes/delivering activities that will influence staff satisfaction in terms of wellbeing and engagement.	Set up staff forum. Staff surveys acted upon to address issues/concerns - plan 12 month series of lunch & learns - provide multi-purpose space for staff as part of office refurbishment.	Staff forum is up & running. Staff survey results are analysed and areas of concern are addressed and re-surveyed to measure improvements & show positive direction of travel. Staff agree their wellbeing is valued and can see positive improvements.	Q1 2025	In progress	Staff forum continues to meet. Improvement is now a standard agenda item. Lunch and learn sessions are ongoing, as detailed above. All staff briefings are continuing bi-monthly. Following analysis of initial staff survey results a focussed staff survey workshops have taken place which were well engaged with and have provided further insight around the results and resulted in a series of additional actions to be implemented. Staff have been engaged via pulse surveys on key matters that relate to the organisation improvements including the internal approvals system and social value and contract management. The planned wellbeing space is now complete.
3. Build a High-Performing Organisation with a strong Operating Model	Develop and implement a professional development plan for the Chief Executive (CEX) and all Directors to ensure continued development, and establish a high performing senior leadership team.	Develop Organisational Development (OD) road map, which details a 12 month rolling programme of OD workshops, mentoring, coaching, and supplementary interventions.	Personal Development Plans in place for the CEX and Directors.	Q3 2025	In progress	Work has progressed with the Organisational Development Road Map, draft has been agreed and workstreams have commenced.
3. Build a High-Performing Organisation with a strong Operating Model	Improve relationships between senior management and all staff through improved communication, visibility, engagement activity, openness to receiving feedback/challenge and demonstrating that the organisation is responsive to staff.	Develop and embed an internal communications plan, which is shared with all staff. Continually monitor plan to ensure effectiveness.	Communications plan is agreed and staff are reporting positive feedback through regular feedback requests on communication and visibility.	Q1 2025	In progress	Staff focus group sessions identified the need for continued transparent communications, with a marked improvement noted. A staff forum request was delivered for more visible and accessible executive level leadership. Staff want better cross-team understanding and this will be achieved through lunch n learns, intranet development on what teams do. The want clearer remit and a proactive approach to deadlines, as well as understanding where their work fits in. This has initiated a project piece of work with comms team to improve internal knowledge on organisational/Directorate's team objectives and deliverables.
3. Build a High-Performing Organisation with a strong Operating Model	Implement an internal communications plan to improve employee engagement and voice, through ongoing engagement and learning activity and to embed the actions within the Organisational Improvement Plan across the organisation.	Regular staff updates via TVCA intranet - request feedback from staff - on-going staff surveys - Discussion at all staff meetings on progress of embedding change.	Evidence shared on TVCA intranet staff confirm they are informed through regular feedback requests.	Q1 2025	Ongoing	Improved internal engagement through all staff meetings, staff forum, Lunch and Learn sessions, Reception display board notifications and regular updates from the Chief Executive and Director of Operations. Further ideas for internal communications have been asked via the staff forum and all staff Briefings. Feedback has informed the final plan.

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	6		
Report Title	Independent Advisory Board Progress Report		
Accountable Cabinet Member	Mayor Ben Houchen Chair of the Cabinet		
Accountable Chief Officer	Tom Bryant Chief Executive		
Accountable Employee	Sarah Brackenborough Director of Operations		
Report considered by	Pre-Cabinet process		
Key Decision	Yes	No	This item has been determined not to be a key decision.
		X	
Public Report	Yes	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
	X		
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A Consider the progress update from the Chair of the Independent Advisory Board.

1. Purpose

- 1.1 The purpose of this report is to provide Cabinet with a progress update from the Chair of the Independent Advisory Board.

2. Executive Summary

- 2.1 On 3 April 2025 Tees Valley Combined Authority (TVCA) was issued with a non-statutory Best Value Notice (BVN) by the Ministry of Housing, Communities and Local Government MHCLG).
- 2.2 In response Cabinet, at its meeting on 27 June, approved the establishment and scope of an Independent Advisory Board (IAB) to be chaired by Rob Whiteman. Cabinet also agreed an Organisational Improvement Plan at the same meeting that followed a period of engagement workshops with a wide range of officers and members.

3. Partnership & Engagement

- 3.1 This report has been discussed informally with Cabinet on the 28 November 2025.

4. Appendices

- 4.1 **Appendix A** – Report of the Chair of the Independent Advisory Board

Cabinet is requested to consider the following identified implications:

Financial Implications

- 5.1 There are no direct financial implications arising from the recommendation in this report.

Legal Implications

- 5.2 There are no direct legal implications arising from the recommendation in this report.

Equality & Diversity Implications

- 5.3 The Organisational Improvement Plan does not directly impact on groups of people with protected characteristics. Any such implications would be identified in the Organisational Improvement Plan Progress which is separate to this update from the Chair of the IAB.



Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk	Assurance Framework	Procurement
Improvement	X Environment	HR & IT

5.4

The Independent Advisory Board's report represents a critical milestone in the Combined Authority's overall improvement journey. It provides an objective assessment of progress to date, highlighting areas of strength and identifying where further action is required. The report serves both as an assurance mechanism for stakeholders and as a catalyst for continuous improvement, reinforcing our commitment to transparency, accountability, and the delivery of high-quality outcomes for our communities

Tees Valley Combined Authority

November 2025 Update Report of the Improvement Board

Introduction

This short note is the second written update to the Cabinet of Tees Valley Combined Authority on the independent Advisory Board's assessment of progress following the issuance of a Best Value Notice by the Ministry of Housing Communities and Local Government (MHCLG).

You are aware of the Terms of Reference of the Board as covered in my last report.

Our October meeting

Our meeting of 24th October covered the range of areas touched upon in previous meetings:

- An update on the governance deep-dive
- An update on the development of a Strategic Communications strategy
- A discussion on the recent MHCLG quarterly visit

We see progress on these issues. We are keen to help and support a new approach on engagement to be embedded in decision-making to ensure transparency and consultation.

At this meeting we particularly focussed on finance, where your new CFO has thoroughly assessed short- and medium-term risks.

As context, where local authorities find proximity to the budget not balancing with insufficient revenue resources/reserves to cover revenue budget pressures, the cause is usually demand and cost pressures in major frontline services. This is different for a Combined Authority where meeting the obligations of setting a balanced revenue budget is a product of the quality of your commercial decisions to pump-prime or underwrite development opportunities that are expected to provide financial benefits in the future. The interface between capital and revenue, and the costs of borrowing, are

also of great significance, and we have signalled an interest to deep dive the governance interface between the Combined Authority and the Development Corporations.

We see Jo Moore making good progress on closing accounts and we are assured that your Medium Term Financial Plan has initial sight on the all issues that need to be worked through and continually reassessed. Jo is now reviewing that finance capabilities are resourced and fit for purpose for the future, following her due diligence exercise.

Summary

This was a good meeting where we see progress being made on a number of fronts to implement the aspirations of your improvement plan.

In the next quarter, we will reengage with stakeholders, including local authorities and Cabinet Members, to test progress from a range of perspectives and feed this back to you.

I will be in attendance at the Cabinet meeting on the 12th December 2025.

Rob Whiteman

Chair, Improvement Board

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	7		
Report Title	Quarter 2 Forecast Revenue & Capital Outturn 2025/26 and Capital Programme 2025/26-2028/29		
Accountable Cabinet Member	Mayor Chris Cooke Portfolio Holder for Inward Investment and Finance		
Accountable Chief Officer	Jo Moore Group Director of Finance & Resources		
Accountable Employee	Andrew Baldwin Chief Accountant		
Report considered by	N/A		
Key Decision	Yes X	No	This is a key decision as it impacts more than 2 constituent areas and is of significant financial value regarding expenditure. These changes require careful consideration and a full, transparent process to maintain legal compliance and public trust.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A	Note the Q2 revenue forecast of a net deficit of £0.955m for year ending 31 March 2026
B	Note the actions being taken to enable the Authority to achieve a balanced budget
C	Note the proposed use of the Devolution Fund reserve to fund any overspend for 2025/26 should the overspend not be reduced

D	Approve the proposed changes to the 2025/26 revenue budget
E	Approve the transfer of £8.178m to earmarked reserves
F	Note the forecast revenue reserves of £36.357m as at the end of March 2026
G	Note the key financial risks for 2025/26
H	Approve the proposed change to the 2025/26 Capital budget
I	Note the Q2 forecast gross capital expenditure of £239.523m for financial year to 31 March 2026 in line with the proposed (Q2) capital Budget;
J	Note the Capital Reserves forecast of £105.115m by the end of March 2026.

1. Purpose

- 1.1 To provide details of the forecast revenue and capital outturn position for Tees Valley Combined Authority (TVCA) for the year ending 31 March 2026, highlighting any key variances to the approved budget for the year, based on the position as at the end of Quarter 2 (30 September 2025).
- 1.2 The report highlights key assumptions used in those forecasts, together with any key financial risks, as well as details of the forecast reserves (revenue and capital) position as at the end of March 2026 for Cabinet to consider in line with those risks.
- 1.3 The report also includes proposed revisions to the capital budget for 2025/26 and the Capital Programme (2025/26 to 2028/29), including any new capital projects (if applicable) financed through accessing additional capital grant funds and/or reprofiling of existing budgets between financial years.

2. Executive Summary

- 2.1 In January 2025, Cabinet approved a net revenue budget of £5.772m. This net budget comprised £59.226m of expenditure financed by £53.454m of revenue income. The net expenditure budget was approved to be financed by the drawdown of £5.772m of revenue reserves.
- 2.2 At the end of Quarter 2, the Authority is forecasting a net deficit of £0.955m against the approved budget which represents a similar movement from the balanced budget position reported at the end of the Quarter 1.
- 2.3 As the Finance improvement plan progresses a deeper understanding of the Authority's financial position is developing resulting in more accurate forecasting. There is further work that needs to be done on the recharging of central support costs to grants, projects and to group entities under relevant SLAs. This work is well

	underway and will be completed for the Quarter 3 position, but it is anticipated that this will lead to a positive movement.
2.4	In response to the governance and finance statutory recommendations, interim staffing costs have increased significantly. Where possible, these are offset by vacancies within the establishment structure.
2.5	There are some permanent costs which were unbudgeted and which are now causing a pressure on the base budgets and will need to be addressed in setting the budget for 2026/27. There are also some one-off costs which are specific to the 2025/26 financial year e.g. repayment of Covid grant monies.
2.6	The Authority is anticipating £101m of specific grant income (outside of core funding) and the Quarter 2 forecast assumes that grant expenditure will be incurred in line with grant income. Any underspend at year end will be transferred to a ringfenced reserve providing this is in line with the specific grant T&Cs.
2.7	This report sets out the key financial risks to the Authority that have been identified to-date together with any mitigating management actions that are being undertaken to manage those risks. The key risks for the Authority for 2025/26 relate to the ability of group and other entities to service loans made to them by TVCA as well as any financial implications arising from the financial statements review of the 2023/24 and 2024/25 draft published accounts.
2.8	For Quarter 2, the forecast assumes that all budgeted interest receivable will be paid to the Authority based on evidence of management mitigating actions provided. Cabinet should note that interest receivable from the airport was not included in the approved TVCA budget but is being accrued as payable by the airport. The interest receivable will be accrued within the forecast outturn but, as detailed in this report, a corresponding provision will be made against this leading to a net nil impact on the Authority's bottom line.
2.9	In addition, a further risk has emerged in relation to £0.636m of interest receivable on a NZT Loan and further work in being undertaken to clarify the position which will be reported through in Q3.
2.10	In assessing the TVCA financial position, consideration needs to be given as to the impact of the financial performance of group entities and formal clarification is currently being sought. There are financial pressures within the Development Corporations although mitigating management actions are being undertaken to try and manage those pressures.
2.11	The Authority has had a significant under borrowed position compared to its underlying need to borrow to fund capital investment made, or to be made, this

	<p>financial year. For reasons outlined in this report, the Authority's cash resources available have reduced significantly and there is now a requirement to undertake c£140m of additional PWLB borrowing before the end of the financial year. Due to the part-year effect, the Quarter 2 forecast assumes that this additional cost can be incorporated within the approved interest payable budget based on current PWLB interest rate forecasts.</p>
2.12	<p>Within the base budget there is just over £6m included for Minimum Revenue Provision being the amount set aside to repay principal of loans borrowed as required under local authority financial rules. The review of the financial statements and the approved Minimum Revenue Provision Policy has raised some matters in relation to the provision currently being made by the Authority. The Q2 forecast assumes that the budget provision is adequate, but the position will be confirmed for Quarter 3.</p>
2.13	<p>If the forecast overspend of £0.955m is unable to be mitigated, it is proposed that this amount would be drawn down from the Devolution Fund, earmarked reserve. The Authority's opening earmarked revenue reserves of £59.074m included £24.172m for interest accrued on the airport loans which represented an incorrect accounting treatment and will need to be corrected in the revised statement of accounts. This amount has, therefore, been deducted from earmarked reserves available.</p>
2.14	<p>An error has also previously occurred in respect of prior year grant income, which was incorrectly accounted for, as the relevant amounts should have been transferred to an earmarked reserve. Therefore, this report seeks permission from Cabinet to transfer the amount of £8.178m to earmarked reserves to correct the error made.</p>
2.15	<p>Assuming these corrections are made and, taking into account the forecast net deficit of £0.955m, the Authority's forecast revenue earmarked reserves will be £35.299m by the end of March 2026, of which £16.198m is ringfenced, leaving £19.101m un-ringfenced. The General Fund balance is forecast to remain at its opening position of £1.058m.</p>
2.16	<p>At the end of Quarter 2, following a proposed 'Revenue Contribution to Capital Outlay (RCCO) of £2.3m, the capital forecast is in line with the proposed capital budget for 2025/26 of £239.523m.</p>
2.17	<p>Capital Reserves are forecast to be £105.155m by the end of March 2026.</p>

3. Quarter 2 – Revenue Forecast Outturn 2025/26

3.1 At the end of Quarter 2 (30 September 2025), the Authority is forecasting a net revenue deficit of £0.955m for 2025/26, which is a negative movement of £0.955m from the Quarter 1 reported revenue position.

3.2 Table 1 analyses this forecast by Directorate. Cabinet should note that the budget approved in January 2025 was not presented by Directorate, but work has been undertaken during 2025/26 to report in line with Directorate responsibilities and CIPFA reporting categories.

Table 1 Q2 Forecast of Outturn by Directorate

Directorates	Budget 25/26 £'000	Forecast 25/26 £'000	Forecast Variance (Adverse)/ Positive £'000	Q1 reported variance £'000	Movement In Variance Between Quarters £'000
Chief Executive	(663)	(660)	(3)	(663)	(3)
Legal and Governance	1,668	2,510	(841)	1,668	(841)
Infrastructure	115	29	86	115	86
Operations	2,184	1,535	649	2,184	649
Finance and Resources	30,539	30,970	(431)	30,539	(431)
Business Solutions	11,003	10,799	204	11,003	204
Inward Investment and Marketing	1,479	1,380	98	1,479	98
Directorates Total	46,325	46,563	(238)	46,325	(238)
Central Expenses	-	-	-	-	-
TVCA Property Overhead Costs	610	484	126	610	126
Interest Payable	19,518	19,518	-	19,518	-
Interest Receivable Treasury Management	(1,750)	(1,750)	-	(1,750)	-
Interest Receivable (On-lending)	(12,063)	(11,662)	(401)	(12,063)	(401)
MRP	6,978	6,978	-	6,978	-
Investment Properties (Net Return)	(391)	51	(442)	(391)	(442)
Net Central Expense Costs	12,901	13,618	(717)	12,901	(717)
	-	-	-	-	-
Devolution Funding	(15,000)	(15,000)	-	(15,000)	-
Mayoral capacity	(1,500)	(1,500)	-	(1,500)	-
Total Core Funding	(16,500)	(16,500)	-	-	-
Enterprise Zone Business rates	(36,954)	(36,954)	-	(36,954)	-
Enterprise Zone Business rates Total	(36,954)	(36,954)	-	(36,954)	-
Net Surplus/(Deficit)	5,772	6,727	(955)	5,772	(955)

3.3

As can be seen from Table 1 above, the key variances relate to a forecast overspend of £0.841m in legal and governance and £0.431m in finance and resources. There is also an underachievement of £0.401m in interest receivable as well as a pressure on investment assets held of £0.442m.

- **Chief Executive – (Overspend of £0.003m)**

The small overspend forecast is a net position primarily relating to a non-recurrent refund of a covid recovery grant (£221k), offset by the recurrent previously unbudgeted recharging of central support costs to projects (£220k).

- **Legal Services – (Overspend of £0.841m)**

Primarily relates to an increased use of external legal services (£900k) and a net increase in employee related cost linked to the appointment of interims (£285k), offset by the previously unbudgeted recharging of central support costs to projects (£346k). It should be noted that the Interim Monitoring Officer, appointed in July 2025, has implemented a new interim legal structure increasing interim staffing costs, but which it is anticipated will reduce the reliance on external legal resources. Overall, this should mean that the forecast overspend will not increase further.

- **Infrastructure (Underspend of £0.086m)**

The management of vacancies within the staffing establishment is leading to a forecast underspend of £54k and previously unbudgeted recharging of central support costs to projects (£36k).

- **Operations (underspend £0.649m)**

The management of vacancies within the staffing establishment is leading to a forecast underspend of £145k on employee cost, mitigating a forecast overspend of £128k on IT system development. The balance of the reported under spend results from the recurrent previously unbudgeted recharging of central support costs to projects (£632k).

- **Finance & Resources (Overspend £0.431m)**

The employment of interims in response to the external audit statutory recommendations is the primary driver for a forecast net overspend on employee costs of £639K, with an additional non recurrent cost being forecast of £130k relating to historic audit fees. In addition, one off 'corporate' costs involved in the office expansion have been assigned to the Finance and Resources Directorate (£51k). These costs have been partially mitigated by previously unbudgeted recharging of central support costs to projects (£390k).

- **Business Solutions (underspend £0.204m)**

A £30k forecast overspend relates to a non-recurrent staffing related expense, offset by the recurrent previously unbudgeted recharging of central support costs to projects (£243k).

- **Inward Investment (Underspend of £0.098m)**

The management of vacancies within the staffing establishment is leading to a forecast underspend of £98k.

3.4 In addition, there is a forecast net under recovery of income/increased costs in relation to investment properties: Zetland Car park (£78k) and 6 Centre Square (£364k). Combined with this is the potential under recovery of an element of the budgeted loan interest receivable from STDC (£401k) and forecast overspend on premises/operational cost related to the TVCA offices expansion at Teesside International Airport (£95k).

3.5 Table 2 below shows the forecast revenue outturn by CIPFA category to show the position in relation to the category of income and expenditure.

Table 2 Q2 Forecast Outturn by Category of Income & Expenditure

Type of Expenditure/Income	Budget £'000	Forecast £'000	Q2 Forecast Variance (Adverse)/ Positive £'000	Q1 Reported variance £'000	Movement In Variance Between Q1 & Q2 £'000
Employees	5,680	6,341	(661)	5,680	(661)
Premises	610	705	(95)	610	(95)
Transport	45	42	3	45	3
Supplies and Services	124,377	125,675	(1,298)	124,377	(1,298)
Third Party Payments	9,014	9,014	-	9,014	-
Central Support and Other Recharges	19,518	17,445	2,073	19,518	2,073
Total Expenditure	159,244	159,223	21	159,244	21
Charges	(215)	(225)	10	(215)	10
Grant	(87,460)	(87,239)	(221)	(87,460)	(221)
Recharges	(1,129)	(1,129)	-	(1,129)	-
Contributions Summary	(50,392)	(50,392)	-	(50,392)	-
Bank Interest	(1,750)	(1,750)	-	(1,750)	-
Interest Summary	(12,063)	(11,662)	(401)	(12,063)	(401)
Rents	(464)	(100)	(364)	(464)	(364)
Total Income	(153,472)	(152,496)	(976)	(153,472)	(976)
Net Surplus/(Deficit)	5,772	6,727	(955)	5,772	(955)

3.6 The reported overspend on Supplies and Services (£1,298k), is the result of the previously referred to overspends in relation to legal professional services, historic

Audit fees, system development costs and an unbudgeted management fee relating to Zetland Carpark of (£88k).

Movement from Quarter 1

3.7

At the end of Quarter 1, the revenue budget forecast was to budget and so the forecast overspend of £0.955m represents the same movement from the previous quarter. A summary of the key movements is set out in the table 3 below:

Table 3 Key movements between Quarter 1 and Quarter 2

	Forecast Q1 30/06/2025	Forecast Q2 30/09/2025	Positive / (Adverse) Variance between Q1 & Q2
	£'000	£'000	£'000
Establishment underspend	11,925	13,230	1,305
Staff Recharge Income*	(7,172)	(7,653)	(481)
Interim staffing costs	1,419	-	(1,419)
Recruitment and retention budget	18	50	32
Additional one-off staff costs	95	-	(95)
Loan interest receivable			(401)
Investment property income	151	(364)	(515)
Support services recharge to projects			2073
Repayment of Covid 19 Recovery Grant	221	-	(221)
Audit Fees 22/23 and 23/24	281	150	(131)
Overhead property related costs	575	553	(22)
External services legal	900	-	(900)
Office move	60	9	(51)
System development costs	129	-	(129)
Movement			(955)

* further work is being undertaken for Quarter 3 to review staffing recharging mechanism

Quarter 2 – Budget virements 2025/26

3.8

Permission to transfer revenue budgets between Directorates or between categories of expenditure should be sought in line with the Authority's Scheme of Delegation or Financial Regulations as appropriate.

3.9

There is one proposed revenue budget virement for Quarter 2. Within the current forecast UKSPF funded revenue activity is £1.81m allocated to deliver the Business Support Programme to businesses in the Tees Valley area and an additional £0.49m of revenue funding currently un-assigned to a revenue project. After consultation with the funding body (MHCLG) consent has been obtained to utilise £2.3m of this revenue funding to invest in providing capital grants to businesses in the area. This

proposed transfer would augment an existing capital business growth scheme. Permission is sought from Cabinet to earmark £2.3m of revenue grant to fund a 'Revenue contribution to capital outlay', increasing the authority's capacity to provide capital grants to businesses within the Tees Valley area. The proposed virement will not increase revenue expenditure but will facilitate a £2.3m increase to the 2025/26 capital programme.

2025/26 Proposed changes from the Q1 revised budget

- 3.10 In the Q1 2025/26 forecast of outturn Cabinet report, permission was sought from Cabinet to reflect the reduction in the AEB Adult Skills Grant of £4.116m in 2025/26. This resulted in an adjustment in both the associated income and expenditure budget and, as such, did not impact on the net approved budget.
- 3.11 Further clarification has been received in connection with this grant reduction, and it has now been identified that the £4.116m reduction referred to, should have been reflected as a £1.029m reduction in each of the financial years 2025/26 to 2028/29.
- 3.12 Permission is sought to reflect the clarified understanding of the AEB grant reduction by increasing the income and expenditure budget in 2025/26 by £3.087m and reducing the income and expenditure budgets in the 3 Years 2026/27 to 2028/29 by £1.029m respectively.
- 3.13 The proposed correction in this wholly grant funded area of activity will have no impact on the net budget approved at Q1.

Treasury Management

Interest receivable on cash balances and investments

- 3.14 The approved budget for 2025/26 included a £1.75m interest receivable income budget, which is based on maintaining average cash balances of £30m and earning an interest rate of 0.583%. Total interest received until the end of September from investing cash balances was £1.1m. The variability of interest rates and the reducing balances available for investment leads means that less interest is being earned but at Q2 it is anticipated that the £1.75m budgeted income will still be achievable.
- 3.15 Interest Payable – The interest payable budget for 2025/26 is £19.5m and the forecast at Q2 is in line with the budget.
- 3.16 Table 4 below summarises the Authority's current loan portfolio and the interest payable on the loans drawn down to the end of September 2025.

Table 4 – TVCA borrowing portfolio as at 30/09/25

Loan Type	Original Loan Principal £'000	Term Years	RATE	Start Date	Maturity	2025/26 Interest Payable £'000
PWLB Fixed Annuity	£30,000	20	2.67%	22/01/20	22/01/40	674
PWLB Fixed Annuity	£37,500	20	3.92%	01/12/22	01/12/42	1,356
PWLB Fixed Annuity	£37,500	25	4.04%	01/12/22	01/12/47	1,432
PWLB Fixed Maturity	£25,000	3	5.31%	29/09/23	29/09/26	1,328
PWLB Fixed Maturity	£20,000	3	5.12%	22/11/23	22/11/26	1,024
PWLB Fixed Annuity	£70,000	20	4.63%	21/12/23	21/12/43	3,113
PWLB Fixed Annuity	£30,000	25	4.98%	12/09/24	12/09/49	1,471
PWLB Fixed Annuity	£30,000	14	4.98%	13/12/24	13/12/38	1,477
PWLB Fixed Maturity	£20,000	1.25	4.83%	17/03/25	17/06/26	727
UKIB Fixed Annuity	£111,049	50	1.99%	01/05/24	01/05/74	2,175
						14,776

- 3.17 Appendix 1 sets out the Authority’s latest capital financing requirement (CFR), which represents the Authority’s historic capital expenditure financed by borrowing, which has not yet been repaid through Minimum Revenue Provision (MRP) or through the application of capital receipts. It also includes the latest forecasts for capital expenditure to be funded through borrowing – see capital section below.
- 3.18 Appendix 1 also shows the loan portfolio above subtracted from the CFR to show the Authority’s current under-borrowed position. This arises where the Authority uses reserves and other balance sheet resources to provide “internal borrowing” negating the need to enter into external loan arrangements.
- 3.19 As indicated in Appendix 1, at the end of Quarter 2, the Authority had a forecast under-borrowed position of c£140m.
- 3.20 The Authority uses external advisors to provide treasury management advice and, following discussions with the S73 Officer, it has been deemed necessary to take out an additional £140m of loans from the Public Works Loan Board, before the end of the financial year. The borrowing strategy and approach to be taken is set out in the Treasury Management Strategy mid-year review which is presented to Cabinet under a separate agenda item.
- 3.21 The Quarter 2 forecasts assume that the additional interest payable costs on the additional borrowing can be accommodated within the existing budget as there will only be a part-year impact of the borrowing costs to be incurred.

Interest receivable – Group and third-party loans

3.22 The interest receivable budget for 2025/26 is £12.063m and Table 5 below shows the breakdown of this forecast by relevant entity

Table 5 – TVCA interest Receivable 2025/26

Borrower	Interest Receivable 2025/26 £'000
Liberty Steel	142
Middlesbrough Council - TeesAMP	29
STDC - Quay	2,175
STDC - Heavy Lift Platform	315
STDC - Investment Plan Remediation	1,141
STDC - Remediation - Loan 1	3,102
STDC - Remediation - Loan 2	3,407
STDC - NZT - Loan 1	715
STDC - NZT - Loan 2	636
	11,662

**The total figure of £11.662m excludes the £0.401m grant/loan error (total budget £12.063m)*

3.23 The Quarter 2 forecast assumes that this interest is receivable. However, the £6.5m of interest receivable from STDC was not budgeted for in STDC but management actions are being undertaken to ensure that the interest payments can be met.

3.24 There is a broader issue with the current loan arrangements with STDC due to timing of income flows. Within the TVCA budget, under the terms within the draft loan agreements, there is assumption that loans are deemed to be drawn down on 31 March each year with interest becoming payable on the second financial year after the loan is drawn down i.e. a one-year interest holiday is granted to STDC.

3.25 However, STDC's ability to pay interest and principal is reliant on the generation of business rates income arising from the development of the Teesworks site. The Business Rate retention has been agreed following acceptance of a full Business Case submitted to Government in July 2020, formalising the site's Special Economic Area status. This status designated that HMG's 50% share of business rates from new developments on the site would be made available for local reinvestment for the benefit of the site. Redcar and Cleveland Borough Council retained the right to the 50% of business rates normally retained by the local council.

3.26 The development of the Teesworks site is a significant, long-term regeneration scheme underpinned by complex public/private agreements. There is a significant period, spanning many financial years, from the loans being advanced by TVCA to

	<p>STDC to remediate the parcels of land, the land being drawn down by the private sector partner and lease agreements with private sector commercial entities being secured. Commercial entities can then take several years to develop out their individual sites and for their businesses to become operational and liable to pay business rates.</p>
3.27	<p>Therefore, the current loan arrangements with TVCA do not reflect the timing of the cash inflows into STDC and, the ability for the development corporation to make interest payments in the intervening period, is a significant financial pressure to STDC, which is having to be managed.</p>
3.28	<p>There is also a further loan to STDC (NZT Loans 2) for which £0.636m of interest receivable has been budgeted for within TVCA. However, the nature of the loan arrangements is subject to further due diligence and will be confirmed for Quarter 3, but at this stage there is a risk to the £0.636m budget income.</p>
3.29	<p>In addition, on 31 March 2022, a grant was made to STDC of £10.4m by TVCA in connection with the development of the Teesworks site. Following the issuing of the grant it was agreed that this grant would now be viewed as a 'loan' repayable over 25 years at £0.401m per year. The loan interest payment from STDC is budgeted as income within TVCA in 2025/26. However, the payment has continued to be treated as a grant by STDC and therefore the interest payment was not budgeted for. Further clarification is being sought for Quarter 3.</p>
3.30	<p>Through the work of the finance improvement plan, it has been identified that interest due from Goosepool or Teesside International Airport has not been budgeted as receivable in the 2025/26 budget. However, it has been confirmed that interest payable has been budgeted for within the airports accounts and therefore this will be accrued for in the TVCA financial outturn. However, given the airports financial position, a bad debt provision for the total interest accrued will similarly be provided for meaning a net nil impact on the Authority's outturn position. This is to ensure a prudent approach to the Authority's finances is adopted.</p>
3.31	<p>A further issue has emerged in relation to the NZT loan interest in the table above where c£0.636m of interest receivable is budgeted for by the Authority. However, ongoing discussions to finalise the loan agreement is indicating that that the first year's interest payment may not be due until 2025/26. Clarification will be reported through in Quarter 3.</p>
	<p>Minimum Revenue Provision (MRP)</p>
3.32	<p>An underpinning principle of the local authority financial system is that all capital expenditure is required to be financed either from capital receipts, capital grants (or other contributions) or from revenue income. This can be from revenue contributions to capital (RCCOs) or through a minimum revenue provision. The broad aim of prudent MRP provision is to require local authorities to put aside revenue over time to cover their CFR. In doing so, local authorities should align the</p>

period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits.

3.33 In March 2025 Cabinet approved a Minimum Revenue Provision Policy. This policy does not currently provide for MRP on loans (treated as capital expenditure) to group entities or third parties where principal repayments are due to be made.

3.34 Principal repayments are due under the terms of the loan agreements with STDC but are currently not being paid. This is affecting the Authority's cash position as MRP is also not being provided.

3.35 A comprehensive review of the Authority's MRP policy and application is currently underway and discussions taking place with the Authority's external auditor. The 2025/26 budget included a £6.978m budget for MRP which is currently forecast to budget. However, there is a risk that the review and outcomes of discussions with auditors may require an adjustment to this forecast and provision to be made for MRP on loans where principal repayments are not being made. This could be a material amount, but a confirmed position will be reported in Quarter 3.

Investment Properties – net returns

3.36 Table 6 below presents the Q2 projected forecast for 2025/26 in relation to Centre Square and Zetland Car Park and reflects pressures primarily due to lower than anticipated rental income from Centre Square, driven by delayed occupancy of commercial units and increased maintenance and security costs at Zetland Car Park.

Table 6: Net Financial Position – Zetland Car Park and Centre Square

Zetland Carpark	Budget £'000	Forecast £'000	Variance £'000
Rates	20	20	-
Professional Services	2	75	(73)
Water Rates	5	5	-
Management Fees	62	150	(88)
Zetland Car Park Income	(100)	(110)	10
	(11)	140	(151)

6 Centre Square	Budget £'000	Forecast £'000	Variance £'000
Professional Fees	111	111	-
Rents Receivable	(464)	(100)	(364)
	(353)	11	(364)

Revenue Income

3.37 Table 6 summaries the major funding streams receivable TVCA together with the Q2 forecast.

Table 6: Budgeted Income Streams vs Forecast

	Budget 25/26 £'000	Forecast 25/26 £'000	Forecast Variance £'000
Devolution	15,000	15,000	-
Mayoral Capacity	2,000	2,000	-
Core Funding	17,000	17,000	-
Enterprise Zone	5,999	5,999	-
Contributions	14,431	14,431	-
Commercial	564	210	354
Grant	101,665	101,665	-
Investment Income	13,813	13,412	401
Other Income Streams	136,472	135,717	755
Total Income	153,472	152,496	976

3.38 The budgeted Enterprise Zone Business rates income is due to TVCA as the Successor body of the Local Enterprise Partnership (LEP) body "Tees valley Unlimited". DCLG state "all business rate growth within the zone for a period of at least 25 years will be retained locally for reinvestment in the local area. Enterprise Zone status is awarded on the basis that retained business rates are used 'to support the Local Enterprise Partnership's economic priorities". As the successor body to the LEP TVCA are entitled to 50% of the relevant business rate income.

3.39 Cabinet should note that the Q2 forecast assumes that the full Enterprise Zone business rates income budget of £5.999m will be achieved. However, one of the commercial entities has not yet been formally deemed as operational and TVCA are awaiting formal VOA assessment and decision both in terms of the rating and the deemed operational date. This poses a risk to achievement of c£2.9m of business rate income. However, officers have sufficient evidence that the entity has been in operation since the start of the financial year and that the estimates are prudent.

Confirmation has also been received that if the deemed operational date was during 2024/25, then rates payable would be backdated to that date. An update will be provided in Quarter 3.

Grant Income

3.40 The forecast indicates that core grant income streams are broadly in line with budget although as previously noted Covid related revenue grant received in previous years is now to be refunded (£220k). The return of this grant is factored into the Q2 forecast outturn position.

3.41 In the approved 2025/26 budget planned use of the Adult Education Skills reserve (£2.497m) and Devolution Fund reserve (£3.275m) was agreed representing a combined use of revenue reserves of £5.772m, to augment the grant funding income of £101.655m. Currently it is assumed that all budgeted grant income will be received and if not, that related expenditure will be adjusted accordingly.

Table 6: Summary of Revenue Grant Funding Streams

Grant Source	Annual Budget £'000	Forecast Outturn £'000	Variance £'000
Transport	18,664	18,664	
Connect to Work	5,200	5,200	
UKSPF	14,921	14,921	-
AEB	29,948	29,948	-
NECA Grant/Contribution	1,727	1,727	-
Investment Zone	30,955	30,955	-
Other	250	250	-
Total Revenue Grants	101,665	101,665	-

Reserves

3.42 As a local authority, TVCA maintains both a General Fund balance and earmarked reserves for revenue purposes. The Authority also maintains capital reserves which cannot be used for revenue purposes.

3.43 The General Fund balance is a general contingency for unplanned or unforeseen expenditure arising during the course of a financial year. Earmarked reserves have been set aside for specific purposes. Within earmarked reserve balances, there can be ringfenced reserves which must be used for the purposes for which they are set aside for. For TVCA, this would ordinarily relate to unspent government grants which are rolled to future years but must be spent in line with the grant terms & conditions. For unringfenced reserves, Cabinet can take a decision to repurpose

those reserves if the original purpose has been superseded or a different priority identified.

3.44 As reported at Quarter 1, the General Fund opening balance at 1 April 2025 was £1.058m and at Quarter 2 the forecast year-end balance remains the same.

3.45 The earmarked reserves opening balance at 1 April was £58.016m, but no further analysis was available as to whether any of these reserves were ringfenced. Further work has been carried out since 1 April to identify opening reserves relating to restricted use and the table below provides an updated reserves forecast as at the end of September 2025.

Table 7: Summary of Revenue Reserves Forecasts 2025/26 as at Quarter 2

Revenue Reserve Balance	Forecast Outturn £'000
General Fund Reserve (1/4/25)	(1,058)
Earmarked Reserves (1/4/25)	(58,016)
Total Opening Revenue Reserve Balance (1/4/25)	(59,074)
Planned use of reserves in setting approved 2025/26 Budget	5,772
Planned contribution to the reserves during 2025/26	(8,182)
Correction of Airport Interest Reserve	24,172
Q2 forecast overspend	955
General Fund Reserve (31/3/26)	(1,058)
Earmarked Reserves (31/3/26)	(35,299)
Forecast Closing Position (31/3/26)	(36,357)

3.46 As highlighted above, the budget approved in January 2025, included the use of £5.772m of the earmarked reserves in setting the budget for 2025/26 (£3.275m from the Devolution Fund reserve and £2.497m from the Adult Education Skills reserve).

3.47 The table above includes a proposed in-year transfer to reserves of £8.182m of unspent grant funds previously incorrectly accounted for as receipts in advance and Cabinet is asked to approve a transfer of this amount to earmarked revenue reserves to correct this error.

3.48 Through the finance improvement work, it has also been identified that, central overhead and support service costs have not consistently been charged to grants in line with the terms and conditions. An exercise is being undertaken to quantify the charge that should have been applied, and any adjustment will be proposed for Quarter 3.

- 3.49 Within the earmarked reserves, there is a Devolution Fund reserve of £8.462m (after the budget drawdown of £3.275m) which is unringfenced. The Quarter 2 forecast is for an additional overspend of c£1m and it is proposed to utilise this reserve to offset this overspend. Should the financial position improve for Quarter 3 then the reserve drawdown will not be required.
- 3.50 The ringfenced earmarked reserves above include an airport interest reserve of £24.172m. Again, incorrect accounting treatment has previously been applied, and a provision should have been created in the balance sheet for bad and doubtful debts rather than an earmarked reserve created. This will be corrected as part of the published draft accounts restatement and is therefore now excluded from the usable earmarked reserves balance and will be treated as a brought forward provision in the balance sheet.
- 3.51 Members should consider the key financial risks highlighted in the relevant section in consideration of the Authority's forecast revenue reserves position in the table above.
- 3.52 The Authority had opening capital reserves of £162.129m which is forecast to reduce to £105.155m by the end of the financial year as set out in the table below.

Table 8: Summary of Capital Reserve position 2025/26

Capital Reserve	Opening Balance 2025/26 £'000	Planned Use / (Contribution) 25/26 £'000	Closing Balance 2025/26 £'000
Active Travel	(4,268)	-	(4,268)
Brownfield Housing	(12,351)	-	(12,351)
CRSTS	(99,872)	56,974	(42,898)
Levelling Up Fund	(3,352)	-	(3,352)
LEVI	(6,471)	-	(6,471)
Rural England Prosperity Fund	(124)	-	(124)
Smart Infrastructure Pilot	58	-	58
SHDF 2	(151)	-	(151)
TCF	(18,101)	-	(18,101)
TSOG	(1,493)	-	(1,493)
UKSPF	124	-	124
Wynyard	(270)	-	(270)
Green Homes Grant	(613)	-	(613)
STDC Business Case	(739)	-	(739)
LUF2 Programme Management	(5,379)	-	(5,379)
Urban Traffic Management	(215)	-	(215)
Freeport (Capital)	(1,979)	-	(1,979)
RNEP	(273)	-	(273)
ZEBRA- DFT	(6,659)	-	(6,659)
	(162,129)	56,974	(105,155)

Capital budget 2025/26 - Forecast outturn and capital programme update

3.53 TVCA has a significant approved capital programme between 2025/26 and 2028/29 of more than £1.530bn. Predominantly this programme is funded from future capital grants (£1.386bn), capital grants received in advance and held in reserves (£145m).

3.54 The revised capital programme, as approved by Cabinet on 26 September 2025, is summarised in Table 9 below.

Table 9 – Summary of the revised 2025/26 Capital budget and TVCA capital Programme and funding sources

	2025/26 Budget	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000
Infrastructure	119,781	151,079	262,000	840,000	1,372,860
Business Solutions	98,553	19,308	15,369	-	133,230
Inward Investment and Marketing	18,889	6,327	-	-	25,216
Total	237,223	176,714	277,369	840,000	1,531,306

	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000
Capital Commissioned services	63,048	83,468	34,254	34,254	215,024
Capital Grants expenditure	174,175	93,246	243,115	805,746	1,316,282
Expenditure	237,223	176,714	277,369	840,000	1,531,306

Capital Funding	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000
Use of Reserves	(56,974)	(88,642)	-	-	(145,616)
Capital Grants	(98,103)	(81,745)	(277,369)	(840,000)	(1,297,216)
Revenue Contributions	(5,250)	-	-	-	(7,550)
Borrowing Required	(76,897)	(6,327)	-	-	(83,224)
Total Funding	(237,223)	(176,714)	(277,369)	(840,000)	(1,531,306)

3.55 Permission should be sought to vary capital budgets or transfer capital budgets between Directorates, projects or years in line with the Authority's Scheme of Delegation or Financial Regulations as appropriate.

- 3.56 There is one proposed capital amendment relating to the Business Solutions directorate where an existing £4.871m budget (Business Growth Programme - Capital Grant & Working Capital Support) is requested to be augmented by £2.3m via a Revenue Contribution to Capital Outlay (RCCO). The revenue contribution is an application of an existing UKSPF revenue grant. If agreed the proposed Revised Capital Programme is summarised in table 9b below.

Table 9b – Summary of the proposed 2025/26 Capital budget and TVCA capital Programme and funding sources

	2025/26 Budget £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Infrastructure	119,781	151,079	262,000	840,000	1,372,860
Business Solutions	100,853	19,308	15,369	-	133,230
Inward Investment and Marketing	18,889	6,327	-	-	25,216
Total	239,523	176,714	277,369	840,000	1,533,607

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Capital Commissioned services	63,048	83,468	34,254	34,254	215,024
Capital Grants expenditure	178,375	93,246	243,115	805,746	1,316,282
Expenditure	239,523	176,714	277,369	840,000	1,533,607

Capital Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Use of Reserves	(56,974)	(88,642)	-	-	(145,616)
Capital Grants	(98,103)	(81,745)	(277,369)	(840,000)	(1,297,217)
Revenue Contributions	(7,550)	-	-	-	(7,550)
Borrowing Required	(76,897)	(6,327)	-	-	(83,224)
Total Funding	(239,523)	(176,714)	(277,369)	(840,000)	(1,533,607)

Q2 Capital Forecast Outturn 2025/26

- 3.57 Planning is currently underway to work with Directors across TVCA to refine the existing approved capital budget into a lower level of granular detail and calculate a revised forecast based on updated programme delivery and costs.

3.58 As at Q2 this work was still in progress, and it is anticipated that this work will form a robust outturn forecast presented to future Cabinet meetings. For the purposes of this report at Q2 the forecast Capital outturn for 2025/26 is in line with the annual budget. Table 10 below provide a breakdown of the 2025/26 capital budget and the forecast outturn, analysed over Directorates.

Table 10 TVCA – Capital 2025/26 Forecast Outturn (by Directorate)

	Proposed (Q2) Budget 2025/26 £'000	Forecast Outturn £'000	Variance £'000
Infrastructure	119,781	119,781	-
Business Solutions	100,853	100,853	-
Inward Investment and Marketing	18,889	18,889	-
Total	239,523	239,523	-

Risks – Summary of Key Financial Risks

3.59 The Authority is exposed to a number of key financial risks in the current and future financial years, and these are being identified and quantified through the finance improvement plan work, as well as senior officers reviewing and implementing mitigating actions to manage these risks. Key risks underpinning the revenue forecast outturn position identified to-date are:

- a. **Enterprise Zone Business Rates income** - c£3m of income dependent on VOA formal ratings value and deemed operational date of entities liable to pay business rates.
- b. **CFR under-borrowed reducing position** – the Authority has provided loans to group entities and other parties totalling £538m. Whilst interest payments are being accrued by the borrower, cash payments are not necessarily being made whilst TVCA must still pay the interest costs to PWLB or other lender as appropriate. Assuming interest payments are made, this represents a cashflow timing position but nonetheless does impact on cash available to TVCA. This is reducing the Authority’s cash position resulting in the need to undertake significant external borrowing over the next 12 months. This exposes the Authority to interest rate risk as well as placing increased pressure on the revenue budgets creating an affordability risk.

	<ul style="list-style-type: none"> c. Minimum Revenue Provision (MRP) - Under the Authority's approved Minimum Revenue Policy, provision for MRP is not required in respect of on-lending where principal repayments are being made. Currently MRP is not being provided for on on-lending to STDC and in respect of the Goosepool/airport loans. However, principal repayments are also not being made and this matter is subject to discussion with the Authority's external auditors. This could result in a requirement to provide MRP which would be an unbudgeted cost. d. Public/private arrangements – TVCA has entered into a sale and leaseback arrangement with a pension fund and commercial entity whereby TVCA pays a head lease payment to the pension fund on the land and in turn receives a sub-lease rental income stream from the commercial entity. Any default by the commercial entity would expose the Authority to the risk of making the annual payments to the Pension Fund. e. On-lending – the 2025/26 budget includes £12.063m of interest receivable due to the Authority from its Investment Plan on-lending. There remains an ongoing general risk to those interest payments being serviced by those entities but the situation is being closely monitored by senior officers. A specific risk in relation to the NZT loan and the rate of interest to be charged has emerged which could have a £0.636m impact on the revenue budgets. Work is underway to clarify. f. Group financial position - Clarity is being sought on the Authority's obligations in terms of the financial liabilities of the Development Corporations. Both HDC and MDC have no independent grant income funding streams and have to-date relied on the £10m grant funding made available to them by TVCA. There are emerging financial pressures which are subject to comprehensive management mitigating action plans but there is the risk that the Authority may be exposed to further requests for funding, this year and next, to cover core costs to ensure the ongoing financial sustainability of the development corporations. g. Statement of Accounts restatement - Cabinet will be aware that both the 2023/24 and 2024/25 statutory accounts remain unsigned due to the external auditor's consideration that the draft published accounts may contain material errors. A comprehensive review of these accounts is well underway but there is a risk that matters arising from the conclusion of this review that may have an impact on the financial position of the Authority.
<p>4.</p>	<p>Conclusion</p>

4.1	As at the end of Quarter 2, the Authority is forecasting a potential overspend of just under £1m for the 2025/26 financial year but further mitigating actions are planned to reduce this overspend by the end of March.
4.2	There are a number of group budgeting issues that have been identified through the finance improvement plan work that, it is anticipated, will be managed this year but will be a consideration for setting the budget for 2026/27.
4.3	The capital budget is currently forecast to be in line with a proposed revised capital budget at the end of Quarter 2 but further work is in progress to provide greater granular level of detail for Quarter 3.
4.4	The Authority's reducing cash resources now require c£140m of external PWLB borrowing to be undertaken to fund past capital investment decisions and this is discussed in the Treasury Management Strategy mid-year report which is presented under a separate agenda item.

5. Background

- 5.1 This reports forecasts TVCA Revenue and Capital 2025/26-year end forecast outturn position as at 30 September 2025 and compares this with the approved TVCA revenue budget approved by Cabinet on the 31 January 2025. The report also references the TVCA 2025/26 Quarter 1 forecast outturn considered by Cabinet on 26 September 2025.

6. Partnership & Engagement

- 6.1 This report has been discussed with Tees Valley Chief Executives, Management Group and Finance Directors.

Appendices

Appendix 1 - TVCA CFR and Capital Liability Benchmark

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Opening CFR (capital to be funded by borrowing)	552,069	641,337	637,078	633,106
In-year Capital Expenditure	239,523	92,307	68,800	62,000
In-year Capital Funding (Inc. MRP& RCCO)	(170,976)	(96,566)	(72,772)	(72,697)
Closing CFR	620,616	616,357	612,385	601,688
Actual Loans	389,177	314,764	304,978	298,978
Prior year borrowing		133,000	219,000	212,000
Loan repayments	231,438	168,593	88,407	90,711
	620,616	616,357	612,385	601,688
Balances held by TVCA	(141,607)	(110,622)	(116,222)	(116,222)
Working Capital Requirement	30,000	30,000	30,000	30,000
Balances Available to fund under borrowed position	(111,607)	(80,622)	(86,222)	(86,222)
Potential need to Borrow or overborrowed	124,831	87,970	2,185	4,489
Proposed Borrowing	(140,000)	(100,000)		
	(15,169)	(12,030)	2,185	4,489

Appendix 2 – TVCA Revenue Reserves 1-4-25 & 31-3-26

Key	Reserve	Opening Balance 2025/26 £'000	Planned use of Reserve £'000	Adjustments 2025/26 £'000	Forecast Closing Balance 2025/26 £'000
GF	Core Reserves	1,058			1,058
	General Fund Total	1,058	-	-	1,058
ERR	Adult Education Budget	8,156	(2,497)		5,659
ERR	Kickstart	238			238
ERR	Seah Lease	2,368			2,368
ERR	Concessionary Fares	470			470
ERR	Airport Interest Generated	24,172		(24,172)	-
ERR	General TVCA Funds	343			343
ERR	DECC City Deal CCS Project	51			51
ERR	Low Carbon Action Plan	41			41
ERR	One Public Estate	54			54
ERR	SSI Apprentices	453			453
ERR	SSI Flexible Fund	1,507			1,507
ERR	SSI Jobs Investment Scheme	231			231
ERR	SSI Business Start Up	30			30
ERR	SSI Devolved Pot	1,334			1,334
ERR	Sales, Fees & Charges	245			245
ERR	BEIS NET ZERO HUB Reserve	1,614			1,614
ERR	CONSOLIDATED ACTIVE TRAVEL FUND	1,371			1,371
ERR	Operating Surplus Reserve	190			190
	Earmarked Reserves Ringfenced Total	42,868	(2,497)	(24,172)	16,199
ERU	Business Rate Growth	2,856			2,856
ERU	LOCAL ELECTRIC VEHICLE INFRASTRUCTURE CAPABILITY FUND	555			555
ERU	Creation ICTS/CRSTS (Receipts in Advance adjustment)	-		8,182	8,182
ERU	Devolution - Unallocated Q2 forecast Overspend	11,737	(3,275)	(955)	7,507
	Earmarked Reserves UN Ringfenced Total	15,148	(3,275)	7,227	19,100
	Balance	59,074	(5,772)	(16,945)	36,357

Key GF = General Fund
 ERR= Earmarked Reserve Ringfenced
 ERU= Earmarked Reserve Unringfenced

Cabinet is requested to consider the following identified implications:

7. Financial Implications

- 7.1 This report provides an update on performance against the authority's approved Revenue and Capital budgets. It seeks Cabinet approval to increase the capital budget by £2.3m via a revenue contribution.
- 7.2 The report highlights increased forecast net revenue expenditure of £0.955m which if not actively managed down or alternative mitigating actions identified will need to be funded for TVCA's revenue reserve.
- 7.3 The report requests action to correct previous remedial action reported in Q1 in relation the AEB Adult Skills Grant which reduced the 2025/26 allocation by £4.116m. This £4.116m reduction referred to, should have been reflected as a £1.029m reduction in each of the financial years 2025/26 to 2028/29.

8. Legal Implications

- 8.1 The report involves financial decisions that must comply with local authority legislation, including the Local Government Act 2003 and CIPFA Prudential Code requirements for borrowing, reserves, and Minimum Revenue Provision (MRP).
- 8.2 The proposed virement of UKSPF revenue funding to capital grants must comply with MHCLG consent (already obtained) and grant terms as well as subsidy control legislation where applicable.
- 8.3 The planned borrowing requires adherence to the approved Treasury Management Strategy and prudential borrowing limits

9. Equality & Diversity Implications

- 9.1 There are no equality and diversity implications associated with the recommendations in this report. Specific proposals associated with business cases and Investment Plan funding draw down will consider these implications where applicable.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk		Assurance Framework		Procurement	
Improvement		Environment		HR & IT	

TEES VALLEY

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Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	8		
Report Title	TREASURY MANAGEMENT MID-YEAR REVIEW 2025/26		
Accountable Cabinet Member	Mayor Chris Cooke Portfolio Holder for Inward Investment and Finance		
Accountable Chief Officer	Jo Moore Group Director of Finance & Resources		
Accountable Employee	Andrew Baldwin Chief Accountant -TVCA		
Report considered by	N/A		
Key Decision	Yes	No X	This item has been determined not to be a key decision.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A	NOTE the mid-year performance against the prudential indicators set in the Treasury Management Strategy for 2025/26 approved by the Combined Authority in March 2025.
B	Note that none of the prudential indicators or approved limits have been or, are forecast to be, breached in 2025/26

1. Purpose	
1.1	This report members on TVCA Treasury Management Activity and Performance for the six months to 30 September 2025
2. Executive Summary	
2.1	This report provides an update on treasury management activities for the first six months of the 2025/26 financial year, together with the Authority's performance against the Treasury Management Strategy and prudential indicators, approved by Cabinet on 28 March 2025.
2.2	Treasury management comprises the management of the Authority's cash flows, borrowing and investments together with the associated risks.
2.3	Treasury management activity seeks to ensure that cash flow is adequately planned, with cash being available when it is needed and with any surplus cash balances arising from the day-to-day financial operations of the Authority invested appropriately to obtain an optimal return, while ensuring security of capital and liquidity.
2.4	Treasury management manages the effective funding and cashflows of the Authority's longer term capital plans and effectively manages cashflows to minimise the need to undertake external borrowing. Furthermore, it effectively manages interest rate and refinancing risk where appropriate seeking to minimise the impact of the costs of borrowing on the Authority's revenue budgets.
2.5	Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.
2.6	This report complies with CIPFA's Code of Practice on Treasury Management.
3. Treasury Management Mid-Year Review 2025/26	

EXTERNAL CONTEXT

Economic Background

- 3.1 UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.
- 3.2 The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% year on year. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.
- 3.3 Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.
- 3.4 The BoE's Monetary Policy Committee (MPC) cut the Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.
- 3.5 GDP is expected to remain weak in the near-term while over the medium-term outlook will be influenced by domestic and global developments.
- 3.6 Arlingclose maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.
- 3.7 Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50%

	<p>lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.</p>
3.8	<p>The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.</p>
	<p>Financial Markets</p>
3.9	<p>After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.</p>
3.10	<p>Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.</p>
	<p>LOCAL CONTEXT</p>
3.11	<p>As part of the devolution deal, Government agreed to provide the Combined Authority with a devolved fund over 30-year period. As part of the Investment Plan approval, Cabinet has agreed to use part of this funding stream to fund the borrowing costs (interest and MRP) to forward fund capital investment through prudential borrowing.</p>
3.12	<p>This forward funding has increased the scope to have a larger economic and transformational impact sooner. However, as the annual devolved fund are not index linked, it was also deemed advantageous to focus on investment in the earlier years of the devolution agreement as inflationary pressures would reduce 'the spending power' of the annual £15m devolution grant over the agreed 30-year life of the agreement.</p>
3.13	<p>This front loading of investment has been predominantly in the form of loans to the South Tees Development Corporation and Teesside International Airport. At the end of September 2025, there was £393.499m (plus £6.493m of outstanding interest) of</p>

	loans made to STDC and £128.119m (plus £26.828m of outstanding interest) of loans made to the airport.
3.14	Whilst interest receivable from those entities will be accrued as payable to the Authority, the airport is not currently making the cash payments. This is discussed in detail in the Quarter 2 Budget Monitoring Report.
3.15	From a Treasury perspective, as the Authority is still required to make interest payments to PWLB for the borrowing to fund the on-lending and to repay any loans as they fall due, then the Authority's available funding is reducing significantly during 2025/26 resulting in less cash available to invest to deliver returns (currently £1.7m of interest receivable in the 2025/26 base budget).
3.16	Under the CIPFA Code the Authority is required to prepare and report against a Liability Benchmark, an activity which is undertaken by the Authority's treasury advisors.
3.17	The Liability Benchmark is effectively the net borrowing requirement of an authority plus a liquidity allowance (£30m for TVCA). In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.
3.18	The interim S73 Officer has been working closely with the Arlingclose on updating the Liability Benchmark for 2025/26 and this has indicated the need for the Authority to undertake c£140m of external borrowing during the remainder of 2025/26.
3.19	A borrowing strategy has been developed, which is in line with the approved Treasury Management Strategy, and PWLB borrowing will be undertaken to service this need. This additional borrowing remains affordable within the approved budgets as set out in the Quarter 2 Budget Monitoring report.
	PERFORMANCE TO THE END OF QUARTER 2
3.20	The Authority's external borrowing was £398.233m on 1 April 2025 and at 30 September was £393.749m and had a significant under-borrowed position and is forecasting to undertake £140m of additional borrowing by the end of the financial year. This will give total forecast borrowing at 31 March 2026 of £529.177m.
3.21	During the six months to 30 September 2025 no new borrowing was undertaken and planned repayment of capital totalling £4.484m was made.
3.22	In the remaining 6 months of 2025/26, an additional £4.572m of capital will be repaid on the existing borrowing undertaken. It is anticipated that in the last four months of 2025/26 an additional £140m will be borrowed by TVCA.

3.23 No short to medium-term surplus cash investments were made due to reduction in surplus cash available. Furthermore, cash balances were temporarily reduced below the operational target balance of £30m working. Subsequent receipt in October of £27m Enterprise Zone funding (which will not be expended until late March) combined with the planned £140m of borrowing will secure liquidity for the remainder of the year.

3.24 The treasury management position as at 30 September 2025 and the change in year is shown in Table 1 below.

Table 1: Treasury Management Summary

	31/03/25 Balance £m	Movement £m	30/09/25 Balance £m
Long-term borrowing	398.233	(4.48)	393.749
Short-term borrowing	-	-	-
Total Borrowing	398.233	(4.48)	393.749
Long-term investments	-	-	-
Short-term investments	-	-	-
Cash and cash equivalents	46.44	(27.21)	19.23
Total Investments	46.44	(27.21)	19.23
Net Investments	(351.793)	(22.73)	(374.519)

3.25 Investments have reduced in the first half of the year by £27.21 m as grants received in advance were used to finance projects within the Investment Plan. The operational £30m working capital balance target was therefore temporarily not maintained at the end of Quarter 2. Significant grant income was received after the end of the quarter (in October) which contributed to the £65m balance at the end of October.

3.26 TVCA budget to generate £1.750m of interest from the investment of short term cash balances. This target is based on maintaining average cash balances of £30m and accessing an interest rate of 5.83%. Interest received until the end of September from cash balances invested in the money markets totals £1.1m. The variability of interest rates and the reducing balances available for investment leads to a prudent forecast at the mid year point of achieving the target £1.75m bank interest for the current year.

3.27 As outlined in the Authority's Quarter 2 revenue monitoring report, the on-lending to group and other entities now totals £538m. Whilst interest payments are being accrued by the borrower, cash payments are not necessarily being made whilst TVCA must still pay the interest costs to PWLB or other lender as appropriate. Similarly, there is £12.5m of interest receivable from those entities built into the 2025/26 base budgets. The interest receivable is being accrued but is not physically being paid over to the Authority. This is leading to a significant erosion of cash available to the

Authority, as it is still required to make the interest payments to PWLB and/or in connection with this on-lending or repay loans as they mature.

CAPITAL EXPENDITURE

3.28 Table 2 below presents the original 2025/26 capital budget approved by the Authority and the revised budget at the end of Quarter 2, together with the funding sources for those capital programme.

3.29 All additional capital schemes approved were fully externally funded with the exception of a £6.02m element of the development of hangars at TIAL which was to be funded by borrowing.

Table 2 Summary 2025/26 Capital Budget Original approved and approved at Q2

	2025/26 Capital Budget	2025/26 Q2 Forecast of Outturn
	£m	£m
Capital Commissioned services	63.048	63.048
Capital Grants expenditure	143.208	178.375
Expenditure	206.256	239.523
Specific Grant	(73.636)	(98.103)
(Use) of/Contribution to Reserves	(56.974)	(56.974)
Revenue Contribution	(5.250)	(7.550)
Borrowing Requirement	(70.397)	(76.897)
	(206.256)	(239.523)

3.30 Table 3 below shows changes in the CFR and borrowing requirements reflecting the forecast outturn for 2025/26 and including any changes in the capital programme described above.

Table 3 – Movement in Capital Expenditure & CFR (need to borrow to fund expenditure)

	2025/26 Capital Budget £m	2025/26 Q2 Forecast of Outturn £m
Capital Expenditure	176.66	203.26
Loans	26.95	30.05
Capital Schemes (unfunded)	-	6.02
Capital Expenditure	203.60	239.32
Funding	(135.855)	(162.626)
Additional CFR	70.397	76.897

EXTERNAL BORROWING AND CAPITAL FINANCING REQUIREMENT (CFR)

Capital Financing Requirement

3.31 Table 4 below shows the Authority's capital financing requirement (CFR) increasing only marginally as a result of the borrowing required to fund the capital programme above, less the minimum revenue provision (MRP) of c£6m in the 2025/26 revenue budget together with any application of capital receipts.

3.32 However, the £140m of additional PWLB borrowing will significantly reduce the under-borrowed position to c£87m i.e. the Authority's ability to use internal borrowing to negate the need for external borrowing will be significantly lower by the end of the year.

Table 4 – Borrowing and CFR

	Original 2025/26 Budget £m	Q2 2025/26 Forecast outturn £m
Borrowing (at 31/3/26)	389,177	529,177
Other long-term liabilities	103,750	103,750
Total debt	492,927	632,927
CFR Borrowing and Lease (at 31/3/26)	724,366	720,107
Total debt lower/(in excess of) CFR	231,438	87,179

3.33 The key prudential indicator in respect of the capital programme to ensure that borrowing is only used for capital purposes (a local authority strict code requirement),

is to consider the level of actual borrowing versus the underlying need to borrow (CFR).

3.34 Over the medium term, gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current year and the next two financial years. This allows some flexibility for limited early borrowing for future years. Table 2 above confirms that the Authority will not breach this key indicator during 2025/26.

External borrowing limits

3.35 Within the Treasury Management Strategy, two prudential indicators are approved: the Authorised Limit and the Operational Boundary. The Authorised Limit is the maximum amount of borrowing that is approved to be undertaken by Cabinet. The operational boundary is a lower limit which gives a degree headroom and Cabinet should be informed if the operational boundary has been breached or is forecast to be breached during the year and assurance given that this is only a temporary measure or whether the Authority is close to being at its maximum Authorised limit.

3.36 At the end of Quarter 2 the operational boundary had not been breached and is not forecast to be breached by the end of the financial year.

Table 5 – Approved Operational Boundary and Authorised Limited

	Maximum To-date £m	30/09/25 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied? Yes/No
Borrowing	393.749	393.749	943.00	1,017.00	Yes
Finance Leases	103.75	103.75	190.00	220.00	Yes
Total	497.499	497.499	1,133.00	1,237.00	Yes

Borrowing strategy

3.37 As outlined in the approved Treasury Management Strategy, the Authority's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

3.38 The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.39 TVCA has predominantly accessed longer term annuity loans (principal repaid over the life of the loan) to-date with £333m of the loan principal outstanding at 1 April

2025 being annuity loans. The remaining £65m of loan principal outstanding at 1 April 2025 was borrowed on a shorter-term maturity basis.

3.40 The three maturity loans totalling £65m are all repayable in 2026/27 and will require refinancing unless another source of finance is identified. Table 6 below presents the maturity profile for the TVCA existing borrowing as at 30 September 2025.

Table 6 Summary of existing TVCA borrowing and borrowing maturity

Original Loan value (£m)	TERM (years)	Start Date	RATE %	Loan Type	Value Outstanding 1 April 2025 (£m)	Maturity Date			
						25/26	26/27	27/28	Post 2028
20.00	1.25	01/03/25	4.83	Maturity	20.00		17/6/26		
25.00	3	29/09/23	5.31	Maturity	25.00		29/9/26		
20.00	3	22/11/23	5.12	Maturity	20.00		22/11/26		
30.00	14	13/12/24	4.98	Annuity	30.00				13/12/38
30.00	20	22/01/20	2.67	Annuity	25.48				22/01/40
37.50	20	01/12/22	3.92	Annuity	34.92				01/12/42
70.00	20	21/12/23	4.63	Annuity	67.81				21/12/43
37.50	25	01/12/22	4.04	Annuity	35.68				01/12/47
30.00	25	12/09/24	4.98	Annuity	29.69				12/09/49
111.05	50	01/05/24	1.99	Annuity	109.65				01/5/74

3.41 Table 7 below summaries the anticipated borrowing and approach to be taken over the last two quarter of 2025/26.

Table 7 Summary of forecast TVCA borrowing November 2025 to March 2026

Original Loan value (£m)	Term (years)	Start Date	RATE %	Loan Type	Value Outstanding 1 April 2025 (£m)	Maturity Date			
						25/26	26/27	27/28	Post 2028
20.00	6	19/11/25	4.90	Maturity	20.00				19/11/31
20.00	6	03/12/25	4.90	Maturity	20.00				03/12/31
20.00	6	17/12/25	4.90	Maturity	20.00				17/12/31
20.00	6	03/01/26	4.90	Maturity	20.00				03/01/32
30.00	6	17/01/26	4.90	Maturity	30.00				17/01/32
30.00	6	31/01/26	4.90	Maturity	30.00				31/01/32

- 3.42 As noted above, the Authority estimates a borrowing requirement for the rest of 2025/26 of around £140m. The borrowing strategy facilitates borrowing at regular intervals over the remaining months of the year, taking advantage of opportunities to borrow at low rates when they arise. The borrowing strategy aims to access funds on a 'Maturity' basis aligning principal repayments with principal receipts from on lending.
- 3.43 Financial markets have been volatile, particularly due to Budget speculation, and by borrowing in smaller tranches the Authority seeks to avoid a large cash need when interest rates may be high. The strategy also provides flexibility to meet developing borrowing needs or surplus cash as circumstances change.
- 3.44 Taking into account the projected changes to the Authority's CFR, borrowing maturing, proposed new borrowing of £140m and maintaining £30m liquid cash facility, the forecast at 31 March 2026 is an over borrowed position of £15.2m. This is anticipated to be a temporary over borrowed position with refinancing of 'Maturity' Loans required during the course of 2026/27. The continued close monitoring of actual capital expenditure over the closing months of the year and the flexibility of the borrowing strategy being applied will mean that a temporary overborrowed position noted above would occur only if the available rates are deemed advantageous by the treasury management advisors.
- 3.45 As outlined in the external context above, after substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the H1 period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.
- 3.46 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.
- 3.47 CIPFA's 2021 Prudential Code is clear that authorities must not borrow to invest primarily for financial return and that it is not prudent for authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.
- 3.48 Table 8 below shows the analysis of the Authority's current loan portfolio.

Table 8: Loan Portfolio (borrowing)

	31/03/25 Balance £m	Net Movement £m	30/09/25 Balance £m	30/09/25 Weighted Average %	30/09/25 Weighted Average (years)
Public Works Loan Board	288.58	(3.774)	284.81	4.44	14.53
UK Infrastructure Bank	109.65	(0.71)	108.94	1.99	48.62
Local Authorities (Short Term)	-	-	-	-	-
Total Borrowing	398.23	(4.484)	393.75	3.78	23.74

Other Debt Activity

- 3.49 Although not categorised as borrowing, the Authority has entered into finance leases which are held as long term liabilities on the balance sheet. TVCA entered into a headlease arrangement with a pension fund for industrial premises on the Tees work site which is subsequently subleased to a private sector entity. The lease payments from the sublease to the entity exceed the lease payments due on the headlease. The total value of these leases at 30 September 2025 is £103.75m.

Treasury Management Investments

- 3.50 The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 3.51 As a result of timing of grant receipts and associated payments combined with the operational target to maintain a £30m working capital balance, the Authority holds significant invested funds. During the year, the Authority's investment balances fluctuated due to timing differences between income and expenditure. The investment position at the end of September is shown in table 9 below.

Table 9: Treasury Investment Position

	31/03/25 Balance £m	Net Movement £m	30/09/25 Balance £m	30/09/25 Income Return %
Banks & Building Societies	0.04	(0.01)	0.03	3.25
Government (incl. LAs)	-	-	-	4.5
Money Market Funds	46.4	(27.20)	19.2	4.07
Total Investments	46.44	(27.21)	19.23	

- 3.52 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 3.53 As demonstrated by the liability benchmark later in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.
- 3.54 The Bank Rate reduced from 4.5% to 4.00% in the first half of 2025/26 with short term interest rates largely being around these levels.
- 3.55 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 10 below.

Table 10: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31/03/2020		AA-			0.50
31/03/2021	4.30	A+	92%	11	0.02
31/03/2022	4.63	AA-	75%	10	0.01
31/03/2023	4.13	A+	38%	3	3.62
31/03/2024	4.72	A+	100%	1	5.62
31/03/2025	5.02	A+	72%	7	5.03
30/09/2025	4.7	A+	100%	1	4.09
Similar LAs	4.9	AA-	47%	50	4.1
All LAs	4.54	A+	62%	11	4.06

Non-Treasury Investments

- 3.56 The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
- 3.57 The Authority can lend money to its subsidiaries, constituent Local Authorities and local businesses to support delivery of the Strategic Economic Plan and stimulate local economic growth. Loans are not issued by the Authority for purely financial return, they are provided if the proposal meets the priorities set out in the Investment

Plan and related strategies. Loans may be given in order to comply with state aid regulations, or alternatively it may be that the applicant has the ability to repay the support via increased revenues as a result of the investment.

3.58 In order to limit this risk and ensure that total exposure to loans remains proportionate to the size of the Authority, statutory government guidance requires the Authority to set upper limits on the outstanding loans to each category of borrower. This limit is set on the exposure to the Authority and therefore does not include balances that are covered by funding held in reserves as set out previously.

3.59 Table 11 sets out the limits based on the total values approved by Cabinet previously for each of these categories.

Table 11: Non-Treasury Loans to Group Entities and other third parties

	Balance at 30/09/25 £m	2025/26 Revised Limits £m
Subsidiaries / JVs	548.37	637.37
Constituent Authorities	9.13	12.93
Local Businesses	3.45	3.68
TOTAL	560.96	653.98

3.60 Compliance with specific investment limits is demonstrated in Table 12 below.

Table 12: Investment Limits

	Maximum in Year £m	30/09/25 Actual £m	2025/26 Limit	Complied? Yes/No
Any single organisation, except the UK Central Government	15	6.9	£15m per organisation	Yes
UK Central Government	6.3	0	Unlimited	Yes
Any group of organisations under the same ownership	0	0	£15m per organisation	Yes
Any group of pooled funds under the same management	0	0	£37.5m	Yes
Negotiable instruments held in a broker's nominee account	0	0	£37.5m	Yes
Foreign countries	0	0	£15m	Yes
Registered providers and registered social landlords	0	0	£37.5m	Yes
Unsecured investments with building societies	0	0	£15m	Yes
Loans to unrated corporates	0	0	£15m	Yes
Money Market Funds	75	19.2	Unlimited	Yes
Real estate investment trusts	0	0	£37.5m	Yes

3.61 The Authority measures and manages its exposures to treasury management risks using the following indicators.

3.62 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing are set out in table 13 below.

Table 13: Borrowing Maturity

	30/09/25 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	12%	25%	0%	Yes
12 months and within 24 months	5%	40%	0%	Yes
24 months and within 5 years	0%	60%	0%	Yes
5 years and within 10 years	0%	80%	0%	Yes
10 years and above	83%	100%	0%	Yes

3.63 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early

repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 14: Long Term Investments

	2024/25	2025/26	2026/27
Actual principal invested beyond year end	£0	£0	£0
Limit on principal invested beyond year end	£15m	£10m	£5m
Complied?	Yes	Yes	Yes

- 3.64 **Liability Benchmark:** This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Authority is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Authority must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £30m required to manage day-to-day cash flow.

Table 15: Liability Benchmark

	31/03/25 Actual £m	31/03/26 Forecast £m	31/03/27 Forecast £m	31/03/28 Forecast £m
Loans CFR	620.62	616.36	612.38	601.69
Less: Balance sheet resources	(136.61)	(110.62)	(116.22)	(116.22)
Net loans requirement	484.01	505.73	496.16	485.47
Plus: Liquidity allowance	30.00	30.00	30.00	30.00
Liability benchmark	514.01	535.73	526.16	515.47
Existing borrowing	398.23	529.18	547.76	523.98

- 3.65 The forecast of CFR and the liability benchmark summarised in table 15 assumes any additional capital expenditure (not in the current approved capital programme) is funded fully from external sources, the continued application of the existing MRP policy and borrowing in line with the currently borrowing strategy.

4. Conclusion and compliance

- 4.1 The interim Group Director of Finance and Resources reports that all treasury management activities undertaken during the period complied fully with the CIPFA

	Code of Practice and the Authority’s approved Treasury Management Strategy and the authorised limit and operational boundary for external debt has not been breached during the first half of the year and is not forecast to be breached by the end of the financial year.
5. Background	
5.1	The Authority has adopted the Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires the Authority to approve treasury management semi-annual and annual reports.
5.2	The mid-year report has been prepared in compliance with the code and covers the following: <ul style="list-style-type: none"> • An economic update for the first half of the 2025/26 financial year; • Short to medium-term interest rates forecast; • The Authority’s capital expenditure, as set out in the Capital Strategy; • Compliance with Treasury and Prudential Limits; • A review of the Authority’s borrowing strategy; and • A review of the Authority’s investment strategy (on-lending).
5.3	The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks, including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Authority’s treasury management strategy.
5.4	The Authority uses external treasury advisors, Arlingclose, to provide advice and support in terms of the overall strategic approach, the development of the Liability Benchmark (CIPFA code requirement) and ad hoc borrowing and other advice during the financial year.
5.5	Under the Prudential Code, there are prudential indicators that the Authority must adhere to in undertaking capital investment and borrowing for that investment to ensure that capital expenditure plans are affordable and all external borrowing and long-term liabilities are within affordable and sustainable levels.
6. Partnership & Engagement	
6.1	None
7. Appendices	

Cabinet is requested to consider the following identified implications:

8. Financial Implications

8.1 This report is an update and therefore there are no specific financial implications.

9. Legal Implications

9.1 Compliance with the CIPFA Treasury Management Code of Practice and the Prudential Code is mandatory. This includes adherence to approved prudential indicators, liability benchmarks, and borrowing limits.

10. Equality & Diversity Implications

10.1 There are no equality and diversity implications associated with this report.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk	<input checked="" type="checkbox"/>	Assurance Framework	<input type="checkbox"/>	Procurement	<input type="checkbox"/>
Improvement	<input type="checkbox"/>	Environment	<input type="checkbox"/>	HR & IT	<input type="checkbox"/>
<p>The interest rate risk is classified as Medium in the corporate risk register. The risk is managed through regular reviews of forecasts and scenario analysis with our Treasury management advisors.</p>					

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	9		
Report Title	Transport Investment Programme Update		
Accountable Cabinet Member	Cllr Stephen Harker Portfolio Holder for Transport and Infrastructure		
Accountable Chief Officer	Julie Hurley Interim Director of Infrastructure		
Accountable Employee	Alan Weston Head of Transport		
Report considered by	Pre-Cabinet process		
Key Decision	Yes X	No	This is a key decision as it relates to the allocation of Bus Service Improvement Plan (BSIP) funding.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

Transport Capital Investment Programme

- | | |
|---|---|
| A | AGREES for TVCA to enter into a head lease agreement with Network Rail for the two units created as a result of investment in the Middlesbrough Station Undercroft project and delegates responsibility to the Chief Executive to take all decisions in relation to this recommendation in accordance with the TVCA Assurance Framework. |
| B | AGREES to seek authorisation from the Department for Transport (DfT) / Ministry of Housing, Communities and Local Government (MHCLG) to revise the Levelling |

	<p>Up Fund (LUF) funded Tees Valley Active Travel programme to defer the Middlesbrough to South Bank scheme and deliver 8 schemes with the £17.785m of LUF funding together with a £3.827m City Region Sustainable Transport Settlements (CRSTS) contribution. The Business Case for the delivery these schemes will be assessed in accordance with the Tees Valley Assurance Framework.</p>
C	<p>AGREES to add the Middlesbrough Town Centre to South Bank scheme with an estimated cost of £8.015m into the Transport Capital Investment Programme as a specific identified project subject to resolving the current highway authority maintenance issues with a bridge along this route. In agreeing this, Cabinet delegates authority to the Chief Executive to take all decisions required to progress development of the business case within the approved funding allocation.</p>
<p>Transport Revenue Investment Programme</p>	
D	<p>AGREES to allocate £0.96m of Bus Service Improvement Plan (BSIP) Revenue funding (subject to confirmation) to continue the current existing 13 supported bus services (excluding Tees Flex) on a temporary basis until at least July 2026, as set out in paragraph 3.27, and delegates responsibility to the Chief Executive to take all decisions required to manage this BSIP funding allocation, in accordance with this recommendation and the TVCA Assurance Framework.</p>
E	<p>AGREES to delegate to Transport Committee the development of a proposal for a longer-term approach to the allocation of the BSIP Revenue funding (subject to confirmation) for the provision of supported bus services for consideration by Cabinet at its meeting in March 2026. This proposal will be in accordance with the tiered approach for a Bus Network Review as set out in paragraph 3.30.</p>
F	<p>EITHER AGREES to allocate £4.65m of BSIP Revenue funding (subject to confirmation) to continue the provision of Tees Flex for the period of April 2026 to March 2029 as set out in paragraph 3.35.</p> <p>In agreeing to this option, Cabinet need to consider whether they wish to try to reduce the costs of the scheme by amending the operational model and making changes to:</p> <ul style="list-style-type: none"> • the fares, • the pre-booking period, and • limiting usage so that users cannot book a journey that can be made on a commercial or supported service.

OR ALTERNATIVELY AGREES that the current Tees Flex service will be discontinued from 31 March 2026 when the contract comes to an end. In agreeing to this option Cabinet need to consider whether they wish to provide additional new fixed route bus services as part of the supported service provision to provide connectivity in areas where there has been high demand for Tees Flex. This would require an allocation of £0.44m from the BSIP Revenue funding (subject to confirmation) and would provide two new fixed route services:

- **ROUTE A** – an hourly service linking Elwick and Dalton Piercy with Hartlepool Sixth Form and Hartlepool Town Centre
- **ROUTE B** – an hourly service linking Stillington, Whitton, Carlton, Redmarshall, Great Stainton to North Tees Hospital / Roseworth Tesco and Stockton High Street.

In agreeing to either of these recommendations, Cabinet delegates responsibility to the Chief Executive to take all decisions required to manage this BSIP funding allocation, in accordance with this recommendation and TVCA Assurance Framework.

1. Purpose

- 1.1. The purpose of this report is to provide Cabinet with an update regarding the transport investment programme. The report sets out:
- Progress updates on projects within the Transport Capital Investment Programme which are in delivery or at an advance stage of development with investment assurance processes expected to take place shortly.
 - Progress updates on the development and delivery of the Bus Service Improvement Plan (BSIP) programme and particularly decisions which need to be made regarding supported bus services which are currently only contracted until the end of March 2026.

2. Executive Summary

- 2.1. The Transport Investment Programme is the delivery mechanism for the Tees Valley Strategic Transport Plan 2020-2030.
- 2.2. The Transport Capital Investment Programme is currently over £1.4bn for the period to 2032 and includes the main devolved funding sources (CRSTS and Transport for City Regions (TCR)) which TVCA has secured. The Capital Programme also includes smaller amounts of other funding, which TVCA has been able to secure, to support the delivery of specific transport capital projects.

- 2.3. Alongside the capital funding, TVCA has also secured revenue funding to support operational activity as well as project pipeline development work, including organisational capability and capacity funding to support project development and delivery.
- 2.4. This report contains details of the progress being made in the development and delivery of the Transport Capital Investment Programme, highlighting progress against key milestones and issues.
- 2.5. The report also provides information about the BSIP funding for 2026/27 onwards, which is expected to be announced shortly, and which provides resources to enable TVCA, on behalf of the Enhanced Bus Partnership, to fund the delivery of the Tees Valley Bus Service Improvement Plan, which is based around a five-point delivery plan:
 - Sustainable network for the future
 - Bus priority improvements
 - Improved fares offer
 - Enhanced customer experience
 - Decarbonising the bus fleet
- 2.6. Whilst the level of BSIP funding allocated to TVCA has not yet been announced, this report provides an opportunity for Cabinet to consider whether it wishes to allocate funding to at risk to enable delivery of the following to continue from 1 April 2026:
 - 13 fixed route supported bus services across Tees Valley
 - The Tees Flex service
- 2.7. At the next meeting, and once the funding allocation is known, Cabinet will also need to consider whether it wishes to continue other BSIP initiatives which are currently funded using 2025/26 BSIP funding:
 - Under-22 Fares offer
 - Free bus travel offer for care leavers
 - Improvements and updates to the at-stop information
 - Surveys, contributions to staff salaries and various operational costs
- 2.8. Extensions to these initiatives can be implemented with much shorter turn-around times and without lengthy procurement and registration periods so decisions can be made at a later date.

3. Transport Capital Investment Programme update

3.1. The regular quarterly update on the whole Transport Capital Investment Programme was provided to the September Cabinet meeting and a further update will be provided to Cabinet at the next opportunity following further discussion with DfT regarding the guidance for the Transport in City Regions programme and in consideration of the emerging Tees Valley Local Growth Plan and Strategic Infrastructure Plan. For this period a shorter report is provided, focusing only on progress with projects in delivery and those at an advanced stage of project development to ensure that Cabinet are aware of the latest updates and where there are risks and changes to funding allocations and delivery timescales.

Updates on Projects in Delivery

Middlesbrough Station: Phase 2 – Undercroft

3.2. The project delay due to water ingress mentioned in previous reports has now been resolved. Work on unit 2 was prioritised and are now complete, in readiness for final fit-out works. Work on unit 1 will continue into spring 2026 with an expected project completion date of May 2026, after which the units will be available for handover and occupation.

3.3. As a result of the capital investment in the project to create the two units, TVCA have negotiated a head lease with Network Rail for both units. This will enable TVCA to put in place sub-leases with interested parties to support the aspiration of developing a creative quarter around the station and building upon the existing offer in the area.

3.4. The head lease is for a nominal rent and some fees / insurances / maintenance costs. This peppercorn lease arrangement is on the basis of the tenants of the units being in keeping with the above purposes and sub-leased on a not-for-profit basis. These costs will be recovered through the sub-lease arrangements, and the expectation is that this lease arrangement will be cost neutral to TVCA. A proportionate business case is being prepared setting out the costs associated with entering into this agreement.

3.5. In order to complete the negotiations, it is proposed that Cabinet:

AGREES for TVCA to enter into a head lease agreement with Network Rail for the two units created as a result of investment in the Middlesbrough Station Undercroft project and delegates responsibility to the Chief Executive to take all decisions in relation to this recommendation in accordance with the TVCA Assurance Framework.

Eaglescliffe Station

- 3.6. The work on this project continues to progress well and the project is expected to be delivered on time and to budget. The new footbridge is scheduled to be completed at the end of the year with full completion and 'entry into service' expected for February 2026.

Darlington Station

- 3.7. The delivery of the Darlington Station project continues to progress well, but as reported in the previous period there has been some slippage on project completion dates. Network Rail and TVCA continue to work together to manage and mitigate the impacts as much as possible, but consequently, the 'entry into service' date has been revised to spring 2026.
- 3.8. The Darlington Station Western Gateway demolition work is now complete with the underpinning works anticipated to be complete in December 2025. The detailed designs are with Darlington Borough Council for approval, and it is anticipated that works will start in early 2026.
- 3.9. There is cost pressure on both the Network Rail led elements of the scheme and on the TVCA project. In particular, there are four areas that have increased the costs of the scheme:
- Increased specification to meet Network Rail's standards in relation to Persons of Reduced Mobility National Technical Specification Notice (NTSN) which has been deemed to be applicable to the multi-storey car park,
 - Increased telecommunications / CCTV specification within the eastern gateway to meet Network Rail and LNER's requirements
 - Increased cost of works to meet the requirements of the local highway authority's specification for the eastern gateway highways work to meet planning conditions
 - Increased costs of works and improved specification to meet the local highway authority's specification and Active Travel England's standards for the western gateway highways work to meet planning conditions and improve connectivity to the town centre
- 3.10. The increased cost estimates are in the process of being finalised and will be agreed in accordance with the Assurance Framework processes for project change requests.

South Bank Connectivity (temporary footbridge / repairs)

- 3.11. As reported in the September 2025 Cabinet Report, whilst agreements were in place, Network Rail's contractor responsible for demolishing the South Bank

footbridge and building a new temporary structure this became undeliverable as originally proposed. The contractor pinpointed additional buried services, which had not been identified previously, requiring additional planning and preparation before work could start on site.

- 3.12. The contractor has now conducted additional surveys and has now presented stakeholders with options for a way forward. This is under review by TVCA, and Redcar & Cleveland Borough Council as the owner of the current footbridge, to establish a preferred option and identify the funding contributions to enable a start on site. Any CRSTS funding commitment will be managed as part of the South Bank Station project as this is effectively an initial emergency phase of works which the proposal for improving the station is developed. All stakeholders are keen find a solution to enable work to start in early 2026.

Key Updates on Projects at Advanced Development Stage

Levelling Up Fund (LUF) Active Travel Programme

- 3.13. Through a competitive bidding process £17.785m was secured from the Levelling Up Fund for the delivery of 9 active travel schemes. This money was supplemented with CRSTS funding to create a £20.785m programme, which comprised:

- Darlington Town Centre to Northgate
- Bowesfield Lane to Stockton Town Centre
- Stockton Town Centre to Bishopton Road
- Middlesbrough Town Centre to Newport Bridge
- Middlesbrough Town Centre to South Bank
- Redcar Town Centre to West Dyke Road
- Saltburn to Marske
- Hartlepool Town Centre to Seaton Carew
- Hartlepool Town Centre to Catcote Road

- 3.14. These projects have been developed over a number of months by TVCA and local highway authority colleagues and have been subject to a number of different rounds of consultation. This has included working with Active Travel England, through a series of design reviews, to ensure the schemes meet the current standards and guidance. This has led to cost pressure on all of the schemes with the current estimated cost, at the detailed design stage, being £29.628m (including £3.662m of risk allowance).

- 3.15. However, there are also challenges over the deliverability of all of the schemes. Construction of the Middlesbrough Town Centre to South Bank project is delayed, due to a vehicle striking a bridge along the route, which has required a weight

restriction to be imposed on the bridge and consequentially a delay to the traffic regulation order process which is required to confirm the changes to the highway network to enable the scheme to be delivered. It is unlikely that construction can start on this scheme until late 2026.

- 3.16. Due to further design amendments, business cases have been delayed until early 2026 rather than as previously reported to Cabinet. It is anticipated that this will mean that funding agreements and contracts can be agreed to enable construction to commence from spring 2026 onwards. Given the requirements of the funding programme, it is essential that these dates are achieved, and contractual commitment is in place for delivery by March 2026. Most schemes within this programme now have a target date for completion in autumn 2026. Delivery of these schemes will help TVCA's capability rating from Active Travel England, which is used to help determine the level of Active Travel Fund allocations which TVCA receive for the development and delivery of projects. The capability rating is based upon scheme delivery and currently, whilst there are a large number of schemes in development, there hasn't been any scheme delivery since completion of the Linthorpe Road Phase 1 / Woodlands Road Phase 1 projects and therefore this is a risk to our current capability rating.
- 3.17. Therefore, it is proposed to seek a project change with government to defer the Middlesbrough to South Bank scheme and only deliver 8 schemes within the LUF programme. The delivery of these 8 schemes would mean a total estimated cost of £21.612m comprising of the fixed £17.785m from LUF together with an increased CRSTS contribution of up to £3.827m (including £2.849m of risk allowance). TVCA will work closely with local authorities and contractors to manage utilisation of the risk allowance and if this is not fully utilised at the end of the delivery of this programme it can be reallocated to support other projects.
- 3.18. Given the importance of the Middlesbrough Town Centre to South Bank scheme to improving connectivity for walking, wheeling and cycling between an area of high no-car ownership and employment opportunities and also between Middlesbrough and the western end of the Teesworks site, that this scheme is added as a specific scheme within the CRSTS / TCR programme with an allocation of £8.015m (including £0.812m of risk allowance).
- 3.19. In summary it is proposed that Cabinet:

AGREES to seek authorisation from DfT / MHCLG to revise the LUF funded Tees Valley Active Travel programme to defer the Middlesbrough to South Bank scheme and deliver 8 schemes with the £17.785m of LUF funding together with a £3.827m

CRSTS contribution. The Business Case for the delivery these schemes will be assessed in accordance with the Tees Valley Assurance Framework.

***AGREES** to add the Middlesbrough Town Centre to South Bank scheme with an estimated cost of £8.015m into the Transport Capital Investment Programme as a specific identified project subject to resolving the current highway authority maintenance issues with a bridge along this route. In agreeing this, Cabinet delegates authority to the Chief Executive to take all decisions required to progress development of the business case within the approved funding allocation.*

Darlington Woodland Road Phase 2

- 3.20. This scheme is at an advanced stage of development with the Business Case submitted and currently being appraised, to enable Funding Agreements to be put in place with Darlington Borough Council and construction to commence in March 2026. Following the utility diversion work mentioned in previous reports, the main works to deliver the cycling, walking and wheeling improvements are planned to be completed by November 2026.

A689 / A19 – Wynyard Pedestrian & Cycling Improvements Phase 2

- 3.21. This is a scheme within an agreed allocation of £5.8m of TVCA funding. Good progress continues to be made on the development of this scheme and milestones for the scheme have been updated to reflect the latest delivery programmes which have been agreed with Stockton and Hartlepool Borough Councils. As reported previously there is a £3.3m funding gap, which has been resolved in-principle, with agreements being put in place for the additional private sector contributions alongside additional ATE funding.
- 3.22. The current programme is for a business case to be produced and submitted for appraisal and assurance allowing the scheme to commence on site in late Summer 2026.

Transport Revenue Investment Programme update

- 3.23. In the June 2025 Comprehensive Spending Review it was announced that approximately £900m of funding per year has been committed for the next three years to maintain and improve existing bus services across England. However, currently as at the end of November funding allocations to individual Local Transport Authorities have not yet been announced.
- 3.24. Currently, in 2025/26, TVCA has received £7.278m of Bus Service Improvement Plan (BSIP) funding which has enabled a number of supported services across Tees Valley to be provided, and these are currently contracted until 31 March 2026.

3.25. Whilst the amount of funding has not yet been confirmed for 2026/27 and beyond, it is clear from the announcement in the Comprehensive Spending Review and in subsequent conversations with civil servants in DfT, that TVCA should expect to receive further BSIP funding. However, there are a number of decisions which need to be made now, around the supported bus service network if Cabinet wish these services to continue beyond the end of 31 March 2026 when the current contract commitments end.

3.26. Further detail is set out in **Appendix 1 – BSIP 2026/27 Phase 1 Delivery Proposal**

Sustainable network for the future

3.27. TVCA currently use 2025/26 BSIP funding to support 13 fixed route bus services across Tees Valley which have been introduced at various times since 2023. These services are:

Introduced	Service No	Geographical Area Covered	Information
2023-24	Services 3&4	Darlington	The provision of a late evening Mon-Sun and Sunday daytime service.
	Service 17&18	Darlington	The provision of a Monday – Saturday from 8am – 6:30pm service to Harrowgate Hill, Mowden, Albert Hill & Darlington Northgate.
	Service 6/6A	Darlington & Stockton	The provision of a Monday – Sunday from 6am – 8pm service from Stockton High Street through Ingleby Barwick, Yarm, Eaglescliffe, Teesside Airport and Middleton St George to Darlington Town Centre and Hurworth.
	Service 29	Middlesbrough	The provision of a Mon-Sat daytime, evening and Sunday service to areas of Cypress Road and Nunthorpe.
	Service 3	Redcar	The provision of a Sunday daytime service.
	Service 1&2	Redcar/ East Cleveland	The provision of a Monday – Saturday, 6am – 11pm bus service to improve connectivity in East Cleveland. Covering the following locations: Liverton, Moorsholm, Stanghow, Lingdale, Skelton, Saltburn, Carlin How & Skinningrove.
	Service 101	Middlesbrough – Teesport	The provision of a bus service from areas of Middlesbrough to Teesport.
2024-25	Service RP1	Middlesbrough	The provision of an hourly Monday – Saturday service covering Riverside Park.
	Service X40/X41	Stockton/ Hartlepool	The provision of a bus service to provide coverage at the following locations: Stockton, Billingham, Wolviston and Wynyard.
	Service 16	Darlington	The provision of a service to cover connections from Mowden and Hummersknott to Darlington Town Centre.

2025-26	Service 3/3a	Hartlepool	The provision of a service from Middle Warren (Tall Ships) to South Fens, covering Bishop Cuthbert, Hartlepool Town Centre, Owton Manor, and South Fens (via Challoner Road and Rift House).
	Service 35	Stockton	The provision of a service from Stockton to Wolviston, covering Norton Grange, Billingham, & Wolviston Court.
	Service 13/13b	Middlesbrough - Stockton	The provision of a service to connect Stockton and Middlesbrough, covering Coulby Newham, Hemlington, Middlesbrough, Portrack, Stockton & Salters Lane.

3.28. The majority of these were introduced following the withdrawal of commercial services by local operators in Tees Valley, however some were introduced as new services looking to mitigate identified areas of low connectivity and provide new connections to employment and education. These services are currently contracted until 31 March 2026.

3.29. Over the past year, TVCA has also received a large volume of requests and suggestions for the introduction or amendment of current fixed route services. External consultants have been commissioned to assist with carrying out a review of the network, building on current network analysis.

3.30. This work, which is currently underway will review the 13 current supported services and 75 additional service requests and categorise each into one of the following four tiers:

- Tier 1 - Connections provided by already established supported services in place across the network that would otherwise be lost if funding was to not continue past March 2026. (Current supported network)
- Tier 2 - Service requests that would provide additional connectivity not already available through the commercial/ supported network.
- Tier 3 - Enhancements to current commercial or supported services where the peak service is already available, but areas would benefit from additional frequency support or evening/ Sunday extensions.
- Tier 4 - Services requested that are unlikely to be supported due to current commercial/ supported network links already in place.

3.31. Completing this assessment work, developing and agreeing proposals with Cabinet, procuring any new services and following the statutory registration processes will all take a number of weeks. Therefore, to avoid a gap in current service provision it is proposed that Cabinet:

***AGREES** to allocate £0.96m of Bus Service Improvement Plan (BSIP) Revenue funding (subject to confirmation) to continue the current existing 13 supported bus services (excluding Tees Flex) on a temporary basis until at least July 2026, as set out in paragraph 3.27, and delegates responsibility to the Chief Executive to take all decisions required to manage this BSIP funding allocation, in accordance with this recommendation and the TVCA Assurance Framework.*

3.32. Furthermore, it is proposed that Cabinet:

***AGREES** to delegate to Transport Committee the development of a proposal for a longer-term approach to the allocation of the BSIP Revenue funding (subject to confirmation) for the provision of supported bus services for consideration by Cabinet at its meeting in March 2026. This proposal will be in accordance with the tiered approach for a Bus Network Review as set out in paragraph 3.30.*

3.33. The other element of the supported bus network which currently ends on 31 March 2026 is Tees Flex, which is available across various areas of Tees Valley.

3.34. The scheme was initially launched in February 2020, as a three-year pilot trial and has been subsequently contracted to March 2026 through various extensions. Due to the value of the contract, a full procurement exercise is required should the service continue past March 2026. This opens up the opportunity to review the efficiency and performance of the service in its current format.

3.35. Having considered a number of factors as set out in **Appendix 1 – BSIP 2026/27 Phase 1 Delivery Proposal**, the key decision is whether Cabinet wish to continue to provide a Tees Flex service or not. If the decision is to continue this provision, there is a choice as to the operational model and this is set out in options 1A and 1B below. If Cabinet wishes to not continue to provide a Tees Flex service (option 2A) then consideration should be given as to whether the impact of this can be partly mitigated through the provision of additional fixed route services to serve the areas where Tees Flex has experienced high demand. The options in full are:

Option 1A – Provide a Tees Flex service on a like-for-like basis

This would mean re-procuring the service based upon the current operational model for a minimum of 3 years, with no operational changes.

Option 1B – Provide a Tees Flex service, but make some operational changes

This would mean re-procuring the service, again for a minimum of 3 years, but seeking to reduce the cost of operating it by considering making a number of operational changes as follows:

Proposed amendment	Description	Potential impact
Reduce the pre-booking period	Move from opening pre-booking from 28 days in advance to up to 7 days in advance.	TVCA believe this would be a beneficial amendment to the service and it could potentially increase service capacity to complete more requested journeys, rather than vehicles being 'out of use' if they are occupied for longer journeys that have been booked weeks in advance.
Fares increase	Increase in fares for users to potentially reduce the subsidy requirement.	Due to the rising contract costs, which are the result of inflation, increased fares could be charged. This would bring in more revenue to the relevant operator, ultimately reducing the cost per journey to TVCA. Although a reasonable fare increase would have a minimal financial impact on the level of subsidy required.
Linking to the commercial network	Setting limits within the app so that users cannot book a journey that can be made on a commercial/ other supported service. They would instead be advised to travel using the alternate route.	This should reduce the high demand for trips and thus improve the 'met demand' metric and increase aggregation rate, whilst also providing suitable alternative to those who's trips would now be ineligible. This option would also remove any potential risk of abstraction from the commercial market and cross over with TVCA supported services which have been implemented during recent years.

Option 2A – Do not provide a Tees Flex service

This would mean the current service would end in March 2026. More money would be available to allocate in the future and Cabinet could decide to use this money for the provision of additional fixed route services aligned to the Bus Network Review as outlined above and / or for other BSIP priorities.

Option 2B – Do not provide a Tees Flex service, but provide two additional fixed route services to mitigate the loss of service in areas of high demand

As with option 3 this would mean more money would be available for the provision of additional fixed route services, but instead of awaiting the completion of the Bus Network Review, procurement would start to enable the following additional services to be delivered from 1st April:

- **Route A: Hartlepool Circular – providing an hourly service to link Elwick and Dalton Piercy with Hartlepool Sixth Form and Hartlepool Town Centre**

This would be a circular route connecting Hartlepool Town Centre - Sixth Form College - West Park - Elwick - Dalton Piercy - West Park - Sixth Form College -

Town Centre. Schedule may also provide the opportunity to additionally serve Burbank Street.

- **Route B: Stockton and Darlington – providing an hourly service to link Stillington, Whitton, Carlton, Redmarshall, Great Stainton to North Tees Hospital/ Roseworth Tesco and Stockton High Street**

This route would operate connecting Stockton Town Centre - limited stop on Durham Road - Carlton - Redmarshall - Whitton - Stillington - Old Stillington - (Great Stainton) - Bishopton - Redmarshall - Carlton - limited stop on Durham Road – Stockton Town Centre

This option would not mean the same level of provision as Tees Flex currently provides but would address connectivity gaps within the current bus network (commercial services and the supported services identified above, in paragraph 3.27) by providing at least an hourly fixed route service to those areas where Tees Flex currently experiences high demand.

3.36. The estimated cost of the options are as follows:

<u>Option 1 – Provide a Tees Flex service on a like-for-like basis</u>	£4.65m estimated cost – subject to procurement
<u>Option 2 – Provide a Tees Flex service, but make some operational changes</u>	Up to £4.65m estimated cost – subject to procurement and likely to reduce
<u>Option 3 – Do not provide a Tees Flex service</u>	£0
<u>Option 4 – Do not provide a Tees Flex service, but provide two additional fixed route services to mitigate the loss of service in areas of high demand</u>	£0.44m per annum estimated cost – subject to procurement

3.37. In summary, it is proposed that Cabinet:

EITHER AGREES to allocate £4.65m of BSIP Revenue funding (subject to confirmation) to continue the provision of Tees Flex for the period of April 2026 to March 2029 as set out in paragraph 3.35.

In agreeing to this option, Cabinet need to consider whether they wish to try to reduce the costs of the scheme by amending the operational model and making changes to:

- *the fares,*
- *the pre-booking period, and*

- *limiting usage so that users cannot book a journey that can be made on a commercial or supported service.*

OR ALTERNATIVELY AGREES that the current Tees Flex service will be discontinued from 31 March 2026 when the contract comes to an end. In agreeing to this option Cabinet need to consider whether they wish to provide additional new fixed route bus services as part of the supported service provision to provide connectivity in areas where there has been high demand for Tees Flex. This would require an allocation of £0.44m from the BSIP Revenue funding (subject to confirmation) and would provide two new fixed route services:

ROUTE A – an hourly service linking Elwick and Dalton Piercy with Hartlepool Sixth Form and Hartlepool Town Centre

ROUTE B – an hourly service linking Stillington, Whitton, Carlton, Redmarshall, Great Stainton to North Tees Hospital / Roseworth Tesco and Stockton High Street.

In agreeing to either of these recommendations, Cabinet delegates responsibility to the Chief Executive to take all decisions required to manage this BSIP funding allocation, in accordance with this recommendation and the TVCA Assurance Framework.

4. Background

Transport Investment Programme

4.1. The Transport Capital Investment Programme includes the main devolved funding sources which TVCA has secured:

- Transforming Cities Fund (TCF),
- City Region Sustainable Transport Settlements 2022-2027 (CRSTS), and
- Transport for City Regions (TCR) funding.

4.2. The Programme also includes smaller amounts of other funding, which TVCA has been able to secure, to support the delivery of specific transport capital projects, including:

- Levelling Up Fund (LUF)
- Get Building Fund (GBF)
- Rail Network Enhancements Pipeline (RNEP)
- Local Electric Vehicle Infrastructure (LEVI)
- Active Travel Fund (ATF)

4.3. Alongside the capital funding, TVCA has also secured revenue funding including:

- Bus Service Improvement Plan funding (BSIP Revenue)
- Active Travel Fund (ATF Revenue)

Bus Service Improvement Plan

- 4.4. In March 2021, the Department for Transport published 'Bus Back Better: The National Bus Strategy'. The strategy sets out the vision and opportunity to deliver better bus services for passengers across England, through ambitious and far-reaching reform of how services are planned and delivered. As a part of the strategy, Local Transport Authorities needed to develop a Bus Service Improvement Plan and implement an Enhanced Partnership or franchising.
- 4.5. Working with local bus operators, the 5 local authorities and other key stakeholders, Tees Valley Combined Authority agree to form an Enhanced Partnership and published an Enhanced Partnership Plan and Scheme in October 2022. The Plan and Scheme outline the actions that will deliver benefits to passengers using local bus services across the Tees Valley by improving the quality and efficiency of the public transport network. This will support the efficient use of the road network and the delivery of sustainable growth, limiting the impacts of additional traffic congestion and air pollution.
- 4.6. Also, as a requirement of the National Bus Strategy, TVCA published a Bus Service Improvement Plan (BSIP) in October 2021. The BSIP outlines, in as much detail as practicable, the collective actions to transform buses across the Tees Valley. The BSIP was developed following detailed work identifying the state of bus provision and areas for improvement.
- 4.7. Further to the original BSIP published back in 2021, TVCA have reviewed and republished additional versions of the plans periodically to show the progress made by the partnership. These reviews have given an opportunity to clarify the current position and help to steer the future ambition.
- 4.8. Actions are structured around a five-point delivery plan:
 - Sustainable network for the future
 - Bus priority improvements
 - Improved fares offer
 - Enhanced customer experience
 - Decarbonising the bus fleet
- 4.9. Within the CRSTS programme there is an investment package to support bus. The identified projects are aligned to the BSIP and provide capital funding for delivery. Since 2023/24 TVCA has also received BSIP revenue funding to support the delivery of the Enhanced Partnership's ambitions. Additionally, Zero Emission Bus Regional

Assistance (ZEBRA) funding has secured to support the operators to decarbonise the bus fleet. The current funding strategy to deliver this 5-point plan is:

- Sustainable network for the future (BSIP revenue)
- Bus priority improvements (CRSTS Capital)
- Improved fares offer (BSIP revenue)
- Enhanced customer experience (BSIP revenue / CRSTS Capital)
- Decarbonising the bus fleet (ZEBRA)

4.10. At the Comprehensive Spending Review in June 2025 it was announced that there is additional BSIP funding from 2026/27 onwards. Indications are that this will be a 3-year funding settlement building upon the previous annual funding rounds. However, currently the allocation to each Local Transport Authority area has not yet been announced but is expected to be confirmed as part of the budget on 26 November.

5. Partnership & Engagement

Transport Capital Investment Programme

- 5.1. As reported previously, TVCA continues to engage closely with each local authority on the development and delivery of the Transport Capital Investment programme and particularly in relation to a number of schemes, given their critical role as local highway authority.
- 5.2. In relation to Active Travel Schemes, TVCA and the local authorities continue to follow the guidance established by Active Travel England in relation to design review processes to ensure compliance with the MOU for CRSTS.
- 5.3. In advance of formal statutory consultations, a number of rounds of public engagement have taken place particularly in relation to proposals for changes to the highway being delivered as part of the LUF Active Travel programme and CRSTS Active Travel / Bus investment themes.
- 5.4. Mechanisms are in place to ensure ongoing engagement with local authorities and key stakeholders, including Teesside International Airport, Network Rail, National Highways and South Tees Development Corporation on the programme. Additional public consultation and engagement will take place as schemes reach an appropriate level of design and development maturity to enable this to take place in a meaningful way.

Bus Service Improvement Plan

- 5.5. The BSIP is a live plan that reflects a shared commitment by TVCA, the local authorities and the bus operators to transform the Tees Valley bus services and grow passenger numbers.
- 5.6. Monthly Enhanced Bus Partnership meetings take place with Transport Committee Members attending quarterly to discuss key issues.
- 5.7. Discussion and briefings have taken place with local authority officers at Transport Advisory Group (TAG) meetings, with Transport Committee members and with Cabinet members in advance of this decision. Separate discussions have also taken place with bus operators regarding the BSIP and the proposals contained in this report.
- 5.8. Separately, a pre-market tender engagement was carried out in relation to Tees Flex to help understand the supply chain for the delivery of the BSIP contract and shape the options put forward for Cabinet to consider.

6. Appendices

- Appendix 1 – BSIP 2026/27 Phase 1 Delivery Proposal

Cabinet is requested to consider the following identified implications:

Financial Implications

Transport Capital Investment Programme

- 7.1. With the details of the Head Lease terms in relation to the units within the Middlesbrough Station undercroft now close to being finalised, a proportionate business case is being prepared setting out the costs associated with entering into this agreement, the potential income and the risks. The expectation is that this lease arrangement will be cost neutral to TVCA. As set out in recommendation A, approval of this is proposed to be delegated to the Chief Executive in accordance with the Assurance Framework.
- 7.2. The changes to the Capital Investment Programme as set out in paragraphs 3.13 – 3.19 and recommendations B and C will be managed within the agreed LUF / CRSTS funding programmes. A further update regarding project allocations will be brought to the March meeting of Cabinet.

Bus Service Improvement Plan (BSIP) Funding

- 7.3. The decisions around the continuation of the supported bus services as set out in paragraph 3.27 and recommendation D, requires a commitment of an estimated £0.96m of funding in advance of confirmation of the amount of BSIP money that TVCA will be receiving for 2026/27 and beyond. This is felt to be a low risk in the context of the announcement at the Comprehensive Spending Review in June 2025 of approximately £900m of bus services funding per year for the next three years and TVCA receiving £7.278m of funding in 2025/26.
- 7.4. This is also a risk in reaching agreement as to whether or not to continue Tees Flex as set out in paragraph 3.35 and recommendation F, in advance of the funding envelope being known. Due to the nature of the procurement process and minimum 3-year contract period this is a more substantial financial implication with the estimated cost being up to £4.65m (£1.55m per annum) for options 1A and 1B and an estimated cost of £0.44m per annum for option 2B.
- 7.5. The financial impact of all other decisions in relation to the use of BSIP funding can be considered at future Cabinet meetings.

Legal Implications

- 7.6. All decisions must be taken in accordance with the Combined Authority's statutory powers under relevant transport and local government legislation, and in line with the Authority's Constitution and Assurance Framework. Delegations to officers and committees must be properly documented to ensure transparency and accountability.
- 7.7. Any agreements entered into, including leases, funding arrangements, and service contracts, must comply with applicable contract law and the Contract Procedural Rules. Procurement processes must ensure fairness, transparency, and value for money.
- 7.8. Where external funding is involved, the Authority must adhere to the terms and conditions of grant agreements to avoid any risk of clawback or breach. This includes compliance with Department for Transport guidance and assurance processes.

Equality & Diversity Implications

- 7.9. Two of the high-level Strategic Transport Plan outcomes, which the transport programme has been designed to deliver on, relate to equality and diversity:
- Improve access for those with physical disabilities, mental health conditions, learning difficulties and those with sensory impairment.
 - Improve equality of opportunity for remote and deprived communities and enhance health and wellbeing.
- 7.10. As each project is developed, the equality impacts will be fully considered through Equality Impact Assessments and appropriate mitigations will be implemented. All procurement specifications will include a requirement to consider the equality impacts as projects are developed.
- 7.11. TVCA is already effectively applying this approach in delivering the current transport programme, including engagement with local and national bodies representing the different protected characteristics.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk	X	Assurance Framework	X	Procurement	X
Improvement		Environment		HR & IT	

Risk

- 7.12. As identified in the financial implications section above, agreement to recommendations D and F are at risk as these are being made in advance of confirmation of the level of BSIP funding which TVCA is going to receive.

Assurance Framework

- 7.13. Agreement to enter into a head lease agreement will be subject to developing a proportionate business case. Consideration of the business case and all decisions in relation to this lease arrangement will be in accordance with the TVCA Assurance Framework and delegated to the Chief Executive, as set out in recommendation A.
- 7.14. Agreement to revise the LUF programme and increase the CRSTS funding contribution as set out in recommendation B will enable the business case to be finalised and submitted for assessment in accordance with the Assurance Framework, and prior to entering into agreements for the delivery of the 8 projects.
- 7.15. Agreement to allocate BSIP funding as set out in recommendations D and F will enable these projects to be managed in accordance with the Assurance Framework.

Procurement

- 7.16. The proposal for the continuation of the supported bus services as set out in paragraph 3.27 and recommendation D, has been developed in conjunction with procurement colleagues to ensure compliance with the necessary legislation.
- 7.17. The options presented for the continuation of Tees Flex as set out in paragraph 3.35 and recommendation F, have been developed in conjunction with procurement colleagues to ensure compliance with the necessary legislation, and following a pre-tender market engagement (PTME) exercise with potential suppliers to help develop the scope. It is from this PTME work that the requirement for a minimum 3-year contract has been identified.

Appendix 1 BSIP 2026/27 Phase 1 Delivery Proposal

OVERVIEW

1. This note provides an update on the supported bus services funded by TVCA's 2025/26 Bus Service Improvement Plan allocation.
2. For context, as detailed in the previous note, from the BSIP revenue money allocated by Government for 2025/26 financial year, TVCA has been awarded £7,153,668 and an additional £125,000 of BSIP capacity and capability funding.
3. The requirement of this funding is that it is used to deliver the [Tees Valley BSIP Plan \(2024 update\)](#) which, as a reminder, sets out actions structured around a five-point delivery plan. The BSIP revenue funding is used to complement other capital investment money:
 - Sustainable network for the future (delivered with BSIP funding)
 - Improved fares offer (delivered with BSIP funding)
 - Enhanced customer experience (delivered with BSIP / City Region Sustainable Transport Settlement 'CRSTS' funding)
 - Bus priority improvements (delivered with CRSTS funding)
 - Decarbonising the bus fleet (delivered with Zero Emissions Bus Regional Areas 'ZEBRA' funding)
4. Following discussion within the Enhanced Bus Partnership earlier in 2025, it was agreed that the priority focus for BSIP 2025/26 funding was:
 - Ensuring the continuity of provision from 1st April for subsidised service enhancements in place across the Tees Valley.
 - Continuing to improve the at-stop information to customers.
 - Continuation of localised fares offers, such as the U22 capped single fare.
 - The development of a proposal for a care leavers scheme, following agreement to implement bus passes for care leavers at the cabinet meeting held in March 2025.
5. In accordance with the above priorities, the 2025/26 delivery plan is well underway with the funding all committed. The commitment for this funding, linking to specific points as detailed above, can be found within previous cabinet Delegated Decisions.
6. However, upon receipt of the 2025/26 funding allocation, stakeholders put numerous suggestions forward to be considered for any remaining BSIP funding, including various additional subsidised service enhancement proposals. Given the identified priorities set out above, there was unfortunately no funding remaining to introduce any new services across this financial year.

7. Therefore, in readiness for any future funding allocations, TVCA proposed to carry out a review of all supported service enhancements to understand if there are improvements that can be made to service integration and ensure we are receiving the best value for money with the BSIP money being spent to support a sustainable network for the future. This could potentially lead to a different approach to the commissioning of subsidised service enhancements from 2026 onwards.
8. Over the recent period, TVCA have been working with Local Authorities and our Local Bus Operators to complete this review, focusing on assessing the current supported network alongside the suggestions received, with the hope to inform leaders of the outputs and recommendations and agree a proposal for prioritising future service support.
9. It is expected that TVCA will receive a three-year funding allocation from 2026/27 onwards (as opposed to annual settlements) therefore giving us more certainty on the programme moving forward. However, TVCA are yet to receive an official confirmation of any allocation for 2026 onwards, and we have now been informed by DfT that an announcement is not due until December 2025. Unfortunately, the delayed timing of this announcement does not align with the necessary procurement and service registration timelines that would be required to secure services from April 2026 onwards.
10. This note therefore sets out an update on the future of supported services across Tees Valley, with a priority focus on continuation for passengers in the absence of any formal funding being known.

THE CURRENT SUPPORTED NETWORK (excluding Tees Flex)

11. TVCA currently support 13 fixed route bus services across Tees Valley which have been introduced at various times since 2023 as BSIP funding became available. The majority of these were introduced following the withdrawal of commercial services by local operators in Tees Valley, however some were introduced as new services looking to mitigate identified areas of low connectivity and provide new connections to employment and education. A summary of these services can be seen below:

Introduced	Service No	Geographical Area Covered	Information
2023-24	Services 3&4	Darlington	The provision of a late evening Mon-Sun and Sunday daytime service.
	Service 17&18	Darlington	The provision of a Monday – Saturday from 8am – 6:30pm service to Harrowgate Hill, Mowden, Albert Hill & Darlington Northgate.
	Service 6/6A	Darlington & Stockton	The provision of a Monday – Sunday from 6am – 8pm service from Stockton High Street through Ingleby Barwick, Yarm, Eaglescliffe, Teesside Airport and Middleton St George to Darlington Town Centre and Hurworth.
	Service 29	Middlesbrough	The provision of a Mon-Sat daytime, evening and Sunday service to areas of Cypress Road and Nunthorpe.
	Service 3	Redcar	The provision of a Sunday daytime service.

2024-25	Service 1&2	Redcar/ East Cleveland	The provision of a Monday – Saturday, 6am – 11pm bus service to improve connectivity in East Cleveland. Covering the following locations: Liverton , Moorsholm, Stanghow, Lingdale, Skelton, Saltburn, Carlin How & Skinningrove.
	Service 101	Middlesbrough – Teesport	The provision of a bus service from areas of Middlesbrough to Teesport.
	Service RP1	Middlesbrough	The provision of an hourly Monday – Saturday service covering Riverside Park.
2025-26	Service X40/X41	Stockton/ Hartlepool	The provision of a bus service to provide coverage at the following locations: Stockton, Billingham, Wolviston and Wynyard.
	Service 16	Darlington	The provision of a service to cover connections from Mowden and Hummersknott to Darlington Town Centre.
	Service 3/3a	Hartlepool	The provision of a service from Middle Warren (Tall Ships) to South Fens, covering Bishop Cuthbert, Hartlepool Town Centre, Owton Manor, and South Fens (via Challoner Road and Rift House).
	Service 35	Stockton	The provision of a service from Stockton to Wolviston, covering Norton Grange, Billingham, & Wolviston Court.
	Service 13/13b	Middlesbrough – Stockton	The provision of a service to connect Stockton and Middlesbrough, covering Coulby Newham, Hemlington, Middlesbrough, Portrack, Stockton & Salters Lane.

12. With approximately 55% of the entire BSIP funding allocation over the past three years being utilised for Sustainable Network for the future (including Tees Flex) and the potential of an upcoming three year settlement as opposed to the current one year rolling programme, there is now the opportunity to review both the efficiency of the current network and the social and economic benefits it provides versus the proposals and requests TVCA receive on a frequent basis to ensure that both value for money and benefits realisation is being maximised.
13. Over the past year, TVCA have received over 75 requests and suggestions from various sources to introduce or amend current services in the region, which in addition to our current network means 88 total review items. Considering the high volume and time required to thoroughly review each case, external consultants have been commissioned to assist with the network review, building on current network analysis which has already been established in collaboration with Podaris planning software and Transport for the North.
14. The Podaris software has allowed us to create a data platform upon which we can compare the Tees Valley commercial network (the Baseline – with no intervention) against the commercial network with the addition of our current BSIP subsidised services (as listed above) where intervention is in place. We can also add the suggestions received from members in to this to help understand the connectivity they would/ could provide. There are various reports that we can now run on both project platforms, these include:

Proximity

- Service Frequency (buses per hour) by stop
- Population within 400m of a bus stop with a defined frequency of service

- % of Households within 400m of a bus stop with a defined frequency of service
- % of Households without access to a car within 400m of a bus stop with a defined frequency of service

Opportunity

- Population (and % of population) within 400m of a bus stop offering access to education within a defined travel time
- Population (and % of population) within 400m of a bus stop offering access to employment within a defined travel time
- Population (and % of population) within 400m of a bus stop offering access to retail (shopping) within a defined travel time
- Population (and % of population) within 400m of a bus stop offering access to healthcare (Hospital or GP Surgery) within a defined travel time

15. Once the review metrics above have been agreed, in line with BSIP funding guidance priorities once known, TVCA propose to review the entire supported services network using the four Tier system outlined below:

Tier 1 - Connections provided by already established supported services in place across the network that would be otherwise be lost if funding was to not continue past March 2026. (Current supported network)

Tier 2 - Additional service requests that would provide additional connectivity not already available through the commercial/ supported network.

Tier 3 - Enhancements to current commercial or supported services where the peak service is already available, but areas would benefit from additional frequency support or evening/ Sunday extensions.

Tier 4 - Services requested that are unlikely to be supported due to current commercial/ supported network links already in place.

16. The results for each tier (and subsequently request made) will be calculated, and comparison tables and diagrams extracted to demonstrate the degree of change between the scenarios for each metric.
17. However, to make any changes to our current supported services network for an April 2026 start date, procurement would need to start imminently to enable operators to register with the Traffic Commissioner in time for a 01 April 2026 commencement.
18. Therefore, without a known BSIP allocation or full analysis of any potential changes, TVCA are proposing to implement new temporary 4-month contracts to all current

supported services at risk by using our De minimis powers (securing the above until at least July 2026).

19. Temporary contracts are currently a lower risk option to TVCA rather than procured longer term contracts with no funding yet secured. It will also ensure there is limited disruption to passengers whilst we continue to await a funding announcement.
20. Whilst priority will be given to ensuring areas remain connected, due to operational requirements we may need to make some slight alterations to the frequency of current supported routes from April 2026 onwards. TVCA are currently awaiting full details of these from operators and the impacted local authorities will be made aware of any changes prior to contracts being agreed.

Proposal 1: to continue existing supported services on a temporary basis, to avoid a gap in service for passengers whilst a formal funding announcement is made by DfT. The extension of contracts until around July 2026 incurs a predicted cost of approximately £960k.

Proposal 2: to proceed with the Network Review under the four-tiered approach outlined above, helping us to determine which services are supported from July 2026 onwards, aligning to expected BSIP guidance.

TEES FLEX – OPTIONS REPORT

Background & Context

21. Tees Flex is a demand-responsive transport (DRT) service available across various areas of the Tees Valley. The service is currently operated by Stagecoach, with funding coming from Tees Valley Combined Authority (TVCA).
22. It was initially launched in February 2020, as a three-year pilot trial and the service was subsequently contracted to March 2026 through various extensions. Due to the value of the contract, a full procurement exercise is required should the service continue past March 2026. This opens up the opportunity to review the efficiency and performance of the service in its current format.
23. The total contract cost for the service from February 2020 – March 2026 is £7.2m.

How it works

24. In its current format, Tees Flex is available to book from Monday to Saturday, 7am – 8pm and can be booked using a dedicated app, by email, through the Stagecoach website or by calling Stagecoach's customer contact centre.

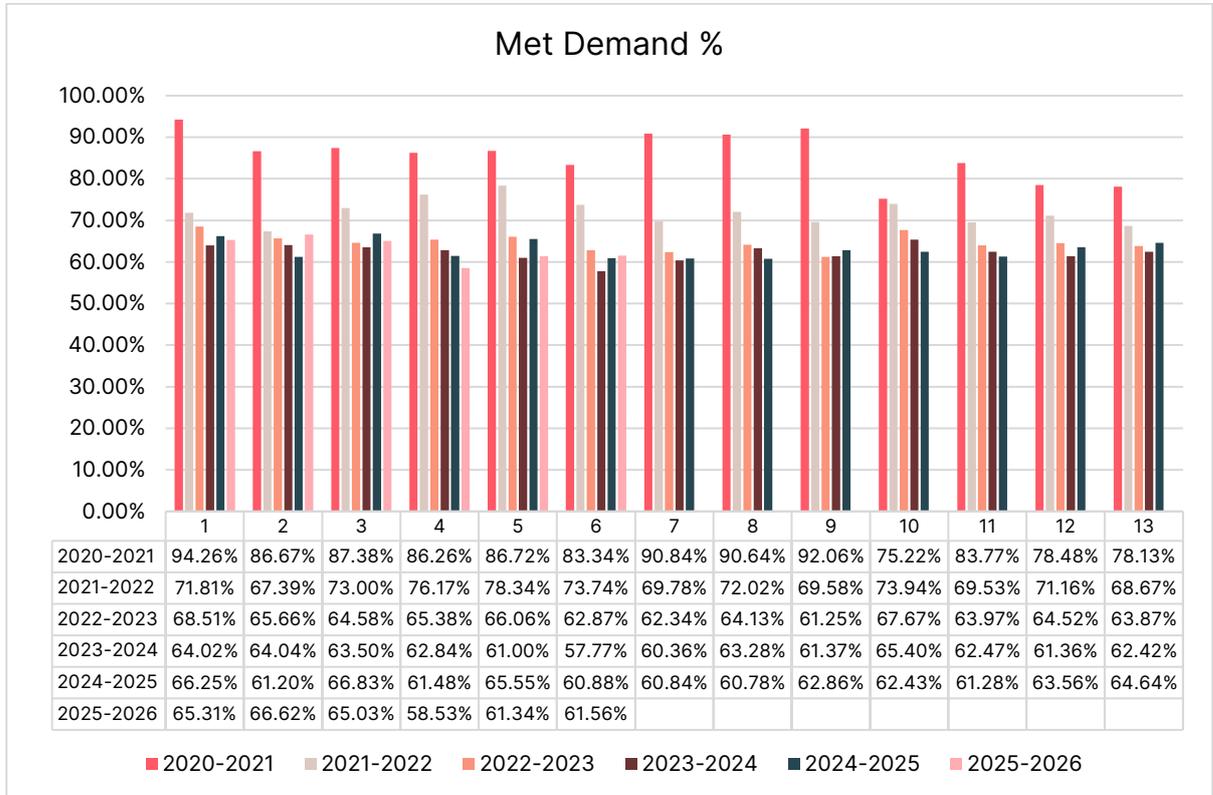
25. Upon booking, passengers are directed to a nearby 'virtual bus stop', with the software then grouping customer demands together in real time. Bookings can be scheduled using either a "Depart at" or "Arrive by" feature where the software takes requested time and compares it with other customer requests in the area, linking them together.

Service coverage and pricing

26. Tees Flex operates across rural and urban areas of Darlington, Stockton-on-Tees, Hartlepool, and Redcar & Cleveland, focusing on locations with limited or no commercial bus services to improve access to jobs, training, and essential amenities.
27. The service uses a fleet of 12 fully accessible minibuses (9 in service plus spares), covering three travel zones (see **Appendix 1.1**). Passengers can travel between primary and secondary destinations within a single zone, but not between zones.
28. Operations are currently based at Stagecoach's Stockton depot, which aside from Tees Flex is now fully electric due to investment from the DfT's ZEBRA2 fund and matching operator funding.
29. Tees Flex offers affordable fares depending on the distance travelled. Fares start at £1 for short journeys under 2 miles, with half priced fares for U19's and free travel for concessionary passengers (e.g., elderly or disabled). Throughout the contract period, fares have been intentionally kept low to support students and low-income residents. However, the structure will need to be considered should the contract continue past March 2026. The current fare matrix for the service can be found in **Appendix 1.2**.

Performance, Usage and Cost Metrics

30. The table in **Appendix 1.3** outlines annual key performance service metrics.
31. It can be seen from the chart below that Tees Flex in its current format is meeting approximately 63% of all requested bookings. In real terms, for 2025-26 periods 1-6 this equates to 61,196 requests being met out of 96,964 total requested. This means that 35,768 requests for service were not accepted – these are classed as 'incomplete rides'. For information, operator reporting is on a 4-weekly period.



32. It should be noted that a high volume of requests received are for journeys starting within the next 5 minutes. As passengers are able to currently request bookings up to 28 days before they wish to travel, these 'on-demand' requests can typically not be accommodated and are therefore recorded as 'incomplete ride's' under the 'Seat Unavailable' category. In addition to this, there are many alternate factors that can contribute to incomplete rides, these are detailed as below:

Reason for incomplete ride

Cancel – customer cancels booked journey in advance

Late Cancel – customer cancels booking with little or no notice.

No Show – vehicle sent but no customer shows for booked journey

Invalid – request is not within operating bounds of service i.e. hours/area

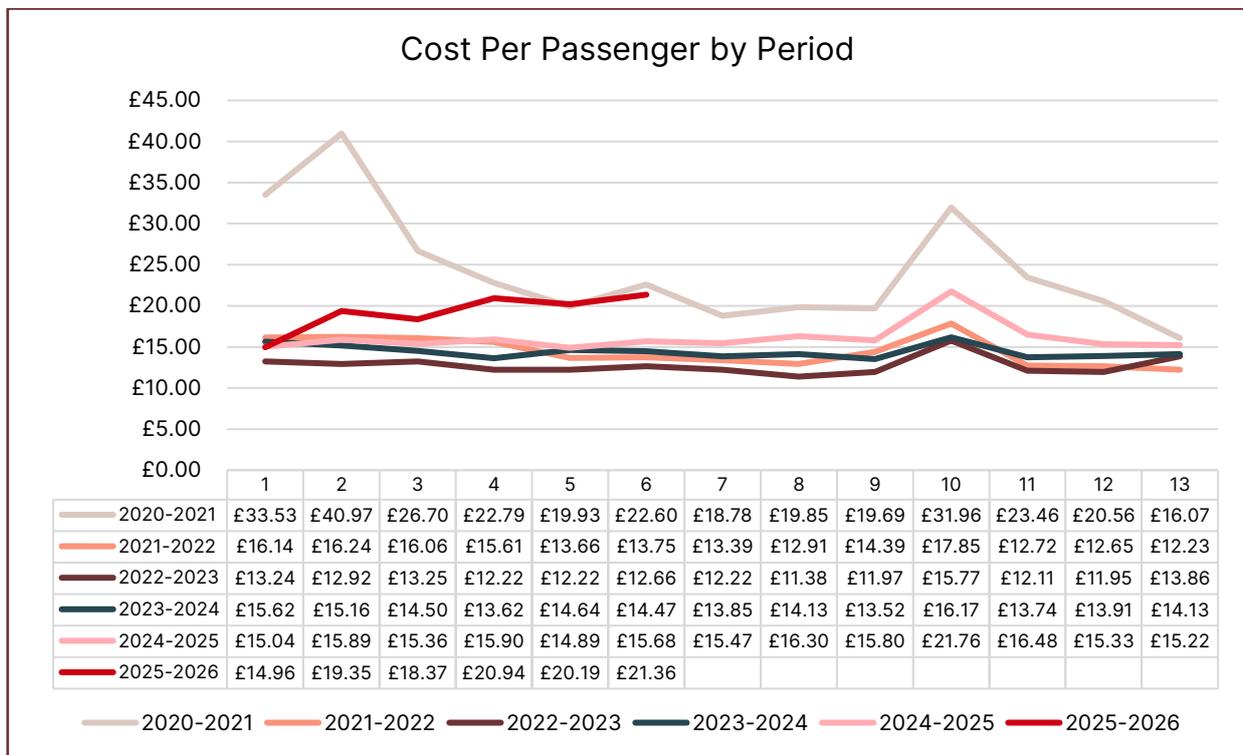
Seat Unavailable – customer requests a ride, but the service is unable to offer a proposal.

This is not unique customers, as multiple requests can come from the same customer, even if they eventually use the service.

Unaccepted Proposal – customer chooses not to accept offered journey opportunity

Other Error

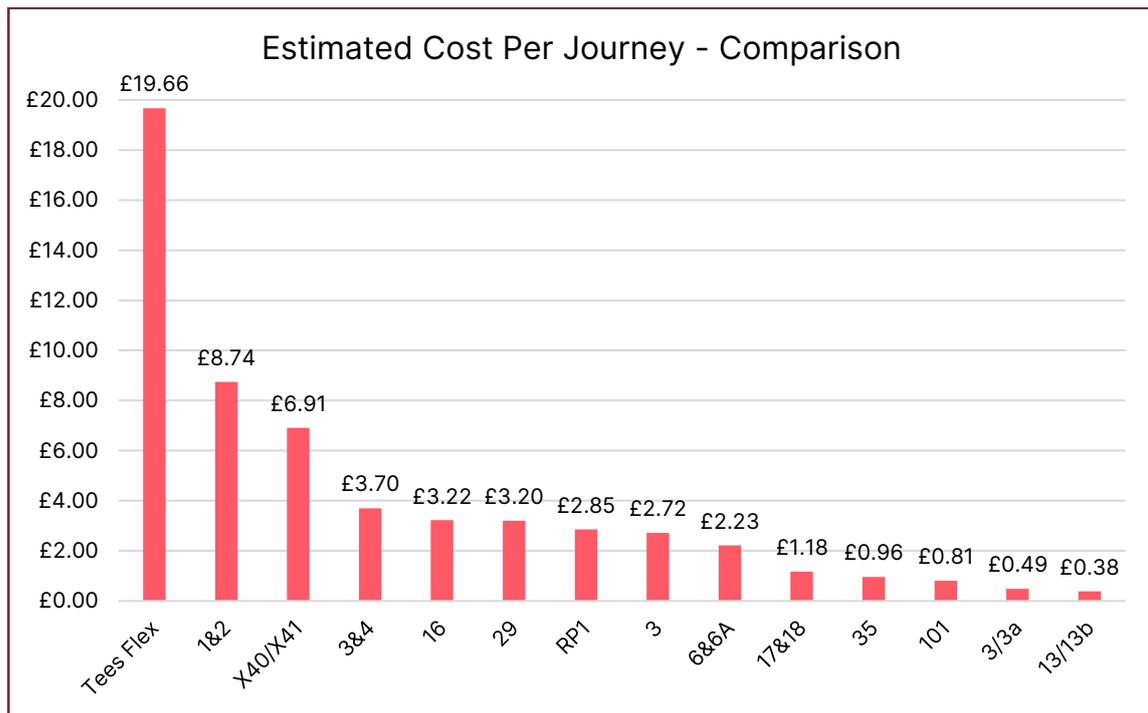
33. The chart below shows the average cost per passenger, which has been calculated by comparing the cost to support, divided by the number of completed rides. Following the first three years of operation, the cost per person, per journey steadily decreased following initial implementation. It's important to note that during this time the service was heavily impacted by COVID. The subsequent three years have shown a substantial increase, with cost per passenger currently sitting at an average of £19.20, per journey. This is largely due to inflation impacting the contract cost, which is also the case for the rest of the supported network.



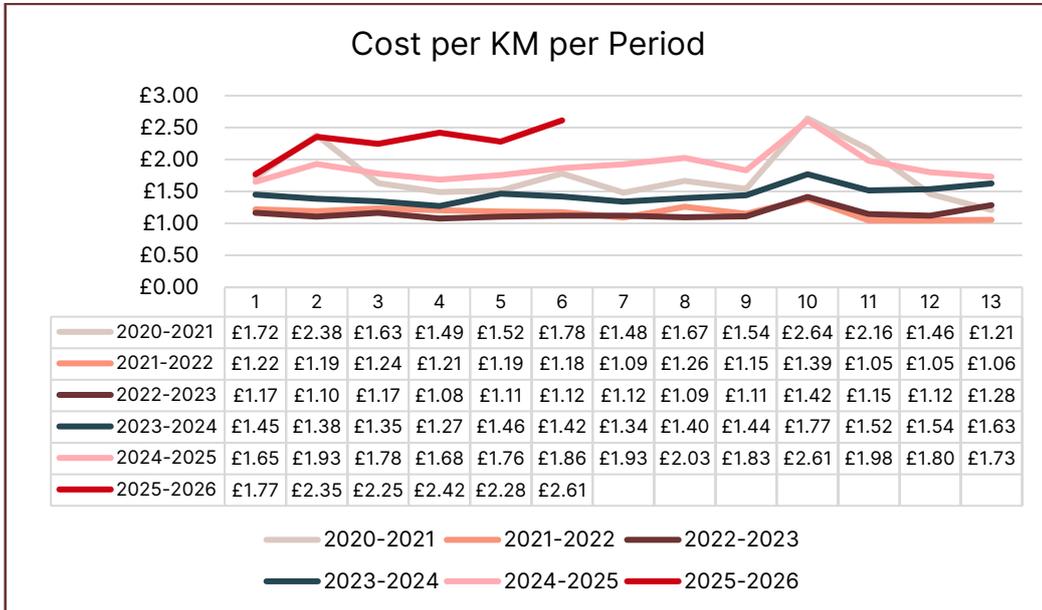
34. For reference as a comparison, most other subsidised services are within the previously agreed £5 per passenger mark, except for 1&2 & X40/X41, both of which operate in areas overlapping Tees Flex coverage. The most recent cost per journey for our other supported services have been included in the table below:

Service	Predicted Annual Cost (m)	Predicted Annual Passengers	Cost Per Journey
Tees Flex	£1,430	72,700	£19.66
1&2	£0.464	53,000	£8.74
X40/X41	£0.435	63,000	£6.91
3&4	£0.80	21,500	£3.70
16	£0.137	42,500	£3.22
29	£0.209	65,300	£3.20
RP1	£0.219	76,800	£2.85
3	£0.44	16,200	£2.72

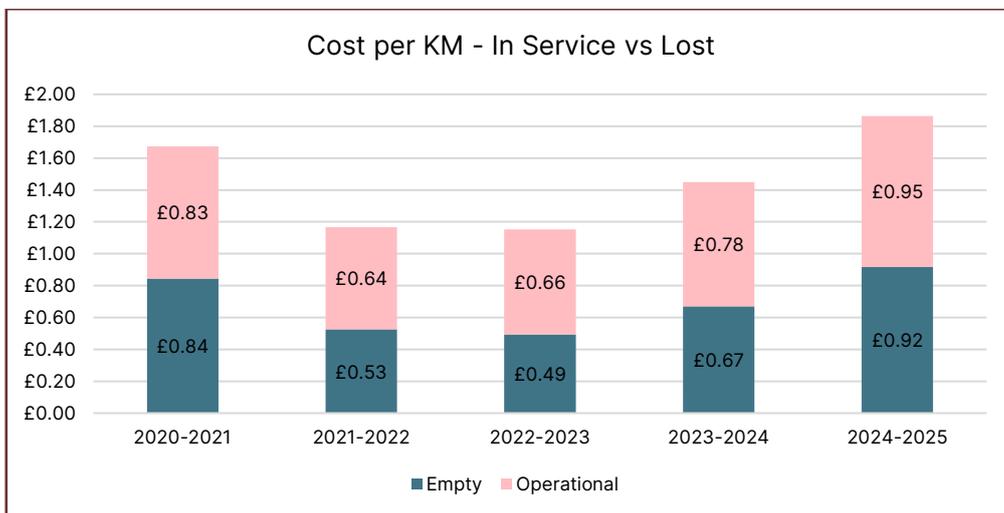
6&6A	£0.550	247,000	£2.23
17&18	£0.173	146,700	£1.18
35	£0.167	174,000	£0.96
101	£0.25	31,000	£0.81
3/3a	£0.139	284,000	£0.49
13/13b	£0.133	351,000	£0.38



35. Lost kilometres are where the services have operated without a carried fare; typically caused by 'dead trips' required between live customer journeys. As demand responsive services typically cover more lost kilometres than traditional fixed services it is useful to review cost per KM to understand the higher operational costs behind the service. From the chart below you can see that the cost per KM has significantly increased in the last two years. The driving factor behind this is that as the total number of KM's covered each year has decreased, the total annual contract cost has increased, again due to inflation across the network.



36. We have also broken down the cost per KM further into both lost and operational categories and assigned a monetary value. As you can see from the graph below this has remained a fairly steady split between the two categories as the total cost per KM has increased. This indicates that the resources currently deployed within the service to deliver journeys under its current operating system are at capacity.



Challenges

37. **Value for money** - Typically, DRT services are expensive to operate due to the nature of the areas they serve, with limited passenger demand in low density areas. It is therefore likely the service will always require public subsidy. The cost per journey for Tees Flex is currently sitting at an average of £19.20. This is due to a continued rise in operational costs, which is having a continued impact on the cost per passenger/ value for money of the service.

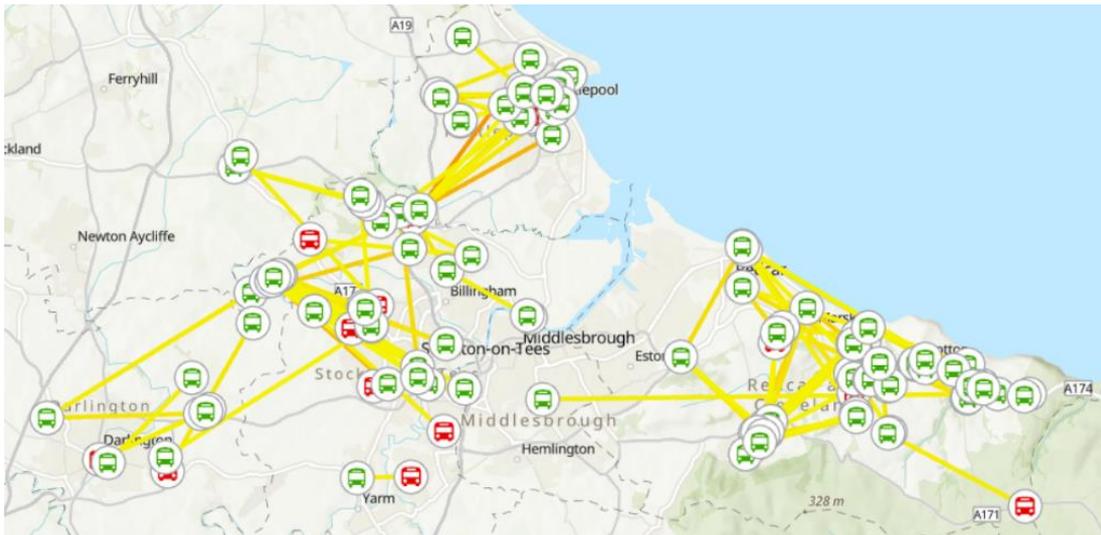
38. **Zonal coverage/ available resource** - A small fleet covering large service zones also limits the number of journeys that can be fulfilled, especially during peak operational times. Due to the polycentric nature of Tees Valley, it can be more difficult to successfully aggregate demand on Tees Flex, as travel patterns are more diverse. This results in varied reliability for some passengers, with uneven usage across areas and times. In conjunction, setting low fares since the service was launched has increased demand and likely contributed to a reduction in the met demand performance.
39. **Funding uncertainty** - Tees Flex is funded through TVCA's Bus Service Improvement Plan, which has previously been allocated on an annual basis. This creates limited certainty for the service's future, which in turn hinders modal shift and passenger trust in the service.
40. **Vehicle reliability** - After over five years of operation, the vehicle fleet is reaching end-of-life, posing continued risks to the performance and reliability of the service. In summer 2025, TVCA conducted a Pre-Tender Market Engagement (PTME) to assess provider interest and inform potential improvements. The outputs of this PTME have formed the basis of options identified below.

Benefits, Strategic Role & Impact

41. When Tees Flex was implemented, it formed a key part of the Tees Valley integrated transport strategy, supporting goals to improve connectivity, reduce social isolation and enhance access to jobs and training.
42. Recognised nationally as a case study in the National Bus Strategy, the service provides transport in areas without commercial bus coverage, helping residents reach essential services and connect with the wider transport network. This is especially important for rural and underserved communities in the Tees Valley, particularly those with mobility or access challenges.
43. New and upcoming Government legislation (included in the 'Bus Services No.2 Bill') is currently being passed through Parliament. This legislation aims to give local authorities who have an Enhanced Partnership in place (such as Tees Valley) more power to define and protect 'socially necessary' essential bus services.
44. Socially necessary services are routes that do not have enough demand to be operated commercially but are considered essential for people who rely on public transport. They are particularly important in rural areas or for serving vulnerable populations, like the elderly or disabled.
45. Whilst TVCA still await further detail on this guidance, and with limited BSIP funding to support all new service requests received by members, Demand Responsive Transport needs to be considered as a way to provide a service to areas where it could be deemed socially necessary.

Future Service Considerations

46. **Operating Vehicles** - Feedback from the PTME indicated that whilst the vehicle size for the service provided seems appropriate, maintaining operations across existing zones would require increasing the peak vehicle requirement (PVR) from 9 to at least 15 vehicles, which would improve booking availability but raise contract costs. However, the fundamental challenge of DRT is that without additional resources, demand cannot be better met, and increasing resources may not improve value for money. As such, high-demand areas may be more efficiently served by traditional fixed-route services, given the limited cost-effectiveness of expanding the current model.
47. **Booking System** - Changing the operational booking system via a flexible software system could open up the potential to combine DRT with new or adjusted fixed route bus services within corridors of the zones where trip density is known to be high. Essentially, if a commercial or supported fixed route service is available, passengers would be re-directed to make this booking over being able to request DRT services.
48. If implemented within the software platform this should minimise fixed route and DRT services from competing for customers (removing potential abstraction from the current market) and freeing up the DRT to be used where no alternate connection is available. This would also provide the opportunity to grow patronage both commercially and within the supported DRT, increasing the efficiency of the entire bus network.
49. **High demand areas** - Current data analysis of journey patterns has highlighted the areas with high customer demand as outlined in the map below:



50. In the time since Tees Flex was originally introduced, many of the rural/semi-rural areas where it operates are now covered by BSIP funded routes (East Cleveland routes 1 & 2, Wynyard routes X40 & X41 and Darlington to Stockton routes 6, 6A & 6B) and it is thought that areas not covered by these but in high DRT demand could be serviced by

the introduction of two new, supported fixed routes, outlined as below (see **Appendix 1.4**):

- *Route A linking Elwick and Dalton Piercy with Hartlepool Sixth Form and Hartlepool Town Centre (1 bus, hourly) – further detail below*
- *Route B linking Stillington, Whitton, Carlton, Redmarshall, Great Stainton to North Tees Hospital/ Roseworth Tesco and Stockton High Street (1 bus hourly) – further detail below.*

It's important to note that whilst alternative fixed route provision may exist in some of the overlap areas, the fixed route may not necessarily provide a comparable direct point-to-point option. So, while an alternative might be present, there is an increased likelihood of attracting a need to interchange.

51. **Contact length** - The PTME concluded that a three-year minimum contract would be the most attractive to potential bidders, helping to ensure that there is sufficient interest from the market. The rationale behind this is that short-term contracts typically restrict bidders due to the mobilisation required (depot location, vehicle acquisition, software implementation and staffing). Whilst funding is still currently unknown, as identified in point 9 above, a three-year contract would also align with the expected BSIP settlement timescales from April 2026 onwards.
52. From previous experience on the current contract, operators are likely to face significant upfront capital costs, inflating tender prices. A longer-term contract would spread these costs, improve value for money, build passenger confidence in service continuity, and enhance performance.
53. However, sourcing cost-effective, reliable vehicles for rural operation remains challenging, and without a long enough term to depreciate vehicle costs, leasing is impractical—potentially limiting market interest in shorter contracts. It is therefore believed that TVCA would need to specify that new vehicles would be required at contract start, with a minimum three-year contract period subject to funding and regular performance reviews.

Conclusion

54. Whilst the cost per journey is high in comparison to our other supported services, Tees Flex is a valued service for transport-deprived communities in the Tees Valley, offering convenience and flexibility that is not provided by traditional scheduled services.
55. However, since the implementation of the service, various additional supported routes have been introduced through the BSIP which cover areas of high demand, therefore double subsidising in many locations.

56. Should an extension be agreed, to ensure resilience across the contract term, considerations need to be made around any new proposed contract length, the service coverage, including areas of high demand and the flexibility of the booking system.

Options to Consider

57. With the above in mind, the below sets out various options to be considered based on the future of Tees Flex/ DRT within the Tees Valley:

Option 1 – Retain current service provision - continuation of Tees Flex/ DRT until March 2029

Reprocure the service as it is for a further 3 years, with no operational changes and accept high cost per journey is relative to the current level of coverage it provides.

Option 2 – Reprocure the service, but slightly change the nature of operations- continuation of Tees Flex/ DRT until March 2029

Reprocure the service for a further 3 years but make some slight amendments to the operations to try and improve service performance (see below table).

Potential amendment	Description	Potential impact
Reduce the pre-booking period	Move from opening pre-booking from 28 days in advance to up to 7 days in advance.	TVCA believe this would be a beneficial amendment to the service and it could potentially increase service capacity to complete more requested journeys, rather than vehicles being 'out of use' if they are occupied for longer journeys that have been booked weeks in advance.
Fares increase	Increase in fares for users to potentially reduce the subsidy requirement.	Due to the rising contract costs, which are the result of inflation, we could look to increase fares charged on the service. This would bring in more revenue to the relevant operator, ultimately reducing the cost per journey to TVCA. Although a reasonable fare increase would have a minimal financial impact on the level of subsidy required.
Linking to the commercial network	Setting limits within the app so that users cannot book a journey that can be made on a commercial/ other supported service. They would instead be advised to travel using the alternate route.	This should reduce the high demand for trips and thus improve the 'met demand' metric and increase aggregation rate, whilst also providing suitable alternative to those who's trips would now be ineligible. This option would also remove any potential abstraction from the commercial market and cross over with TVCA supported services which have been implemented during recent years.

Option 3 – no further DRT intervention

End the current contract in March 2026 and no longer continue funding Tees Flex or any form of Demand Responsive Transport within the Tees Valley, enabling the funding to be allocated elsewhere towards BSIP priorities.

This could be justifiable from a value for money perspective as many of the locations served by Tees Flex have alternative service provision, but withdrawing Tees Flex would leave some areas with no service coverage.

Option 4 – end DRT provision, but implement 2 new routes to offset areas of high demand

End the current contract in March 2026 and no longer continue funding Tees Flex or any form of Demand Responsive Transport within the Tees Valley, enabling the funding to be allocated elsewhere towards BSIP priorities.

Whilst withdrawing Tees Flex would leave some areas with no service coverage, TVCA also believe there are two new fixed route supported services where data showed high usage patterns not covered by alternate commercial or supported services.

We would therefore propose that these are procured over the coming months, ready to start service from April 2026 onwards, providing some additional coverage alongside the other proposed temporary extensions as Tees Flex comes to an end. An overview of these routes is outlined below:

Hartlepool – linking Elwick and Dalton Piercy with Hartlepool Sixth Form and Hartlepool Town Centre (1 bus, hourly)

Circular routing, taking in Hartlepool Town Centre - Sixth Form College - West Park - Elwick - Dalton Piercy - West Park - Sixth Form College - Town Centre. Schedule may also provide the opportunity to additionally serve Burbank Street.

Stockton & Darlington – linking Stillington, Whitton, Carlton, Redmarshall, Great Stainton to North tees Hospital/ Roseworth Tesco and Stockton High Street (1 bus, hourly)

Stockton Town Centre - limited stop on Durham Road - Carlton - Redmarshall - Whitton - Stillington - Old Stillington - (Great Stainton) - Bishopton - Redmarshall - Carlton - limited stop on Durham Road - Stockton Town Centre

Whilst both routes are subject to further refinement and agreement, the expected funding required to introduce these services would be in the remit of £220k per service (£440k total).

58. For options 1 and 2, a minimum contract length of three years is recommended, this would be subject to the appropriate level of BSIP funding being confirmed. As TVCA would be commencing procurement in the absence of formal funding being received, the contract would only be awarded following the official announcement.

Proposal 3: to consider the procurement of Demand Responsive Transport service from April 2026 onwards at a predicted cost of approximately £4.65m over the contracted term (approx. £1.55m per year), or alternative the provision of additional fixed route services instead of a Demand Responsive Transport service.



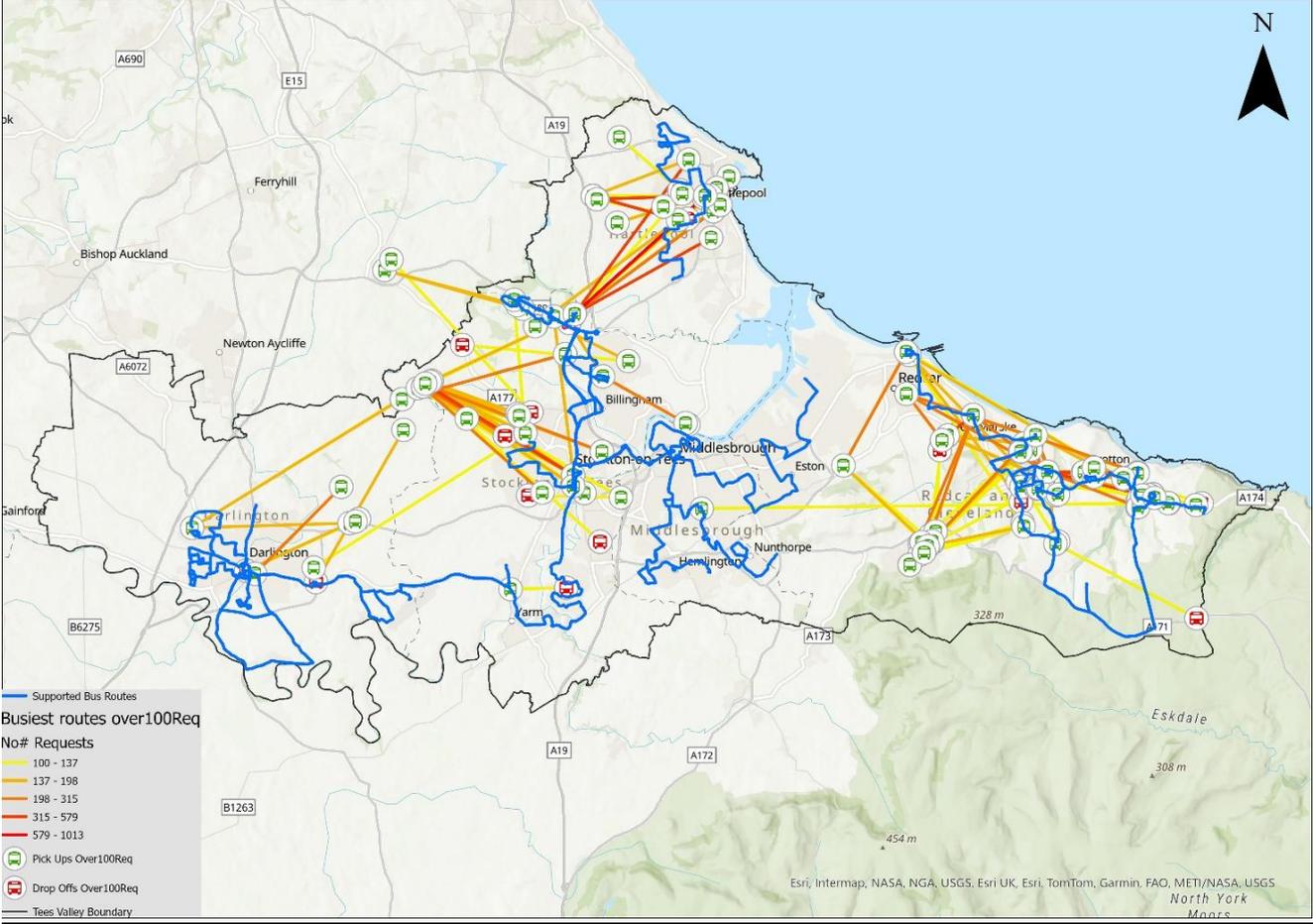
Appendix 1.2 – Tees Flex fares table

Band	Distance	Adult Single	Adult Return	Under 19 Single	Concessions (T&Cs apply)
1	Under 2 miles	£1.00	£1.50	50p	FREE
2	2-5 miles	£2.00	£3.00	£1.00	FREE
3	5-10 miles	£3.00	£4.50	£1.50	FREE
4	Over 10 miles	£4.00	£6.00	£2.00	FREE

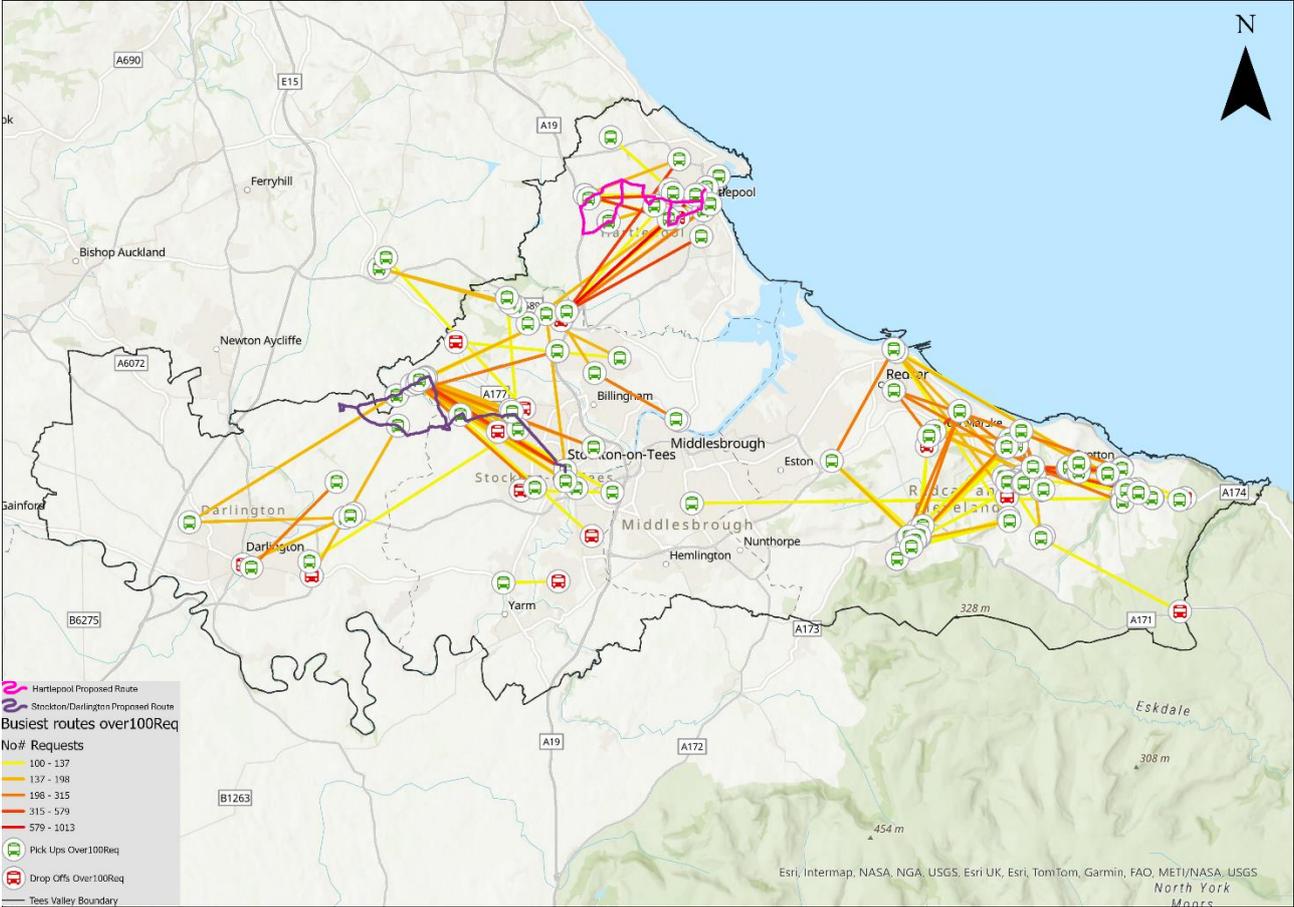
Appendix 1.3 – Tees Flex performance data

Data	Annual Data					
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 (Estimate)
Requests in service hours (Total number of customer requests)	88,116	190,479	255,813	256,935	217,215	210,089
Met demand (Total number of requests where a Tees Flex vehicle was available and could fulfil the booking)	75,506	136,717	165,130	159,810	136,793	132,591
Met demand % (Percentage of requests where a Tees Flex vehicle was available and could fulfil the booking)	86%	72%	65%	62%	63%	63%
Completed Rides (Total number of completed customer journeys)	48,184	72,678	84,534	86,056	75,167	73,756
Active Riders (Unique number of customers who completed rides)	26,743	43,525	51,777	54,033	48,028	47,106
Average Pickup ETA (mins) (Average pickup ETA across all requests)	23	31	33	27	26	26
Average Ride Duration (mins) (Average ride duration from pickup to drop-off)	14	17	17	16	16	16
Average Ride Rating (out of 5) (Average 'star' rating for rides given by riders after completion of their journey)	4.9	4.8	4.8	4.9	4.9	4.9
Average Pickup Walk Distance (Walking distance from customer's origin location to planned pickup location)	110	104	113	120	118	123
Aggregation Rate (instances of >1 rider in vehicle) (% of time with more than one passenger on board)	36%	42%	44%	42%	38%	36%
Total Kms (Total operational KMs)	658,979	887,283	930,819	854,177	642,479	620,887
Empty Kms (enroute to pick up) (Operational KMs without a fare; this includes depot positioning trips and dead trips between live customer journeys)	332,097	399,884	399,021	395,208	316,056	323,503
In service Kms (Operational KMs with a fare carried).	326,882	487,399	531,798	458,970	326,423	299,362
Annual Cost to Support (Annual monthly cost April - March)	£1,103m	£1,035m	£1,072m	£1,237m	£1,198m	£1,430m
Cost Per Passenger (Average cost per journey for each completed ride)	£22.89	£14.24	£12.68	£14.38	£15.94	£19.38
Cost Per KM (Average cost per KM (Total Operated)	£1.67	£1.17	£1.15	£1.45	£1.86	£2.30
Empty KM % (Percentage of Empty KM)	50.4%	45.1%	42.9%	46.3%	49.2%	52.1%
In Service KM % (% of In-Service KM)	49.6%	54.9%	57.1%	53.7%	50.8%	48.2%
Cost per Empty KM (Cost incurred to operate per Empty KM)	£0.84	£0.53	£0.49	£0.67	£0.92	£1.20
Cost per in Service KM (Cost incurred operate per In Service KM)	£0.83	£0.64	£0.66	£0.78	£0.95	£1.11

TEES VALLEY



TEES VALLEY



Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	10		
Report Title	Adult Skills Fund		
Accountable Cabinet Member	Cllr Lisa Evans Portfolio Holder for Education, Employment and Skills		
Accountable Chief Officer	Sarah Walker Interim Director of Business Solutions		
Accountable Employee	Jacqui Banks Business Solutions Manager (Skills)		
Report considered by	Pre-Cabinet Process		
Key Decision	Yes X	No	To approve the recommended approach to the adult skills delivery from the 2026/27 academic year.
Public Report	Yes X		The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A	Approve the updated Strategic Skills Commissioning Plan as detailed in Section 3 and Appendix 1 of this report.
B	Approve the proposed approach to Adult Skills Delivery from the 2026/27 academic year as detailed in Section 3 of this report.
C	Receive a further report in March 2026 detailing the recommended specific financial allocations to providers for the 2026/27 academic year for the Grant Funded providers.

D	Delegate the procurement process including the commitment of funds to the Tees Valley Combined Authority Chief Executive, Tees Valley Combined Authority Finance Director (S73 Officer), and Monitoring Officer with a report to be provided to Cabinet in June 2026 on the procurement outcomes and allocations.
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1. Purpose	
1.1	At the Tees Valley Combined Authority (TVCA) Cabinet meeting in June 2025, TVCA set out its commitment to work collaboratively with key stakeholders to shape the approach to commissioning adult skills provision from the 2026/27 academic year, to ensure that it meets the current and future requirements of both employers and learners in the Tees Valley and moves to a more outcome, job ready based model.
1.2	This report provides TVCA Cabinet members with details of the process that has been undertaken with key stakeholders and sets out the recommended approach including: <ul style="list-style-type: none"> a) A refreshed Strategic Skills Commissioning Plan. b) Investment priorities for Adult Skills provision and clear outcome measures. c) A proposal to secure high-quality delivery organisations best placed to meet skills priorities. d) Moving to a new funding model that includes place-based collaboration, partnerships and strategic planning and ensures clear accountability for the learner and employer outcomes.
2. Executive Summary	
2.1	As part of the devolution deal for the Tees Valley, the Combined Authority receives approximately £30m per academic year for the delivery of the adult skills functions across the Tees Valley, to residents aged 19+.
2.2	For the delivery of adult skills from the 2021/22 academic year, the Combined Authority established a Skills Framework of providers through an open procurement process, covering a period of up to four years (to 31 July 2025). During this period, the Combined Authority has been able to undertake light-touch “call-off” processes from the Framework to secure the most appropriate providers to deliver adult skills programmes on an annual basis.
2.3	In January 2025, the Combined Authority launched the final call-off from the Skills Framework to commission the delivery of adult skills for the 2025/26 academic year, marking the final year of operation for this commissioning model. Delivery against this call off will come to an end on the 31 July 2026.

3. Adult Skills Delivery from Academic Year 2026/27

- 3.1 Following the Government's recent reshuffle, Ministerial responsibility for adult skills has moved from the Department for Education (DfE) to the Department for Work and Pensions (DWP).
- 3.2 It is expected that the adults skills funding allocation for the 2026/27 academic year will be confirmed by the Department for Work and Pensions (DWP) by the 31 January 2026 and will be received as a single section 31 grant encompassing the Adult Skills Fund, the Level 3 Free Courses for Jobs and Skills Bootcamps.
- 3.3 A condition of the devolved adult skills funding is the requirement for the Combined Authority to continue to provide an offer against the legal entitlements. These entitlements ensure that adults have access to the essential skills needed to support employment, progression, and participation in learning.
- 3.4 These entitlements cover qualifications that deliver foundational English, maths, digital, and technical skills, and apply to eligible adults aged 19 and over:
- a) **English and Maths Entitlement** - applies to individuals aged 19 and over who have not previously attained a GCSE grade *A–C or grade 4**, or higher, in English and/or maths. Learners assessed as having skills below level 2 are also eligible, even if they previously achieved a higher grade. Covers English and maths qualifications up to and including level 2 (including Functional Skills and GCSEs).
 - b) **Digital Skills Entitlement** - applies to individuals aged 19 and over assessed as having digital skills below level 1. Covers Essential Digital Skills Qualifications (EDSQs) and Digital Functional Skills Qualifications (FSQs), up to and including level 1.
 - c) **First Full Level 2 Entitlement** - applies to individuals aged 19 to 23 who have not previously attained a full level 2 qualification. Provides full funding for their first full level 2 qualification from the Department for Education's approved list.
 - d) **First Full Level 3 Entitlement** - Applies to individuals aged 19 to 23 who have not previously attained a full level 3 qualification. Provides full funding for their first full level 3 qualification from the Department for Education's approved list.
- 3.5 As agreed by Cabinet in June, a series of strategic workshops have been undertaken with key stakeholders. These were chaired by Councillor Evans, TVCA Cabinet Portfolio Lead for Education, Employment & Skills and are set out in Table 1 below.

TABLE 1: WORKSHOPS

Date	Workshop Theme	Outcome
10 June 2025	<p>“Why” the national policy overview and local policy context including the Local Growth Plan, the Get Tees Valley Working Plan, the Employment and Skills Strategy, and the Tees Valley sector priorities;</p> <p>a local evidence base and key messages, including opportunities and challenges; and</p> <p>the skills need analysis and current skills supply.</p>	Shared understanding of the opportunities and challenges across stakeholders.
23 June 2025 and 22 July 2025	<p>“What” shared understanding of the priority provision we need to invest in, including consideration of the outputs such as qualifications/learning aims/levels, target learner groups, target geographical areas/wards and industry/sectors; and</p> <p>the desired outcomes such as moving more adults into employment or closer to employment, progressing those in work to higher level skills and measuring the impact of the skills provision locally in terms of business growth and productivity.</p>	Collective agreement was reached on the priorities for investment for future skills programmes, as set out in Appendix 2 , and in line with the pillars of support as defined in the Employment and Skills Strategy 2022-2029, and the funding principles set out in the Strategic Skills Commissioning Plan at Appendix 1 .
10 October 2025	<p>“How” shared understanding of opportunities, challenges and impact relating to different funding models; and consideration of the funding model options, including multi-year funding where possible, procurement and grant funding.</p> <p>This included consideration of the Procurement Act 2023 and the new procurement regulations that came into force from the 24 February 2025.</p>	Agreement on the recommended approach to future funding of adult skills, including the principles of the outcome performance measures for providers.

Date	Workshop Theme	Outcome
22 October 2025 and 6 November 2025	Meeting with the Tees Valley Further Education College Principals (FE+) and representatives from Local Authorities to further review a Strategic Outcome Framework and Performance Dashboard.	Strategic Outcome Framework and Performance Dashboard
20 November 2025	Meeting with representatives from Voluntary Community Social Enterprise (VCSE) sector to consider the role of the sector in the future delivery of adult skills.	Agreement with the approach and the targeted place-based approach.

- 3.6 **The Tees Valley Employment and Skills Strategy (2022-2029)** set out the approach to skills delivery through three pillars of support:
- Retention** - support for those in employment and accessing work; (our new and existing workforce and their employers)
 - Intervention** - support for those seeking work (our potential future workforce)
 - Preparation** - support for those still in education and training (our pipeline future workforce)
- 3.7 As part of the readiness conditions for what was the devolved Adult Education Budget (now the Adult Skills Fund), the Combined Authority was required to produce a Strategic Skills Plan. This Strategic Skills Plan is a document that sets out the evidence of need for adult skills and the strategic approach to the commissioning of adult skills for the Tees Valley.
- 3.8 The refreshed Strategic Skills Commissioning Plan, at **Appendix 1**, set outs the approach that will be taken to the commissioning of adult skills for 2026/27 academic year, the strategic funding principles and our expectations of the providers through a set of values and behaviours to support this approach.
- 3.9 These plans provided the approved strategic framework to inform the **adult skills investment priorities set out in Appendix 2**.
- 3.10 The strategic workshops have provided an opportunity to revisit the **evidence base** and take a fresh look at the need for adult skills alongside opportunities for investment. As a result, the investment programmes are designed to directly respond to evidenced needs.
- 3.11 The programmes for investment will be based on a delivery model approach of:
- Universal Access** – that will be available for all Tees Valley residents aged 19+ to access, which will include the legal entitlement.
 - Targeted Approach** – to individuals, geographical areas (through a place-based approach) sectors and skills levels.
 - Bespoke Approach** - to industry and sector skills needs.

- 3.12 The programmes for investment will:
- a) target those 8% of adults who have no prior qualifications through a targeted place-based approach;
 - b) enable all adults aged 19+ to access their legal entitlement of English, Maths Digital and first level 2 and level 3 qualification, therefore reducing the skills gaps at levels 1, 2 and 3 in the Tees Valley;
 - c) support the Tees Valley to reach the 80% employment rate through “Pathways to Employment” to progress those who are unemployed to move into sustainable employment or move closer to the labour market through an offer that will equip individuals with the essential employment and technical skills they need to enter the labour market;
 - d) provide the opportunity to deliver longer “new entrant” industry led programmes to meet emerging and future skills need in the priority sectors such as clean energy, construction and engineering;
 - e) continue to deliver bespoke employer led programmes, responding to local employer skills shortages/skills gaps;
 - f) support those employed individuals who wish to retrain for employment in a priority/high demand sector;
 - g) support those individuals where English is a second language (ESOL), prioritising those who can move into the labour market; and
 - h) continue to support individuals to progress to higher level skills through the Access to Higher Education offer and Bespoke Employer Led Skills programmes in order to achieve the higher-level skills (Level 4+) needs by 2035 for the Tees Valley.

3.13 When considering the options for the route to market, the Combined Authority has taken into consideration: the various options that are available through the new Procurement Act 2023 and the engagement with key stakeholders, which has informed the recommended approach for the adult skills delivery from the 2026/27 academic year.

3.14 Previous commissioning routes have also been considered, considering that since the 2019/20 academic year, the Tees Valley Colleges and Local Authority adult learning providers have been awarded the majority of the Adult Education Budget (now the Adult Skills Fund). This proportion has increased year on year, reflecting strong delivery performance and their central role in meeting local skills needs. For the 2025/26 academic year, 70% of the total Adult Skills Fund allocation is directed to these institutions.

OPTIONS AVAILABLE TO CABINET

3.15 **Option 1.** To directly Grant Fund the Tees Valley Colleges, the Tees Valley Local Authority adult learning providers and Teesside University as set out in route 1 below: and to secure all other providers to deliver legal entitlement and bespoke sector specific and employer led programmes through an open multistage procurement process, as set out in route two below.

- 3.16 This will remove the requirement for the Tees Valley Colleges and Local Authority adult learning providers and Teesside University to undertake any future procurement processes.
- 3.17 This will be subject to affordability and confirmation from Department for Work and Pensions of the allocation to the Combined Authority for the 2026/27 academic year.
- 3.18 **Option 2.** To launch a multi-stage procurement process to the open market for all provision. This approach will provide an opportunity for all provider types (locally, regionally and nationally) to secure adult skills funding to deliver against the programmes for investment in the Tees Valley.
- 3.19 It is recommended that the Combined Authority Cabinet: **APPROVES OPTION 1**
- 3.20 **Reason for recommendation:** The reclassification of the Further Education Colleges from the private sector to the public sector ensures continuity and stability, as well as enhanced financial management, accountability and transparency of colleges. The Tees Valley colleges, Local Authority adult learning providers and Teesside University are anchor institutions primarily serving local skills needs and are wholly or mainly funded by the public purse. These institutions have also demonstrated through the His Majesty's Inspectorate Ofsted inspection process that they are of high quality with overall grades as either "Good" or "Outstanding". This approach will provide an opportunity to build stronger strategic relationships with the Combined Authority and will be in line with the national approach and approach of other Mayoral Combined Authorities.
- 3.21 The timeline for a full open procurement process would mean that the outcome would not be finalised until June 2026. This presents a risk to the continuity and stability of Tees Valley colleges and Local Authority adult learning providers, as it could impact their ability to finalise curriculum plans and secure the necessary resources to deliver provision from 1 August 2026.
- 3.22 This option also provides the opportunity to engage a wider range of additional providers who can address specific skills needs that fall outside of or enhance the grant-funded offer.
- 3.23 The **RECOMMENDED** approach includes two routes and is detailed as follows:
- ROUTE 1 - GRANT FUNDED**
- 3.24 From the 2026/27 academic year, we will continue to Grant Fund those organisations that are currently Grant Funded and who meet the following criteria:
- a) are wholly or mainly funded by the public purse
 - b) have an established face to face place-based approach that supports the TVCA strategic ambitions and deliver significant volumes of activity within TVCA.

- c) established registered head office and delivery centre of FE college, Higher Education campus or Local Authority base within the TVCA boundary.
- 3.25 Subject to affordability, we will grant-fund these organisations on a 3-year multi-year basis, with initial allocations derived from their 2025/26 levels. However, final allocations will also be determined by evidenced demand and need and may consequently be subject to increase or decrease.
- 3.26 These Grant Funding Agreements will be supported with a 3-year Strategic Outcome Agreement that:
- a) incentivises and drives improved learner and employer outcomes
 - b) enables flexibility and responsiveness
 - c) inspires innovation and collaboration
 - d) ensures reliable, accurate data
- 3.27 The Strategic Outcomes Agreements will also be aligned with the strategic funding principles and provider values and behaviours set out within the Strategic Skills Commissioning Plan of:
- a) maximising the amount of funding that reaches the learner
 - b) developing collaborative and strategic working relationships with providers to the benefit of the Tees Valley residents and employers
 - c) prioritising delivery that is strategically and economically advantageous
 - d) delivering with integrity – putting the needs of learners and employers at the centre
 - e) demonstrating exemplary behaviours with regards to the commissioning of subcontracting arrangements to support positive outcomes for learners and employers
- 3.28 The grant funding agreements will incorporate a three-year Strategic Outcome Agreement, specifying the required outcome performance levels. Performance will be monitored quarterly through in-year reviews and a comprehensive end-of-year strategic performance assessment. Future funding levels will be contingent upon the outcomes of the end-of-year review and may be reduced where performance does not meet the agreed standards.
- 3.29 In addition, an annual performance scorecard will be produced for each provider to support transparent and consistent performance management.
- 3.30 As part of the Strategic Outcome Agreement, a place-based delivery model will be established for the targeted programmes of investment outlined in **Appendix 2**. This model will facilitate structured collaboration between local authorities, education providers, community organisations, and schools to design and implement locally tailored interventions. These interventions will address priority skills needs within defined geographical areas and ensure that provision is responsive to local economic and community priorities.
- 3.31 Whilst there will no longer be a ring-fenced element of funding for Learning for Inclusion, this creates an opportunity to invite new providers, particularly those

with established, trusted relationships with individuals who are hardest to reach. This includes organisations within the Voluntary, Community and Social Enterprise (VCSE) sector, local schools, and Local Authorities, who are well placed to address the specific challenges previously supported under this funding stream.

- 3.32 The design of these programmes will focus on engaging targeted individuals through informal learning, with the aim of increasing confidence and aspirations, and reducing stigma associated with literacy, numeracy and digital skills. Delivery will be undertaken by a range of appropriate organisations, with the overarching objective of removing barriers and supporting individuals to progress into formal learning.
- 3.33 We are moving from a transactional delivery model to a more strategic, place-based approach centred on long-term relationships with our grant-funded providers. Achieving this requires sufficient internal capacity and capability, supported by robust systems and processes that enable effective performance management across both grant-funded partners and providers commissioned through procured routes.
- 3.34 We therefore propose to retain 4% of the Adult Skills Fund budget, consistent with the approach taken by other Combined Authorities, which generally retain between 3% and 5% to support the operational management, administration, and associated audit and assurance requirements of the fund.
- 3.35 It is proposed that following TVCA Cabinet, the strategic meetings with the Grant Funded providers will commence January 2026 with a further report to TVCA Cabinet in March 2026 detailing the recommended allocations, subject to affordability, for the 2026/27 academic year.

ROUTE 2 – CONTRACT FOR SERVICES:

- 3.36 Through an open and competitive 3 stage procurement process. This approach will enable the Combined Authority to secure the most appropriate providers to deliver against the programmes of investment, harnessing their expertise and specialisms to ensure that provision is aligned to local economic needs.
- 3.37 The process for securing these providers will ensure:
- a) **financial due diligence** – to ensure providers are financially stable and capable of delivering contracted provision
 - b) **high quality** – with demonstrable commitment to delivering excellence in teaching, learning, and learner experience
 - c) **economically advantageous delivery** – ensuring value for money and efficient use of public funds
 - d) **proven track record and performance** – with solid evidence of achieving positive learner outcomes and meeting contractual requirements

- e) **capacity and capability** – to deliver provision at the required scale, quality, and within specified timescales, to provide management information and reporting of outcomes
- f) **responsiveness** to local skills needs and ability to pivot quickly
- g) **sector specialism/niche provision** aligned to Local Growth Plan

3.38 The procurement will focus on:

- a) additional delivery of the Legal Entitlements
- b) supporting the unemployed and those looking for work to access the skills they need to secure sustainable employment opportunities through targeted skills programmes
- c) supporting employers to address specific sector workforce skills shortages and skills gaps (existing workforce) where there is evidence of need across the priority sectors and foundational economy

3.39 Subject to affordability, and subject to provider performance against the outcomes, we will contract with these organisations for one year with the option to extend for up to 3 years. These will be funded on actual earnings basis, in arrears and will include an outcome payment element.

3.40 It should be noted that, while the procurement process is designed to secure the most suitable providers through a robust and transparent approach, there remains an inherent risk that some providers may submit high-quality bids but subsequently fail to deliver the expected quality or outcomes in practice. The procurement process will seek to mitigate this risk by rigorously assessing the evidence submitted in relation to providers' track record and performance, and by applying a scoring methodology that appropriately weights these factors.

3.41 Following TVCA Cabinet, a full open procurement will be launched in January 2026.

Stage	Indicative timescale (no of working days)	Open Tender
Launch Procurement Process		05/01/2026
Tender Process (Stage 1 - Conditions of Participation)	25	09/02/2026
Assessment of Conditions of Participation	15	02/03/2026
Collation of feedback and issuing assessment summaries	2	04/03/2026
Tender Process (Stage 2 - quality/price/social value/delivery plan submission)	15	23/03/2026
Evaluations of Bids	20	20/04/2026
Collation of feedback and issuing assessment summaries	2	22/04/2026
Tender Process (Stage 3 - Negotiation Phase)	20	18/05/2026
Collation of feedback and issuing assessment summaries	2	20/05/2026
Standstill Period	8	01/06/2026

3.42 It is recommended that TVCA Cabinet agrees to delegate the procurement process, including the commitment of funds to the TVCA Chief Executive, TVCA Finance Director (S73 Officer) and Monitoring Officer and to receive a report in June 2026 on the procurement outcomes and allocations.

4. Background

4.1 Prior to the Combined Authority taking responsibility for the devolved Adult Skills Fund, around 300 providers across England were delivering adult skills provision to Tees Valley residents, with a further 200 providers operating through subcontracting arrangements, accounting for approximately 30% of the budget.

4.2 Since devolution in 2019, and in line with the Strategic Skills Plan, the Combined Authority has streamlined the provider base and significantly reduced subcontracting to around 10%. This approach has maximised the proportion of funding reaching learners and supported improved value for money and high-quality subcontracted delivery.

4.3 Nationally, the DfE adopts a grant funding model for Further Education (FE) colleges, Local Authorities, and other designated institutions. This approach is underpinned by a rationale of ensuring stability and continuity in the delivery of core, publicly funded education services.

4.4 Conversely, the DfE procures all other providers, including Independent Training Providers (ITPs), on the basis that they are non-statutory education bodies that are privately owned and therefore present a higher level of financial and delivery risk.

4.5 In November 2022, the Government undertook a process to reclassify colleges from the private to the public sector and therefore ensuring continuity and stability, enhanced financial management accountability and transparency of colleges.

4.6 The Combined Authority has commissioned adult skills provision through open procurement process, establishing a Skills Framework of providers for the period 1 August 2021 to 31 July 2025, taking an approach that treats all providers equally.

4.7 The Tees Valley Skills Framework currently comprises 56 providers, including the Tees Valley FE Colleges, Atomix (formerly Stockton Sixth Form and Prior Pursglove Colleges), and the five Local Authority adult learning providers. Approximately 32 providers have secured funding annually to deliver adult skills provision.

4.8 While the establishment of the Skills Framework has been beneficial in providing stability, consistency, and a clear quality assurance mechanism, it has also proved somewhat restrictive in enabling new providers to enter the market or in

	<p>responding flexibly to emerging priorities and new funding streams introduced since its inception.</p>
4.9	<p>In 2019/20, the Tees Valley FE Colleges and Local Authority adult learning providers were awarded 60% of the Adult Education Budget (now the Adult Skills Fund). This proportion has increased year on year, reflecting strong delivery performance and their central role in meeting local skills needs. For the 2025/26 academic year, 70% of the total Adult Skills Fund allocation is directed to these institutions.</p>
4.10	<p>The current adult skills funding model operates as a transactional, output-based system, whereby funding is allocated against qualifications, learning aims, and skills programmes. Under this model, learner outcomes such as progression to further learning, employment, or career advancement are expected to be captured through provider-reported data. However, there are ongoing challenges regarding the consistency and quality of the outcome data submitted by providers, which limits the ability to fully assess the longer-term impact of adult skills provision across the Tees Valley. The Combined Authority is addressing this with additional measures that will incentivise providers to make the necessary improvements.</p>
4.11	<p>At the Tees Valley Cabinet meeting in July 2024, there was a shared view that the future direction of skills funding should move towards an outcome-focused, job-ready model. The Cabinet requested that this approach be considered as part of the ongoing development of the region's skills strategy and commissioning model.</p>

5. Partnership & Engagement

5.1	<p>A series of strategic workshops have been held with key stakeholders (June-October) to co-develop a shared understanding of the priorities, opportunities, and delivery requirements for future adult skills provision in the Tees Valley.</p>
5.2	<p>The workshops have been chaired by the Tees Valley Combined Authority Cabinet Portfolio Lead for Education, Employment and Skills, Cllr Lisa Evans, and have brought together a broad and representative group of partners, including:</p> <ol style="list-style-type: none"> a) The five Tees Valley Local Authorities; b) Further Education (FE) Colleges; c) Higher Education institution; d) Independent Training Providers (ITPs); e) The Department for Work and Pensions (DWP) and the Department for Education (DfE); and f) Employer representative bodies, including the Federation of Small Businesses and the North East England Chamber of Commerce; and the g) Voluntary Community Social Enterprise (VCSE) sector

5.3	This inclusive approach ensures that local priorities are shaped collaboratively and reflect the perspectives of learners, providers, and employers.
Appendices	
1	Updated Strategic Skills Commissioning Plan
2	Adult Skills Investment Priorities

Cabinet is requested to consider the following identified implications:

6. Financial Implications

- 6.1 The Combined Authority is expected to receive confirmation of the Adult Skills Fund from the Department for Work and Pension (DWP) by 31 January 2026. This will be via a section 31 grant that will encompass both the Adult Skills Fund and the Level 3 Free Courses for Jobs.
- 6.2 The Combined Authority will not enter into any financial agreements with providers until this has been confirmed and will be subject to affordability.
- 6.3 The allocations to the Grant Funded providers will be presented to TVCA Cabinet in March 2026 for approval.
- 6.4 Subject to the final allocation received from DWP, we anticipate procuring approximately £8m.
- 6.5 The Grant Funded providers will be paid on a monthly profile in advance, with end of year reconciliation.
- 6.6 All Contract for Services providers will be paid monthly in arrears based on actual earnings with an end of year reconciliation. A report detailing the outcomes of procurement and the allocations will be presented to TVCA Cabinet in June 2026.
- 6.7 We propose to retain 4% of the ASF budget, consistent with the approach taken by other MCAs, which generally retain between 3% and 5% to support the operational management, administration, and associated audit and assurance requirements of the fund. The resource requirements include the operational core services of legal, finance, procurement, human resource, marketing and communications, business support, as well as the specific resources to manage provider performance and relationships, data and managing the strategic relationships with the various government departments.

7. Legal Implications

- 7.1 All arrangements for the procurement of the adult skills programmes will be made in line with the Procurement Act 2023 and the Tees Valley Combined Authority contract procedures.
- 7.2 TVCA has been given relevant powers around adult education under its devolution deal and through relevant legislation, TVCA has the power to issue grants and contracts in line with the Contract Procedure Rules and the Procurement Act 2023.

8. Equality & Diversity Implications

- 8.1 The equality and diversity impact of the specific skills programmes funded through this budget are recorded and are embedded into the individual provider programmes. All training funded by Adult Skills Fund is open to all Tees Valley residents aged over 19+ regardless of special characteristics.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk	x	Assurance Framework		Procurement	x
Improvement		Environment		HR & IT	

9. Risk

- 9.1 A project risk register is maintained for the implementation of all Adult Skills Funding programmes and is reviewed and updated regularly.
- 9.2 If the recommendation to approve the proposed route-to-market approach is not approved, there is a risk of financial instability for Adult Skills Fund providers, including Tees Valley Colleges and Local Authority adult learning providers. This could result in reduced service delivery capacity and potential staff redundancies across the Tees Valley.
- 9.3 Entering into multi-year funding agreements could result in financial exposure if future funding allocations are reduced, or if provider performance and quality do not meet required standards. This will be mitigated through the controls built into the Grant Funding Agreements and Contracts for Services and provider performance management processes. The procurement process will also mitigate this through the specification and invitation to tender.

10. Procurement

- 10.1 In line with the Procurement Act 2023, and the proposed timeline set out in this paper, the Combined Authority will launch an open multistage procurement process in January 2026, with the aim of this being completed by June 2026. This approach is seeking approval from TVCA Cabinet to delegate this process and the awarding of the funding allocations to the TVCA Chief Executive and the Interim Group Director of Finance and Resources, with a report on the outcome of the process and allocations to be presented to TVCA Cabinet in July 2026.

**TEES
VALLEY**



Strategic Skills Commissioning Plan

Adult Skills 2026 – 2029

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Adult Skills

It is expected that the Adults Skills Funding allocation for the Academic Year 2026/27 will be confirmed by the Department for Work and Pensions (DWP) by the 31 January 2026 and will be received as a single section 31 grant encompassing the Adult Skills Fund, the Level 3 Free Courses for Jobs and Skills Bootcamps.

This strategic skills commissioning plan sets out our strategic approach to the deployment of the indicative £30 million Adult Skills Funding for the Academic Year 2026/27 onwards.

This plan builds on the already strong partnership with Local Authorities and the Tees Valley Further and Higher Education institutions. Helping us work collaboratively to shape future adult skills policy in the region. By working together, we can increase post-19 attainment, realise our potential and make Tees Valley an exceptional place to invest, work and live.

FOREWORD

The Tees Valley Combined Authority's Strategic Skills Commissioning Plan is our blueprint for building a high-performing, resilient, and inclusive skills system that supports the ambitions of our region and the aspirations of our residents.

The Tees Valley is undergoing a period of significant economic transformation. From the growth of low-carbon industries to new opportunities in creative and digital, engineering, health, and construction, the demand for a skilled, adaptable workforce has never been greater. Through major programmes such as the Adult Skills Fund, Free Courses for Jobs, Skills Bootcamps, and Multiply, we have already begun reshaping our local skills landscape, making sure that residents have pathways into good jobs, progression, and lifelong learning.

This plan sets out how we will build on that momentum. It provides a clear and evidence-driven framework for commissioning skills provision that is tightly aligned with employer need, responsive to labour market change, and focused on delivering meaningful outcomes for individuals and businesses alike. By taking a more strategic, coordinated, and place-based approach, we will ensure that public investment works harder for the Tees Valley, unlocking opportunity, driving productivity, and supporting sustainable economic growth.

Our success depends on strong collaboration with our five Local Authorities, FE Colleges, Teesside University, providers, employers and other key partners such as Department for Education (DfE), Department for Work and Pensions (DWP), Voluntary and Community Social Enterprise (VCSE) and local Employer Representative Bodies. We want to thank all who have contributed to the development of this plan. Your insight and commitment are essential to shaping a skills system that truly reflects the needs of our communities and industries.

Together, we will continue to raise ambition, widen participation, and deliver high-quality skills provision that enables every resident to thrive and every employer to access the talent they need. This plan is a significant step forward in our mission to create a stronger, fairer, and more prosperous Tees Valley.



Ben Houchen, Tees Valley Mayor &
Councillor Lisa Evans, Cabinet Portfolio
Holder for Education, Employment and Skills

INTRODUCTION

This document sets out the Adult Skills Fund (ASF) Strategic Skills Commissioning Plan for the Tees Valley for the 2026/27 academic year onwards.

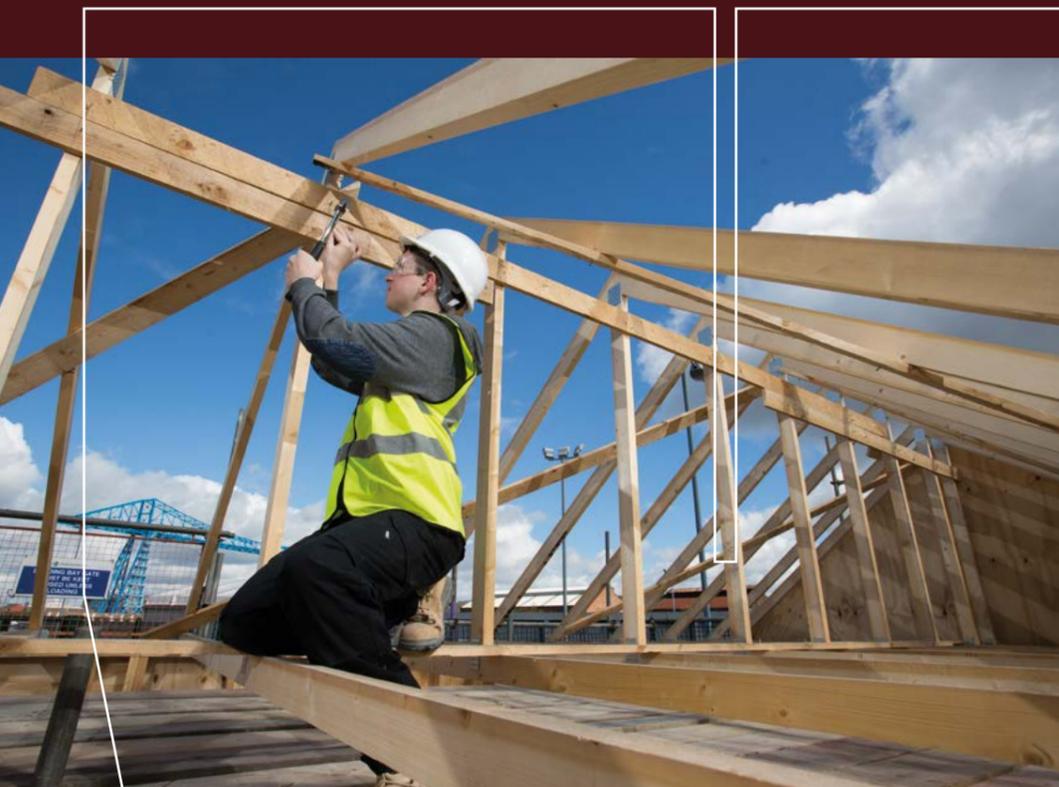
We want Tees Valley to be a place where everyone is excited by the current and future opportunities available in the region. There is enormous potential to retrain and grow the workforce to meet economic demand and make sure local people can have the career they want and achieve their full potential.

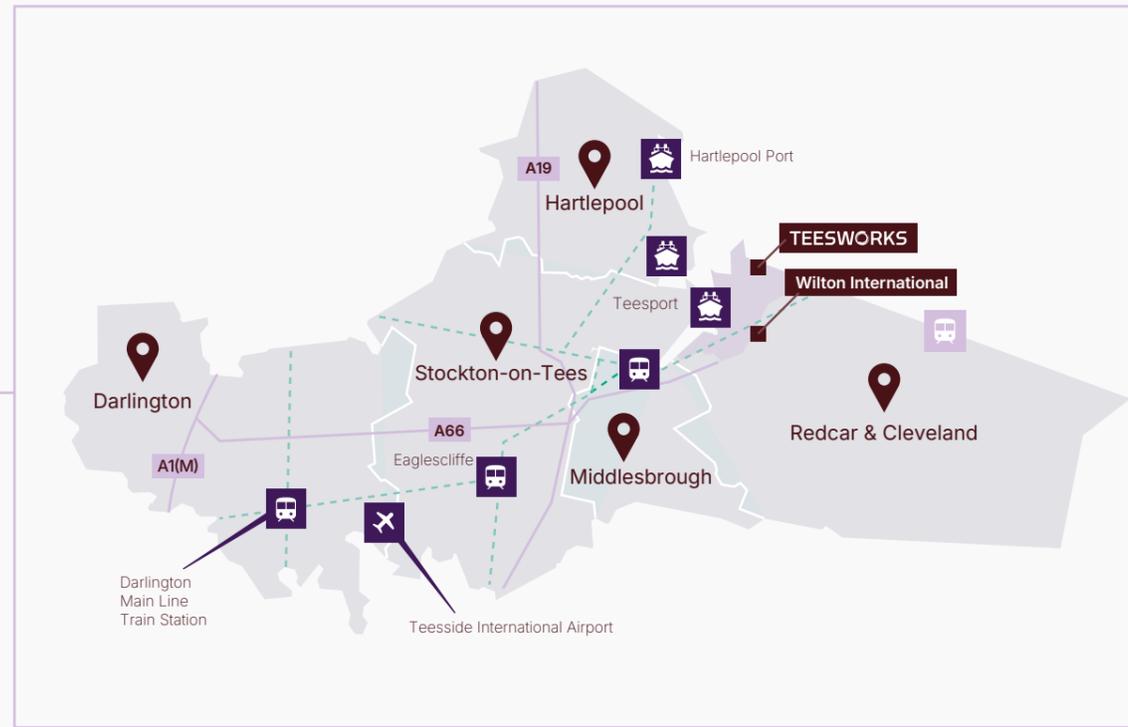
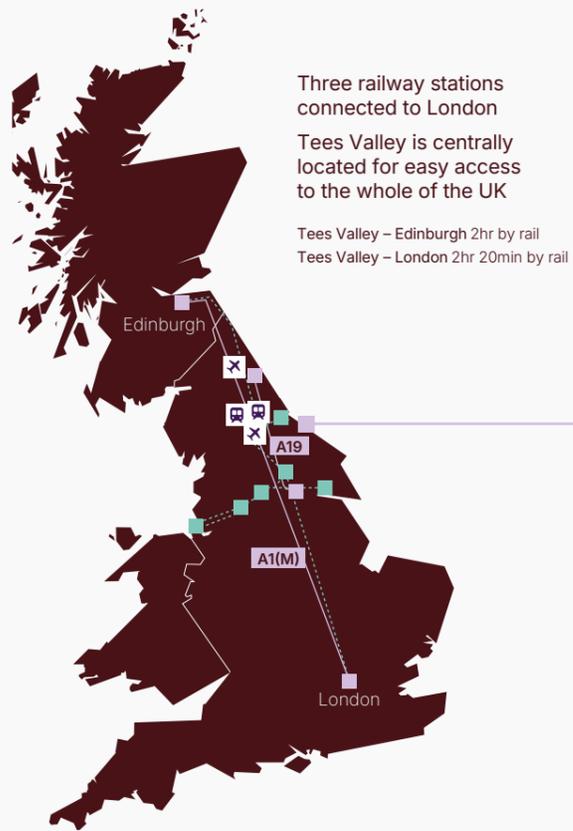
Our future economic success requires everyone to have an understanding of the new jobs and opportunities that will be created so that our local labour force has the skills that employers require.

Understanding and addressing the skills needs of the local economy is a complex task. The economic landscape continues to evolve, and the development and expansion of the global economy has brought with it the need for a wider skills base as new technologies are introduced into working processes at an ever-growing rate. Within this increasingly competitive and changing world, skills and workforce development have a critical role to play in Tees Valley's economic growth and future prosperity, whether for the individual, the employer, or the wider economy.

It is important for adults in Tees Valley to be fully aware of all the opportunities available to them and to make sure they are given the necessary information, advice and guidance to make well-informed decisions about their career choices. Whether they are taking their first step onto the career ladder, are unemployed or facing redundancy or looking to change or improve career prospects, it is important to have access to an adult education and skills system that meets the needs of local people.

We will therefore ensure that all adults in Tees Valley have access to a world-class adult skills system that will enable them to maximise their potential and contribute to the future prosperity of the region.





LOCAL STRATEGIC CONTEXT

Covering over 300 square miles, Tees Valley connects five distinct boroughs, Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton-on-Tees, with the river Tees running through each, forming a functioning economic geography.

Tees Valley's central location on the UK's east coast makes it perfectly placed for investment. Situated on the east coast between London and Edinburgh, there is easy access to the whole of the UK via the strategic road and rail network.



Home to a landscape that's breathtaking and dramatic.

Where the beauty of the countryside, meets the serenity of the coast. And where our diverse town centres are alive with culture.

An area united by a history of industry and innovation, passed on from generation to generation.

Where our adaptive, resilient and down-to-earth nature stands proud. And where grit, determination and transformation form part of our DNA.

Today, we're carrying the same flame that lit the first friction match, from the place that built the world and kept it on track. We're setting sail on a new journey, guided by an enduring spirit of opportunity.

This is a corner of the North East that's shaping its own future.

Where the next generation of creators, makers and doers are defining tomorrow. And where boundaries are being pushed like never before. A land of hard grafters, fine crafters and good laughs. A region that's surprising, inventive, and unstoppable all at once.

This is Tees Valley. Where anything is possible!



Local Growth Plan

Economic growth is the number one mission of Government. The national ambition to grow the UK's economy is grounded in the development of ambitious Local Growth Plans, ensuring the benefits of a growing and future-facing economy are felt across local areas and by local people.

The UK Government has set out the national ambition to grow the UK's economy ensuring the benefits of a growing a future-facing economy are felt across local areas and by local people.

The Local Growth Plans provide a long-term 10-year strategic framework for growth across the Tees Valley. It focuses on the holistic needs and opportunities in the region and set out where devolved powers and funding will be focused to drive productivity, supporting the national growth mission and help deliver the UK's Modern Industrial Strategy.

A business is only as good as its people, and so too is a region. We are dedicated to investing in our people, giving local people the skills they need to secure well-paid, good-quality jobs right here in the region. We are also focused on ensuring our businesses have an expert workforce so that

they can grow and continue to boost our local economy, in our existing sector strengths and our emerging sector strengths. We're supporting the current workforce to upskill and nurturing a future workforce that equips businesses – and Tees Valley – with the specialist skills we need to succeed. The Tees Valley region is a region of contrasts. Home to globally competitive industries and emerging growth sectors yet burdened by long standing deprivation and low living standards, health inequalities, and high levels of economic inactivity.

We know that good work is good health. At the heart of our Local Growth Plan, and this plan, is inclusive growth. Backed by strong partnerships, from our Local Authorities to the NHS, Department for Work and Pensions (DWP), Department for Education (DfE) and wider partners and stakeholders, the Get Tees Valley Working Plan is founded on the principle of inclusive economic growth that benefits all, tackles inequality, and creates opportunities for everyone in our region. To reach the goal of an 80% employment rate, we need sustained investment and cross-sector collaboration. We will continue to build a Tees Valley where everyone can thrive.

Get Britain Working

In 2024 the UK Government launched the Get Britain Working White Paper, which aims to increase employment, reduce economic inactivity, mitigate health-related barriers to work and improve job quality.

Local Get Britain Working plans are the central starting point to the Government's long-term ambition to achieve an 80% employment rate by 2035.

The first edition of the Get Tees Valley Working Plan focuses on the inactive target group and on addressing economic inactivity at the local level, however, the scope of the plan will be expanded over time to include unemployment and employment.

The current employment rate for the country is 75.7%. The current employment rate for Tees Valley is 71.9%, which is equivalent to 295,800 working-age adults (aged 16-64). To achieve the national employment rate of 80% – and assuming no change in the working age population – Tees Valley would need to move an additional 33,300 more local people into work.

This first edition of the plan [Get-Tees-Valley-Working-Plan_Brochure.pdf](#) provides a comprehensive analysis of the current labour market activity in the Tees Valley. It includes a detailed description of the scale and distribution of economic inactivity across the region, and the key risk factors that drive the high levels of regional economic inactivity. It covers the role of key stakeholders and starts to identify where we need to work differently to maximise opportunities and overcome challenges; and how collectively we can work together to do this.

With oversight from the Tees Valley Education, Employment and Skills Advisory Group, acting as the local partnership group, the first edition of the Get Tees Valley Working Plan has been developed by Tees Valley Combined Authority, with our local authorities, the Department for Work and Pensions (DWP) and Jobcentre Plus, and the North East and North Cumbria Integrated Care Board (ICB), wider partners and stakeholders.



10 years

Timeframe 10 years (2025-2035)



33,300

33,300 more working-age residents needed in employment to meet the Government ambition of 80% by 2035 – requires a mix of new and replacement demand jobs



411,300

Total working-age population is 411,300 and current employment rate is 71.9% (n=295,800 in-work)



3,300 per year

3,300 more working-age residents needed in employment per year to meet the Government ambition of 80% by 2035

Employment & Skills Strategy

In 2022 the **Tees Valley Employment and Skills Strategy** was published.

Our vision for employment and skills in Tees Valley is that:

- Every business has access to a readily available skilled workforce and know where to go to find the workforce they need
- Every business has access to workforce development and skills support, to sustain and grow their business
- There are clear, accessible and appropriate training routes for priority and growth sectors
- Every Tees Valley resident can access a good and progressive job
- Every resident has access to the support needed to make informed decisions that will help them achieve their career and employment ambitions
- Every young person and adult are aware of the career opportunities and the route to achieve them



Retention



Intervention



Preparation

Our strategic approach is underpinned by three pillars of support - Retention, Preparation, and Intervention.

- Retention – support for those in employment and accessing work;** (our new and existing workforce and their employers)
Enhancing the skillset of those in employment and ensuring that employers are able to clearly articulate their existing and future skills gaps whilst achieving change in the skills offer to address these gaps.
- Preparation – support for those still in education and training** (our pipeline future workforce)
Ensuring that those still in education and training are equipped to make the right education and career decisions, and that education and training providers and employers regularly engage to ensure emerging training opportunities address current and future businesses skills demands.
- Intervention – support for those seeking work** (our potential future workforce) Enhancing the employability of those who are close to employment and addressing the constraints faced by those more distant from the labour market as well as fulfilling that the training and support system meets the needs of local businesses.



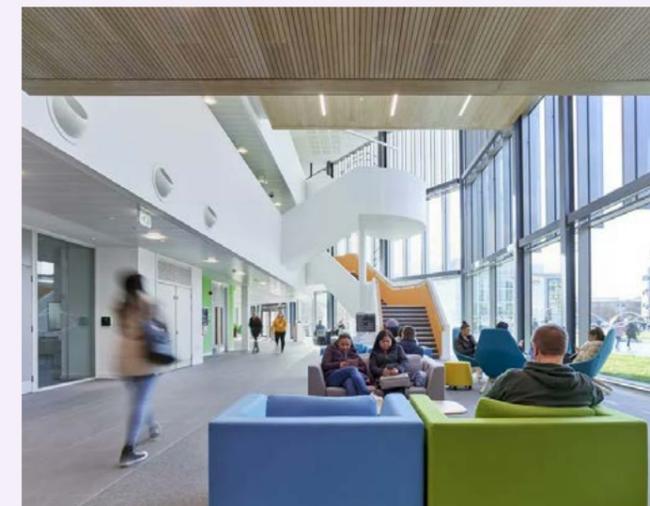
Local Skills Improvement Plan

All areas of England are expected to develop a new three-year Local Skills Improvement Plan (LSIP) covering the period 2026 to 2029 and to keep it under review.

LSIPs are central to achieving the government's Opportunity and Growth Missions, supporting Skills England's driving ethos of Better Skills for Better Jobs and its vision to build our nation's world-class skills system. They offer crucial insight into local skills needs and are key to advancing Skills England's drive to:

- understand our nation's skills needs and improve our skills offer
- simplify access to skills to boost economic growth
- mobilise employers and other partners, co-creating solutions to meet national, regional and local skills needs

LSIPs provide a framework for collaboration on local skills - bringing employers, skills providers and stakeholders together to build a shared understanding of local skill needs from entry level up to and including level 8, and the actions needed to address them, with all partners expected to play an active part in its development and delivery.



The content of each plan should reflect the sector skills priorities of the area, as identified by the Mayoral Strategic Authority, or drawing from the economic plan of relevant local authorities in non-devolved areas, together with feedback from employers on their specific skills needs, which may also go beyond these priorities.

In addition to local analysis and engagement, LSIPs should also take account of national priorities. As the process evolves, we expect the three-year LSIPs to take account of new information, such as Strategic Priorities Grant (SPG) and Growth and Skills Levy (GSL) priorities, and to incorporate this into the detailed activity plans.

LSIPs do not cover the entirety of skill needs within an area but should focus on those that are most critical. The key aims are to:

- support local skills development and reduce skills gaps - drawing together a wide range of data, evidence and insights which, taken together, provide a clear understanding of current and future skill needs in the area.
- facilitate employer engagement and investment in the skills system - coordinated engagement designed to give employers a better understanding of the skills system and the part they can play, giving employers a stronger voice in shaping skills provision and supporting delivery.
- bring about change in the supply of technical education and training from entry up to and including level 8 - with further and higher education providers working together to develop a coordinated response, including creating clear progression pathways at and between the different levels.
- help inform how funding (both devolved and non-devolved) and other investment could be used to support skills priorities within an area.
- Plans should consider the full range of levels of technical education, and how to promote and link skills priorities to those seeking to enter or progress into the labour market.

ADULT SKILLS DEVOLUTION

From the 2019/20 academic year and as part of the wider devolution deal for the Tees Valley, under the Apprenticeships, Skills, Children and Learning Act 2009 the adult skills functions were transferred from central government to local strategic authorities (SAs) in England.

In July 2025, the English Devolution and Community Empowerment Bill was published. The Bill will deliver on the government's commitment to widen and deepen devolution across England, providing Mayors with unprecedented powers to deliver growth.

The Bill will support the government's plan to rebuild and reform local government, as the foundation for devolution, and give communities stronger tools to shape their local areas.

Devolution Framework

Under previous governments, places negotiated the powers and funding available to a Strategic Authority through individual devolution deals in different parts of England. This has led to inconsistency in powers between places. To change this, government will roll out devolution by default via a standardised Devolution Framework.

The functions relating to **skills and employment support** given to Strategic Authorities via the Bill are below.

The government supports Strategic Authorities having a greater role in **skills and employment support**.

The English Devolution and Community Empowerment Bill will transfer adult education functions from central government to Strategic Authorities. This will enable the Department for Education to give Strategic Authorities a grant for adult skills called the Adult Skills Fund. Strategic Authorities can use this as they see fit to meet the skills needs of adults in their region. A grant means the money is not repayable to government.

The Adult Skills Fund (ASF) will fund skills training for eligible adults aged 19 and above from pre-entry to level 3, supporting adults to gain the skills they need for work, an apprenticeship or further learning.

There is a legal entitlement to full funding for certain adult learners, which Strategic Authorities are required to honour. Strategic Authorities will need to ensure that learners aged 19 and over in their area, who are eligible for funding, have access to appropriate education and that learners who are eligible for full funding are not charged for their training.

As set out in the Apprenticeships, Skills and Children Learning Act 2009, eligible adult learners are fully funded for the following qualifications:

English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A* - C or grade 4, or higher, and/or

First full qualification at level 2 for individuals aged 19 to 23, and/or First full qualification at level 3 for individuals aged 19 to 23

Essential digital skills qualifications, up to and including level 1, for individuals aged 19 and over, who have digital skills assessed at below level 1

Beyond these legal entitlements, Strategic Authorities will have significant local discretion about how to exercise this function and use the Adult Skills Fund. Allocations to Strategic Authorities for this work will be given on a non-ringfenced basis which means there are minimal conditions attached to funding. This is to enable local areas to use the funding in the best way for their areas.

From the 2026/27 academic year, it is expected that the Adult Skills Fund, Level 3 Free Courses for Jobs and Skills Bootcamps will be fully devolved to the Tees Valley.

This Strategic Skills Commissioning Plan sets out the strategic approach to the commissioning of the Adult Skills in the Tees Valley for 2026/27 and beyond, building on the foundations established through devolution to date.

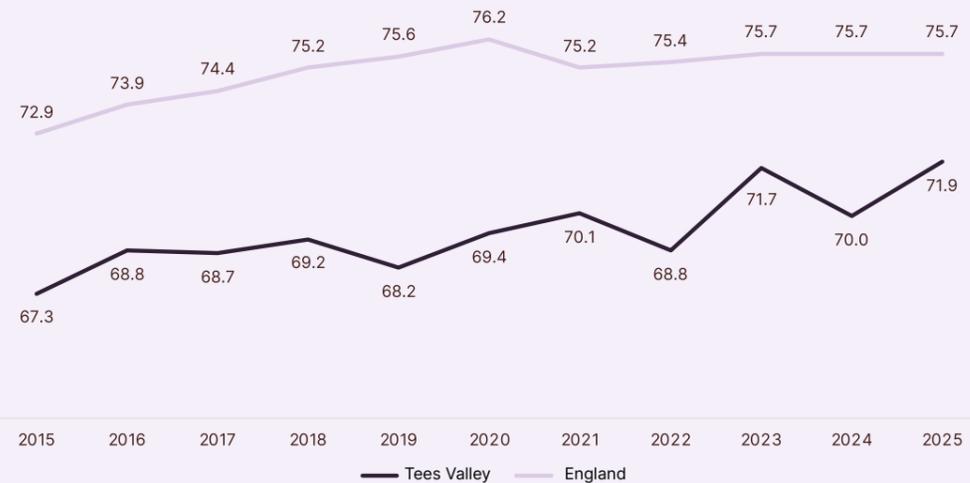


EVIDENCE OF NEED

Area of Profile

The challenges highlighted in this section are compounded by significant place-based disparities, where certain communities face entrenched unemployment, and have lower or no qualification levels. These distinct geographical variations and distributional imbalances across the Tees Valley mean that a uniform approach will not be sufficient. Therefore, a targeted, place-based approach that recognises local need, will be critical going forward. Addressing these disparities with precision and partnership will be central to closing skills gaps, supporting inclusive growth, and enabling all communities to fully benefit from the region's economic opportunities.

1. Employment Rate



295,800 Tees Valley residents aged 16-64 were employed in the 12 months to March 2025, 71.9% of the working age population compared to 75.7% nationally.

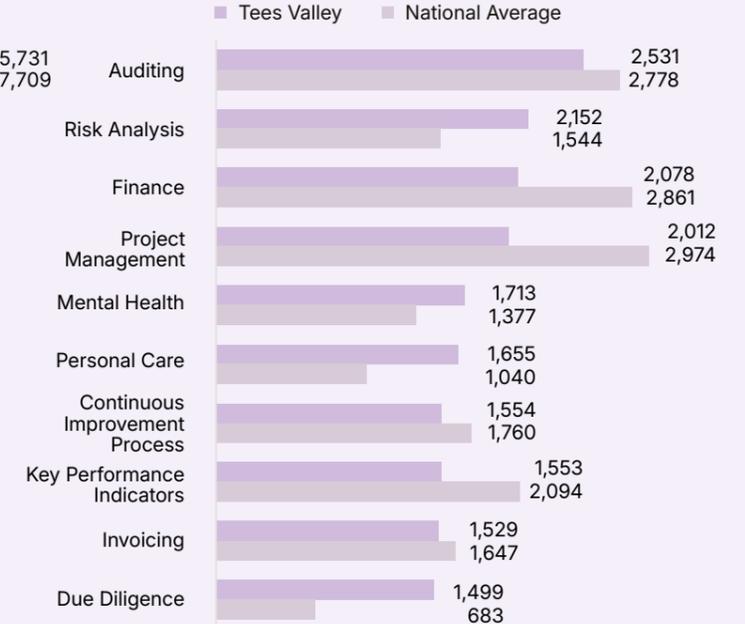
Note: Following a quality assessment, APS estimates have now been downgraded to "official statistics in development". Data from 2023 onwards should be used with caution.

2. Job Vacancy Data

Top 10 Common Skills Requested

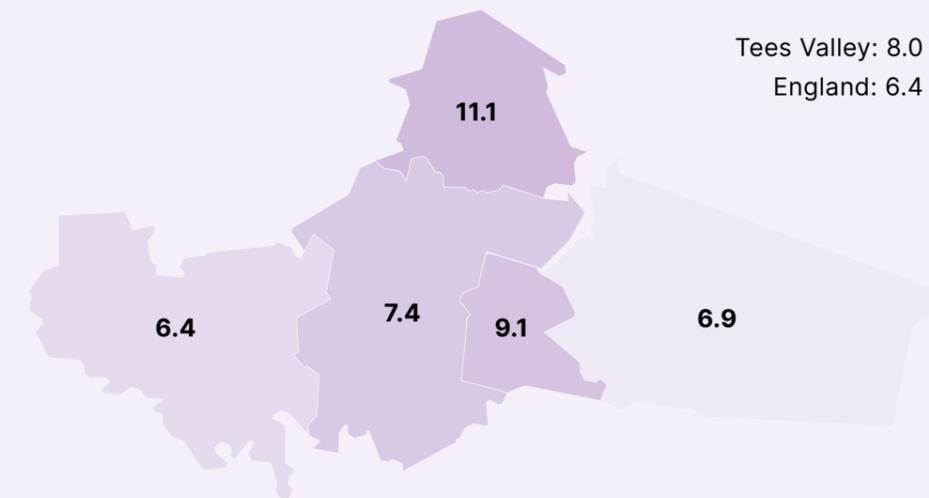


Top 10 Specialised Skills Requested



3. Geographical Variations in Adult Skills | Tees Valley Local Authorities | No Qualifications

Percentage of the working age population with no qualification 2024 (%)



Within Tees Valley, Darlington records the lowest percentage, at 6.4%, which is the same as the national figure. Hartlepool records the highest percentage, at 11.1%.

The gap between Hartlepool and Darlington for this measure is 4.7%, while the variation between Hartlepool and the national average is also 4.7%.

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3. Skills Demand and Priority Sectors

The 2022 DfE Employer Skills Survey reported that there were 3,200 skills-shortage vacancies in Tees Valley, an increase from 1,500 in 2019.

9% of Tees Valley establishments had at least one skill-shortage vacancy, compared to 10% nationally. This has increased from 4% in 2019.

The skills-shortage vacancy density (skills-shortage vacancies as a share of vacancies) is lower in Tees Valley than nationally at 27%, compared to 36% nationally. However, the skills-shortage vacancy density in Tees Valley has increased 4 percentage points from 23% in 2019, compared to an increase of 11 percentage points nationally.

All sectors increased between 2019 and 2022, except for Transport and Storage, which decreased by 8 percentage points from 8% in 2019 down to 0% in 2022.

Skills-shortage vacancies in Tees Valley were highest in the Education sector, with 12% of establishments reporting a skills-shortage vacancy in 2022, compared to 19% nationally. This has risen 11 percentage points from 1% in 2019 to 12%, matching a rise of 11 percentage points nationally.

This is followed by the Health and Social Work sector with 11% of establishments reporting a skills-shortage vacancy, compared to 15% nationally. This has risen 6 percentage points, from 5% in 2019.

Source: DfE Employer Skills Survey 2022

Employer skills survey: 2022 - GOV.UK (www.gov.uk)

Tees Valley employment is projected to rise by around 13,000 from 292,000 in 2020 to 305,000 in 2035, at an average annual growth rate of 0.3%. This is below the projected UK growth rate of 0.5%.

Driven largely by replacement demand, 160,000 jobs are projected to become available between 2020 and 2035. This is made up of 13,000 (8%) new jobs and 147,000 (92%) replacement jobs from those who will leave the workforce.

Total male employment is projected to increase by 1% between 2020 and 2035, however the balance of jobs is expected to move away from full-time with a 9% rise projected in part-time work. Full-time employment for females is projected to increase by 13% between 2020 and 2035 and part-time employment by 2%.

The largest average annual percentage increase in jobs is projected to be in Health and Social Work with an annual rise of 1.0%, followed by an annual rise of 0.9% in jobs in Information Technology and Arts and Entertainment. Accommodation and food and Real estate are projected to each see an annual rise of 0.8%.

The highest forecast average annual shrinkage is projected to be a 1.7% annual fall in jobs within Mining and Quarrying, followed by a 1.6% annual fall in Other services and a 1.4% annual fall in Rest of manufacturing. Engineering is projected to see an annual fall of 0.4% and Construction is projected to fall annually by 0.3%.

70% of all job opportunities between 2020 and 2035 are projected to require a Level 4 or above qualification. 22% are projected to require a level 3 qualification and 11% are projected to require a level 2 qualification. In comparison, only 33.1% of the working age population in Tees Valley is estimated to have at least a level 4 qualification (45.1% nationally).

There is projected to be a 2% fall in the number of job opportunities which will require a level 1 qualification and a 1% decrease in the number of job opportunities which will require no qualification.

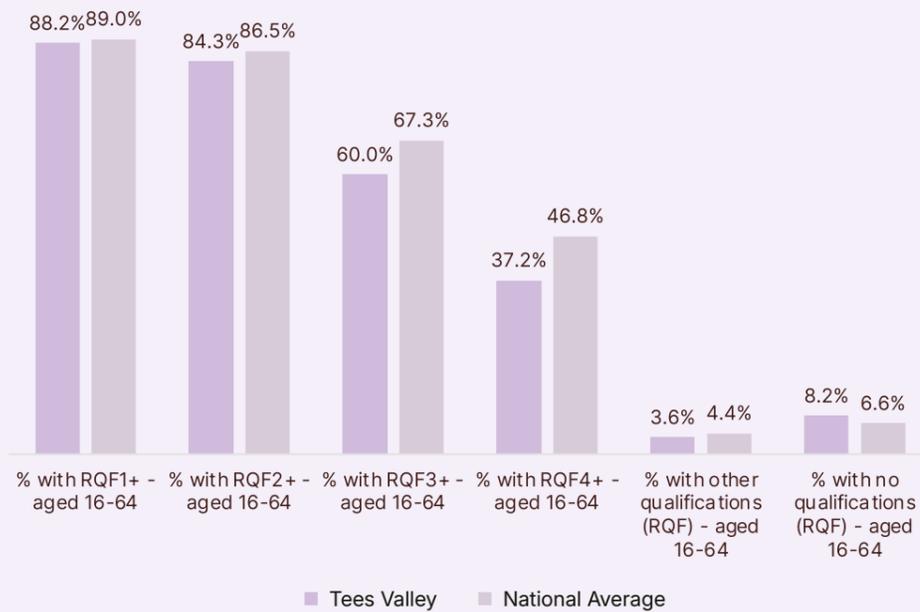
However, there will still be a need for intermediate and lower-level skills, particularly in replacement jobs, with 50% of replacement job opportunities projected to require a level 3 or below qualification.

Source: The Skills Imperative 2035 (2023), NFER/Nuffield/DfE/IER/CE

<https://www.gov.uk/government/publications/labour-market-and-skills-projections-2020-to-2035>

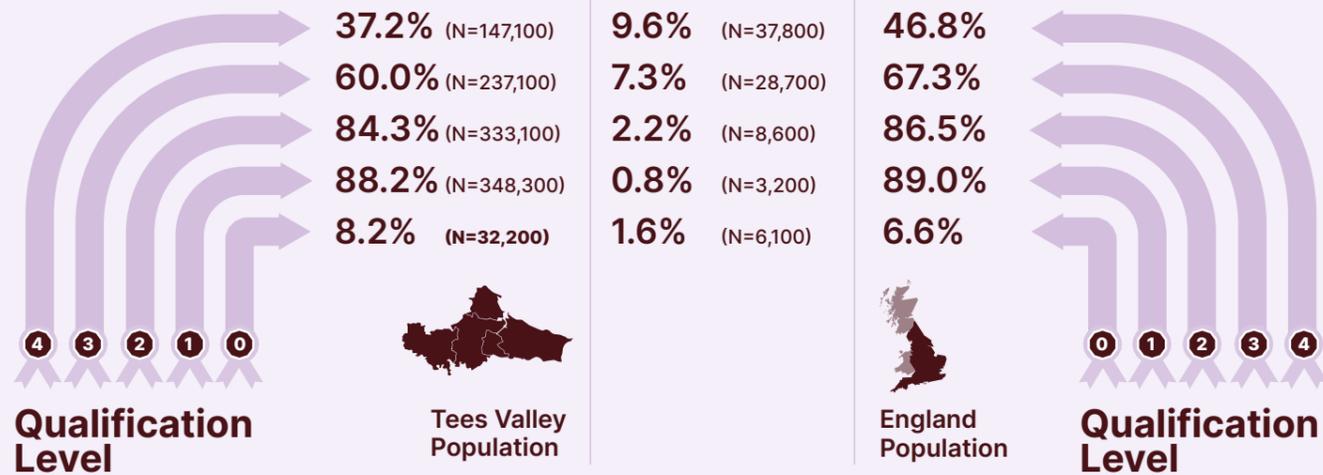


4. Current Skills Levels Tees Valley v National



Note: Following a quality assessment, APS estimates have now been downgraded to "official statistics in development". Rates published from the APS remain robust; however, levels and changes in levels should be used with caution. This affects all APS periods from April 2019 to March 2020 onwards.

ONS have reviewed the Annual Population Survey and updated the qualifications outputs from NVQ to RQF. Data prior to 2022 is only available for NVQ levels, therefore comparisons to previous years are not possible.



5. Strengths and Opportunities

Opportunities

- The Local Growth Plan sets out the strategic planning framework and priorities for Tees Valley over the next 10 years. These build on our existing sectoral strengths, giving the best opportunities to achieve further growth.
- Our Modern Industrial and Technology Cluster contributes around £2 billion to the UK economy. GVA per job is £153,200pa, 56% above the cluster's national productivity rate
- Our job-rich Advanced Manufacturing Sector injects £0.5 billion into the economy. These sectors have higher than national business numbers, including 57% more in MIT and 97% more in AM.
- Our Advanced Manufacturing Sector acts as a critical enabling sector for our growth-driving industries and is a strong exporting sector, accounting for 78% of all Tees Valley goods exports
- Our Digital and Creative Cluster is comparatively small but growing fast.
- Our Foundational Economy accounts for 86% of all jobs in Tees Valley – around 235,000. Access to Adult Skills Funding enabling local flexibility.
- Strong, High-Quality place based cross institutional collaboration among our FE Colleges, Local Authorities and University.
- Strong placed based stakeholder relationships with Department for Education (DfE), Department for Work and Pensions (DWP), Employer Representative Bodies and Voluntary Community Social Enterprise (VCSE).

Challenges

- High unemployment and youth unemployment of those aged 18-21 years
- High levels of place-based disparities with high levels of unemployment and skills gaps.
- Close the skills gaps in Tees Valley at level 1-4 compared to national.
- Increase in skills shortage vacancies.
- Significant skills gaps in existing workforce and the need to achieve the future Level 4+ skills needs.
- The need to create 10,000 more new jobs to ensure there are enough jobs for everyone.



STRATEGIC VISION & PRIORITIES

The potential of every individual is maximised

It is acknowledged that simply helping people into work, including self-employment, is not enough to tackle unemployment, under-employment and create a strong workforce, capable of sustaining economic activity and growth.

It is becoming increasingly evident that, for most people, a single course of study will not provide entry into sustainable employment. Most people will need to continually re-position themselves, to align their career path to what employers need.

There is an expectation in today's economy for individuals to take on greater responsibility for managing their careers more actively and developing the skills that employers view as essential.

However, individuals need support. Not only in getting into work but also to progress within the workplace, in terms of information and advice about higher level skills development and how to access the relevant skills provision and in some cases access to funding.

People who are currently in employment still need access to suitable advice for career progression or a change of direction. We recognise that we have an ageing population and workforce and that people are being encouraged to stay longer at work in order to ensure people retire in circumstances where they can live healthy and independent lives.

For those in employment, but in low skilled, low paid jobs, it is important to ensure they are given opportunity and support to progress into higher skilled, better paid jobs, thus creating vacancies in entry-level jobs for new recruits.

It is therefore really important that any future provision will include providing re-training opportunities that support local people to access the changing labour market and take more flexible career paths.

Self-employment can be an attractive option for the individual. However, the challenge for Tees Valley is how individuals can be encouraged to identify business ideas and develop the necessary business skills and acumen, as well as the confidence and motivation, to grow into sustainable enterprises, thereby creating new enterprises and developing an entrepreneurial culture.

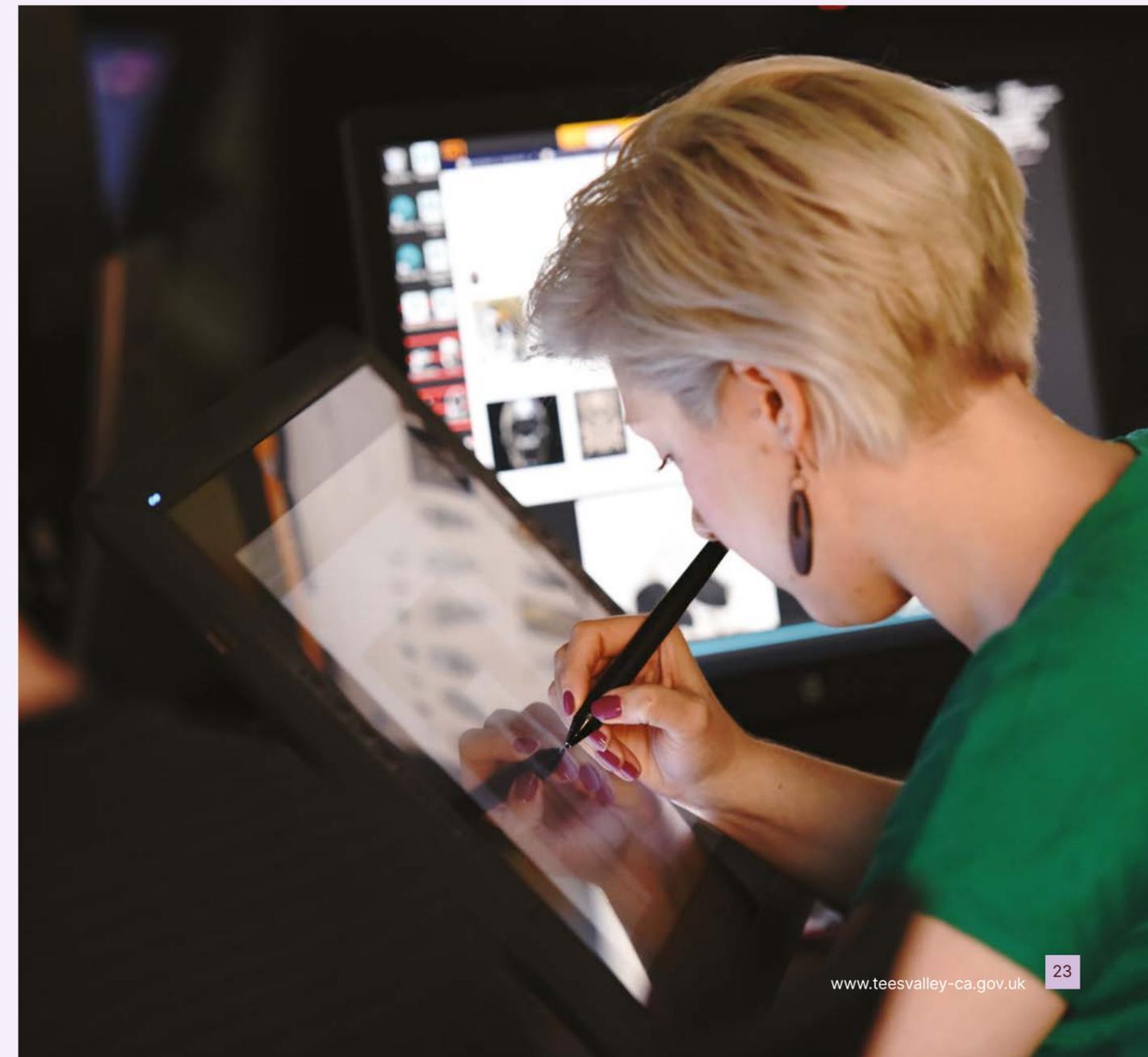
Those people who are unemployed and economically inactive, including those who are of refugee / asylum status and have the right to remain in the UK, with appropriate up-skilling or re-skilling, are a potential pool of labour from which our growing business sectors can find future recruits. It is therefore essential that adult skills provision meets employment demand in Tees Valley.

Parental education and skills are key determinants of children's attainment. Adult and family learning has a key role to play in raising the standards of literacy and numeracy for both parents and children. Family learning improves parents' skills in supporting their children's development, whilst also providing opportunities for parents to achieve relevant qualifications at an appropriate level for them.

All of this requires education and careers staff to be well informed about up-to-date employment and skills demand, to give sound advice on realistic career paths and individuals need to maintain a realistic understanding of probable success.

Our vision for employment and skills in Tees Valley is that:

- Every business has access to a readily available skilled workforce and know where to go to find the workforce they need
- Every business has access to workforce development and skills support, to sustain and grow their business
- There are clear, accessible and appropriate training routes for priority and growth sectors
- Every Tees Valley resident can access a good and progressive job
- Every resident has access to the support needed to make informed decisions that will help them achieve their career and employment ambitions
- Every young person and adult are aware of the career opportunities and the route to achieve them



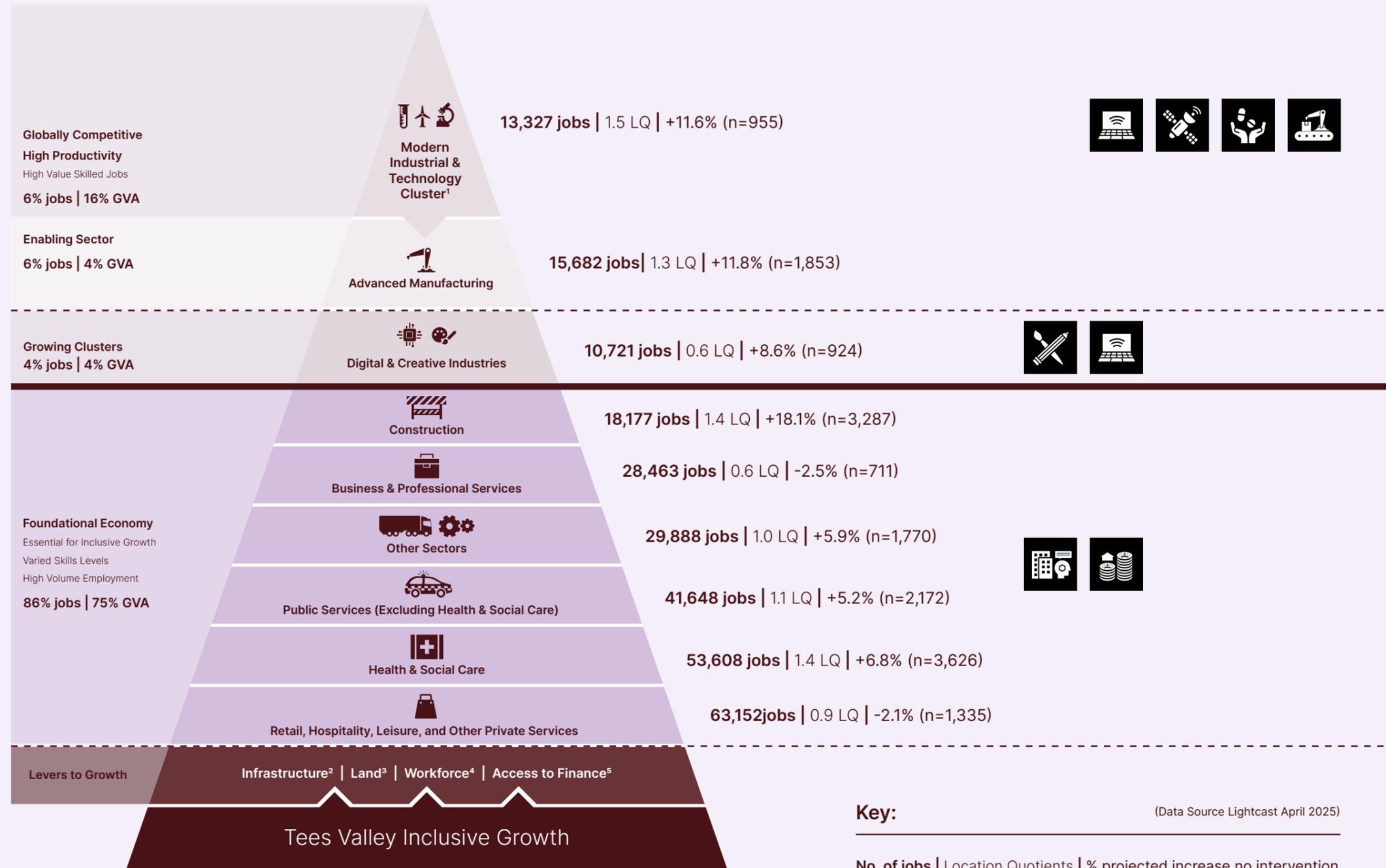
STRATEGIC PLANNING

The Local Growth Plan – Strategic Planning Framework reflects the significance of our globally competitive, high-productivity sectors, in terms of future inward investment and growth in gross domestic product.

It also highlights the importance of advanced manufacturing as an enabling sector and the growing digital and creative clusters. It also makes it clear that the ‘foundational’ economy is critically important for inclusive growth in the Tees Valley, accounting for 86% of all jobs.

Sector Priorities

1. Modern Industrial and Technology Cluster – Chemical and Processing, Clean Energy, Bio Manufacturing and Life Sciences
2. Advanced Manufacturing
3. Digital and Creative Industries
4. Foundational Economy – Construction, Business and Professional, Health and Social Care, Public Sector, Private Sectors



Industrial Strategy Growth Driving Sectors

1. Advanced Manufacturing
2. Clean Energy Industries
3. Defence
4. Digital and Technology
5. Creative Industries
6. Financial Services
7. Life Sciences
8. Professional and Business Services

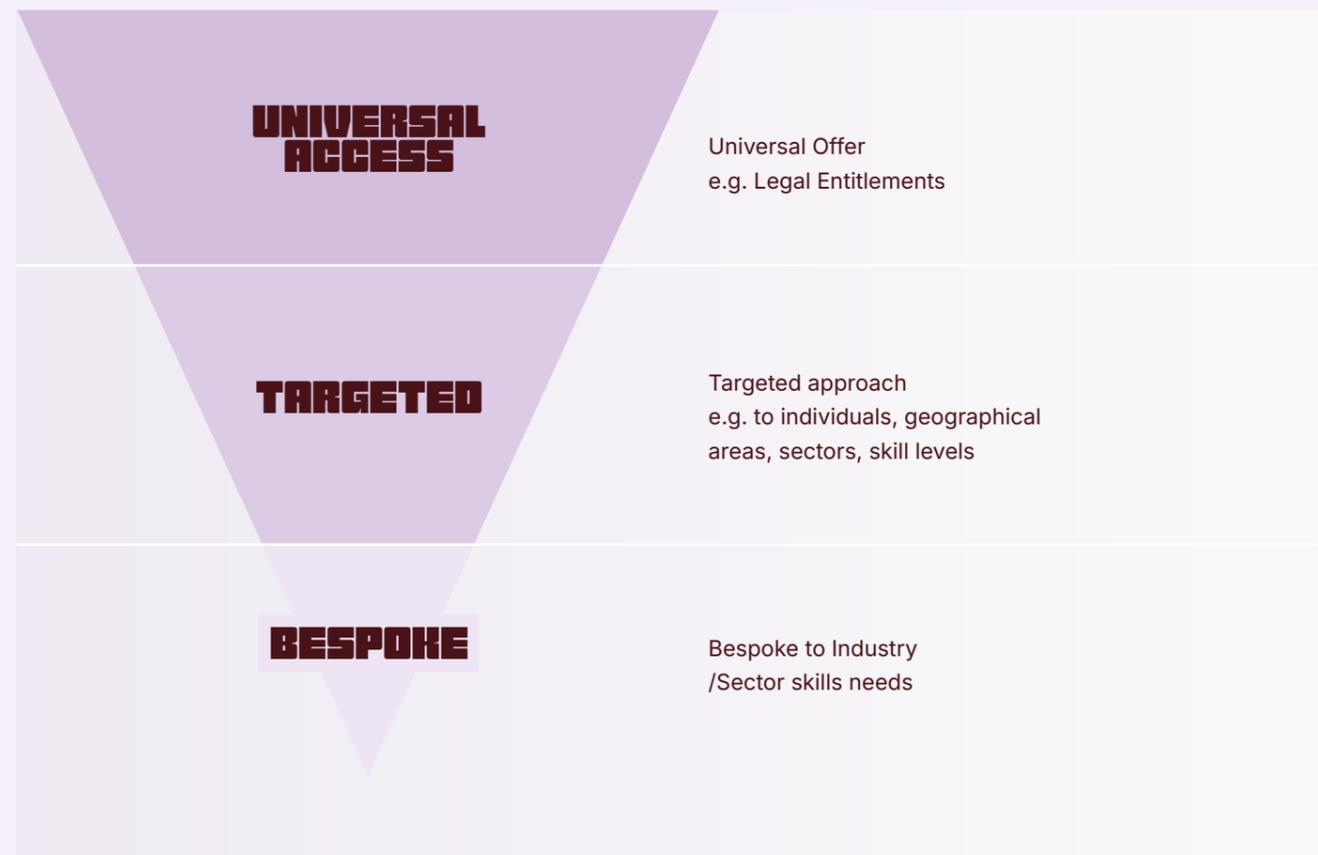
Key: (Data Source Lightcast April 2025)

No. of jobs | Location Quotients | % projected increase no intervention

ADULT SKILLS FUND PRIORITIES

In line with the pillars of support set out in the Employment and Skills Strategy, the Adult Skills Fund will prioritise investment in skills that deliver the greatest impact on economic growth, target effective interventions for those furthest from the labour market, and strengthen retention by supporting those already in employment to enhance their skill set in line with employers skills gaps.

The Adult Skills delivery model will take an approach that supports learners, providers and employers through a flexible, demand and need-led, place-based and inclusive system. It will support residents to overcome barriers to learning, promote sustained progression into work, and create opportunities that reflect the needs of our region.



Universal Offer – enabling local residents to access their legal entitlements, and extending this to all adults aged 19+

English and Maths applies to individuals aged 19 and over who have not previously attained a GCSE grade A–C or grade 4*, or higher, in English and/or maths.

- Learners assessed as having skills below level 2 are also eligible, even if they previously achieved a higher grade.
- English and maths qualifications up to and including level 2 (including Functional Skills and GCSEs).

Digital Skills applies to individuals aged 19 and over assessed as having digital skills below level 1. Essential Digital Skills Qualifications (EDSQs) and Digital Functional Skills Qualifications (FSQs), up to and including level 1.

First Full Level 2 Entitlement applies to individuals aged 19 and over who have not previously attained a full level 2 qualification. Provides full funding for their first full level 2 qualification from the DfE's approved list.

First Full Level 3 applies to individuals aged 19 and over who have not previously attained a full level 3 qualification. Provides full funding for their first full level 3 qualification from the DfE's approved list and local flexibility.

Targeted Offer and Place Based Approach to individuals, geographical areas, sectors and skills levels

Bespoke Offer to industry sector/skills needs - enabling employers to be able to articulate what their needs are and to find the right skills programmes to meet their skills needs, whether this is a skills shortage and fulfilling employment vacancies or upskilling the existing workforce in order to sustain and grow. Every business will have access to one to one support to identify what their workforce skills needs are through a Workforce and Skills Growth offer.



The Adult Skills Fund forms part of a wider skills landscape across the Tees Valley, and therefore, will continue to aim to avoid duplication or displacement with other public funded skills and employment support programmes including Department for Education (DfE) and Department for Work and Pensions (DWP).

It is our aim that with the Adult Skills Fund, which will incorporate the Level 3 Free Courses for Jobs, and funding for Skills Bootcamps we will continue to:

- better respond to the skills needs of local businesses and support businesses to better articulate their skills needs
- move more people into the employment opportunities
- progress more people to next level learning in order to achieve employment
- up-skill our existing workforce to higher level skills to enable career progression and to stimulate the creation of new/replacement jobs

- support those who want to retrain for current and future employment opportunities
- increase the number of adults accessing their legal entitlement and reach those that have no qualifications
- close the skills gaps in Tees Valley v National
- contribute to increasing the employment rate to 80% in the next 10 years
- remove barriers to learning

ADULT SKILLS DELIVERY

Adult Skills Funding Overview 2019/20-2023/24

The Adult Skills Fund is made up of funding to support:

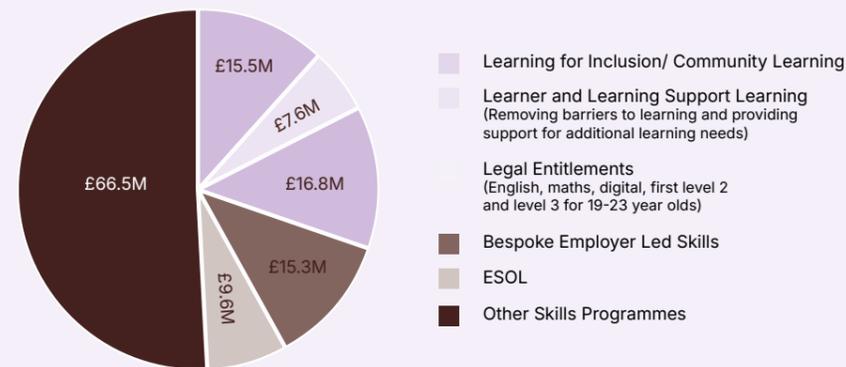
- accredited learning
- non-accredited learning
- Learning for Inclusion (previously Community Learning)
- removing barriers to participating in learning



£145m Total Adult Skills Fund Investment



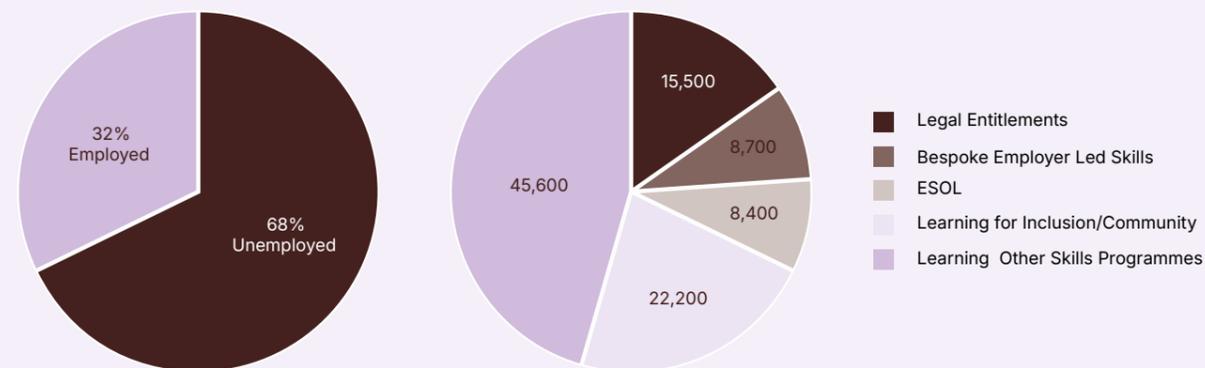
£13.7m subcontracted



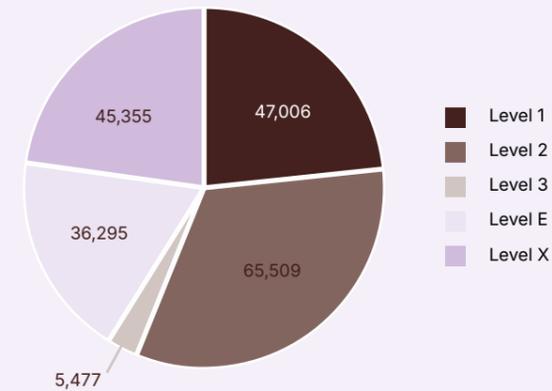
Learner Numbers Total



100,400 total



Skills Levels



91% Qualification Achievement Rate



Unemployed

83% Positive progression (including further learning and employment) excluding BELPs

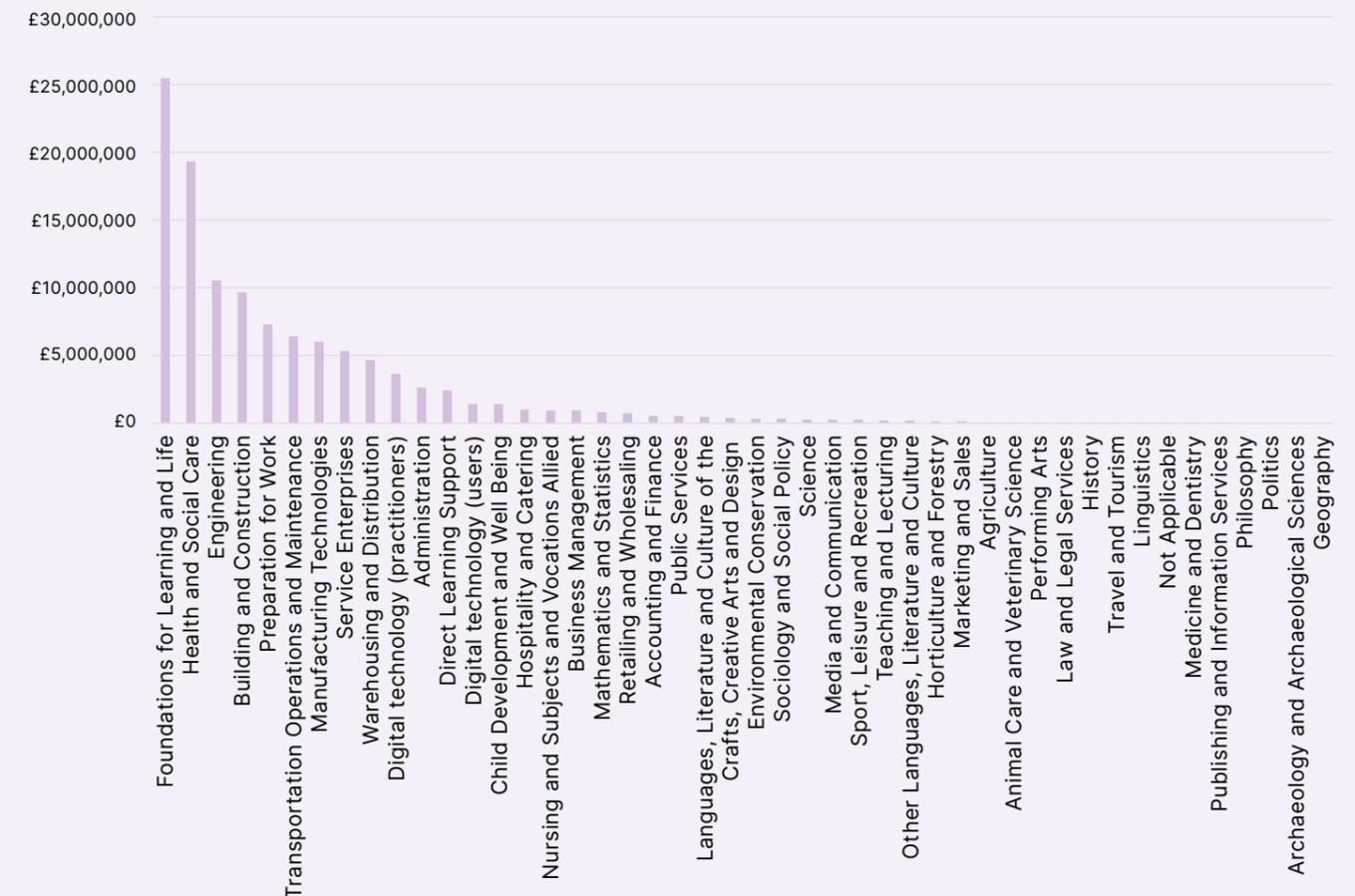


Employed

81% progression in employment

Sector Skills

Skills Funding by Sector Subject Area T2 (SSA) 2019 – 2024



PRINCIPLES OF COMMISSIONING

Future Commissioning

It is the intention of the Combined Authority to secure and sustain a provider base that is strategically aligned, economically fit for purpose, and fully capable of meeting the evolving skills needs of the Tees Valley. To achieve this, the Combined Authority will continue to build and maintain strong, outcome focused relationships with a manageable number of high-performing providers, underpinned by a robust and proactive approach to performance management. This will ensure that provision remains responsive, high-quality, and directly aligned to local labour market priorities.

The Combined Authority is also mindful of the internal capacity required both within the Combined Authority and across the provider network to effectively monitor, review, and manage Adult Skills Fund performance. Balancing rigorous performance oversight with system stability will be essential in maintaining a resilient, high-quality skills delivery infrastructure across the Tees Valley.

Central to this approach is ensuring that learners and employers can access the right skills programmes, delivered by the most appropriate and trusted provider base. This includes provision that removes barriers to engagement, rebuilds confidence, and supports re-entry into learning often best delivered through Local Authorities and FE Colleges working closely with community organisations that hold strong, established relationships with local residents. Equally, as learners progress, it is vital that higher-level technical pathways are readily accessible through our FE Colleges, Independent Training Providers, and local University.

Future commissioning of adult skills in the Tees Valley must also be firmly rooted in the principles of the Post-16 Skills White Paper and the sector priorities as set out in the Government's Industrial Strategy. The White Paper's direction of travel towards a more employer-led, responsive, and outcomes-focused skills system aligns strongly with the needs of the Tees Valley. Commissioning going forward must ensure that provision is tightly aligned to labour market demand, supports progression at all levels, and equips residents with the skills required for both immediate employment and longer-term career development. This includes prioritising flexible, modular, and technical pathways, particularly at Levels 3–5, while maintaining a comprehensive offer that supports those furthest from the labour market to re-engage and build essential foundation skills and raise aspirations.

At the same time, commissioning must reflect the ambitions laid out in the Government's Industrial Strategy and align to the Tees Valley's Local Growth Plan including the high growth sectors of clean energy, chemical and process, bio manufacturing and life sciences, as well as the advanced manufacturing, digital and creative industries and foundational economy. This requires a commissioning model that not only addresses existing skills shortages but proactively builds the talent pipeline for future industries. Supporting employers to adopt new technologies, navigate digital transformation, and increase productivity will be essential, as will strengthening higher-level skills development to meet the region's long-term Level 4+ needs. Ensuring that providers deliver high-quality, industry-standard training—co-designed with employers and aligned to future economic opportunity will be critical in underpinning sustainable growth.

Crucially, commissioning in the Tees Valley must retain a place-based approach. Levels of unemployment, workforce participation, and qualification attainment vary significantly across the region, and these distributional imbalances require targeted intervention. Commissioning must therefore be informed by granular local insight, enabling investment to be directed where it will have the greatest impact whether supporting areas with persistent unemployment, responding to localised sector growth, or addressing gaps in access to provision. By drawing on strong employer engagement, meaningful provider collaboration, and robust labour market intelligence, the region can shape a commissioning model that delivers equitable access to skills and employment opportunities. The Combined Authority will build and maintain effective and strategic relationships with a manageable number of providers with a strong emphasis on moving to a funding model that is more transformational but one that ensures accountability for the outcomes we want to achieve.

A model that:

- incentivises and drives improved learner and employer outcomes
- enables flexibility and responsiveness
- inspires innovation and collaboration
- ensures reliable, accurate data and;
- where possible, provides multi-year funding to support stability, encourage long-term planning, and enable providers to invest in quality delivery.
- The Combined Authority will only have responsibility and funding to support learners who are resident within the Tees Valley region.

Subcontracting arrangements

Where appropriate, the Combined Authority will seek to directly fund those providers that demonstrate high quality, strong performance, and clear strategic and economic alignment to the needs of the Tees Valley. Direct contracting with a focused group of high-performing providers allows the Combined Authority to maintain oversight, drive continuous improvement, and ensure that public investment delivers maximum value for learners, employers, and the wider economy.

At the same time, the Combined Authority recognises the important role that subcontracting can play within a balanced, responsive skills system. Subcontracting can enable the delivery of specialist and niche provision, broaden learner access to tailored support, and provide valuable flexibility across the sector, particularly where there is a need for highly targeted or community-based delivery that complements the core offer of our directly funded providers.

Since devolution in 2019, the Combined Authority has prioritised ensuring that funding flows as directly as possible to the learner. As a result, subcontracting levels have been significantly reduced from 30% prior to devolution to around 10% today representing a more efficient, transparent, and learner-focused use of public funds. Looking ahead, the Combined Authority remains committed to driving best practice in the management and oversight of subcontracting arrangements. This includes ensuring clear lines of accountability, strong quality assurance, and a commissioning approach that utilises subcontracting only where it demonstrably adds value, enhances learner experience, or enables the delivery of provision that would otherwise be difficult to access.

Future Commissioning

Strategic Funding Principle:

- 

Maximising the amount of funding that reaches the learner;
- 

Establishing better measurement and evidencing of positive outcomes to demonstrate how providers are meeting the needs of learners and employers across Tees Valley;
- 

Developing collaborative and strategic working relationships with providers to benefit Tees Valley residents and employers;
- 

Developing and supporting a sustainable skills base in Tees Valley;
- 

Prioritising delivery that is strategically and economically advantageous to Tees Valley;
- 

Ensuring that Adult Skills investment does not displace or duplicate other available programmes;
- 

Supporting appropriate value for money and high quality subcontracting activity;
- 

Providing skills provision directly linked to employer needs across Tees Valley.

Provider Values and Behaviours:

- 

Delivering with integrity – putting the needs of learners and employers at the centre.
- 

An ambition and desire to deliver best practice in the sector and invest in quality, staff and learners.
- 

Providing extensive support to adults to deliver meaningful outcomes in terms of progression and destination.
- 

A determination to collaboratively develop the adult skills and education system across Tees Valley to benefit all residents and employers.
- 

Communicating openly and transparently with stakeholders, learners and partners to develop relationships based on trust and respect.
- 

Working with partners and stakeholders in a positive and effective way to drive forward key economic objectives for Tees Valley learners and employers.
- 

Demonstrating exemplary behaviours with regards to the commissioning of subcontracting arrangements to support positive outcomes for learners and employers.
- 

Working collaboratively and strategically with all other providers within the Tees Valley Combined Authority's provider base.

Statutory Entitlements

Throughout the future commissioning of the Adult Skill programmes across the Tees Valley, the Combined Authority will continue to provide access to the statutory entitlements for Tees Valley residents and fully fund as follows:

- the national offer for 19–23-year-olds to be fully funded to study for a first qualification at level 2 or level 3 will be extended to all Tees Valley residents who are aged 19+
- aged 19+ not previously attained a GCSE in English or maths at grade 4 or above (or a qualification which is at a comparable or higher level) or have been assessed as having an existing skill level lower than grade 4 (even if they have previously achieved a GCSE or equivalent qualification in English and maths), as part of their legal entitlement. We will fully fund eligible learners for the following qualifications:
 - GCSE English and/or maths
 - Functional Skills English and/or maths from Entry to level 2
 - Stepping stone qualifications (including components, where applicable) in English and/or maths approved by DfE

- 19+ and assessed as having Digital Skills below level 1 we will fully fund eligible learners, including those who are employed, for the following qualifications:
 - Essential Digital Skills Qualification (EDSQ) up to and including level 1
 - Digital Functional Skills Qualifications (DFSQ) up to and including level 1

FUNDING ARRANGEMENTS

Route 1 – Grant Funded Route

From the 2026/27 academic year, we will continue to Grant Fund those organisations that are currently Grant Funded and who meet the following criteria:

- are wholly or mainly funded by the public purse
- have an established face to face place-based approach that supports the TVCA strategic ambitions and deliver significant volumes of activity within TVCA
- established registered head office and delivery centre of FE college, Higher Education campus or Local Authority base within the TVCA boundary.

Subject to affordability, we will grant-fund these organisations on a 3-year multiyear basis, with initial allocations derived from their 2025/26 levels. However, final allocations will also be determined by evidenced demand and need and may consequently be subject to increase or decrease.

These Grant Funding Agreements will be supported with a 3-year Strategic Outcome Agreement that:

- incentivises and drives improved learner and employer outcomes

- enables flexibility and responsiveness
- inspires innovation and collaboration
- ensures reliable, accurate data

The Strategic Outcomes Agreements will also be aligned with the strategic funding principles and provider values and behaviours set out within the Strategic Skills Commissioning Plan of:

- maximising the amount of funding that reaches the learner
- developing collaborative and strategic working relationships with providers to the benefit of the Tees Valley residents and employers
- prioritising delivery that is strategically and economically advantageous
- delivering with integrity – putting the needs of learners and employers at the centre
- demonstrating exemplary behaviours with regards to the commissioning of subcontracting arrangements to support positive outcomes for learners and employers

Route 2 – Contract for Services

The remaining Adult Skills Funding will be procured via an open and competitive multistage procurement process.

The majority of these funds will be procured through a commissioning round focusing on:

- delivery of the Legal Entitlements
- supporting the unemployed and those looking for work to access the skills they need to secure sustainable employment opportunities through targeted skills programmes
- supporting employers to address specific sector workforce skills shortages and skills gaps where there is evidence of need across the priority sectors and foundational economy

This will also be aligned with the strategic funding principles and provider values and behaviours set out within the Strategic Skills Commissioning Plan of:

- maximising the amount of funding that reaches the learner
- developing collaborative and strategic working relationships with providers to the benefit of the Tees Valley residents and employers
- prioritising delivery that is strategically and economically advantageous
- delivering with integrity – putting the needs of learners and employers at the centre
- demonstrating exemplary behaviours with regards to the commissioning of subcontracting arrangements to support positive outcomes for learners and employers

CONCLUSION

To achieve success and maximise the return on our investment in skills, we must influence and increase both the demand for—and supply of—relevant training provision. This includes raising aspirations, engaging adults who are furthest from the labour market, creating clear sector-based pathways into employment, and embedding the essential employability skills sought by employers.

In doing so, we will support the economic ambitions of the Tees Valley by ensuring that local businesses have access to a skilled workforce, including higher-level skills, both now and in the future.

Employers in the Tees Valley are a diverse group, spanning a broad range of industries, public- and private-sector organisations, voluntary bodies and charities. The skills requirements of each sector—and each employer—must be understood with reasonable accuracy and met effectively, particularly as skills needs emerge or change over time.

Improving the skills of individuals—whether in preparation for employment, to upskill, or to retrain—requires simplified and coherent development pathways so employers can access the talent they need. Achieving this necessitates the facilitation and integration of Tees Valley's core assets: its people, employers, resources and skills infrastructure.

This Strategic Skills Commissioning Plan sets the direction for a new way of working for the benefit of Tees Valley's residents, employers and economy. Above all, it will be driven by the evidenced needs of Tees Valley's employers, learners and wider economic environment.

The Adult Skills Fund will take into account the final strategic documents of the Local Growth Plan, the Get Tees Valley Working Plan and the Local Skills Improvement Plan to inform future skills prioritisation and commissioning.

**TEES
VALLEY**

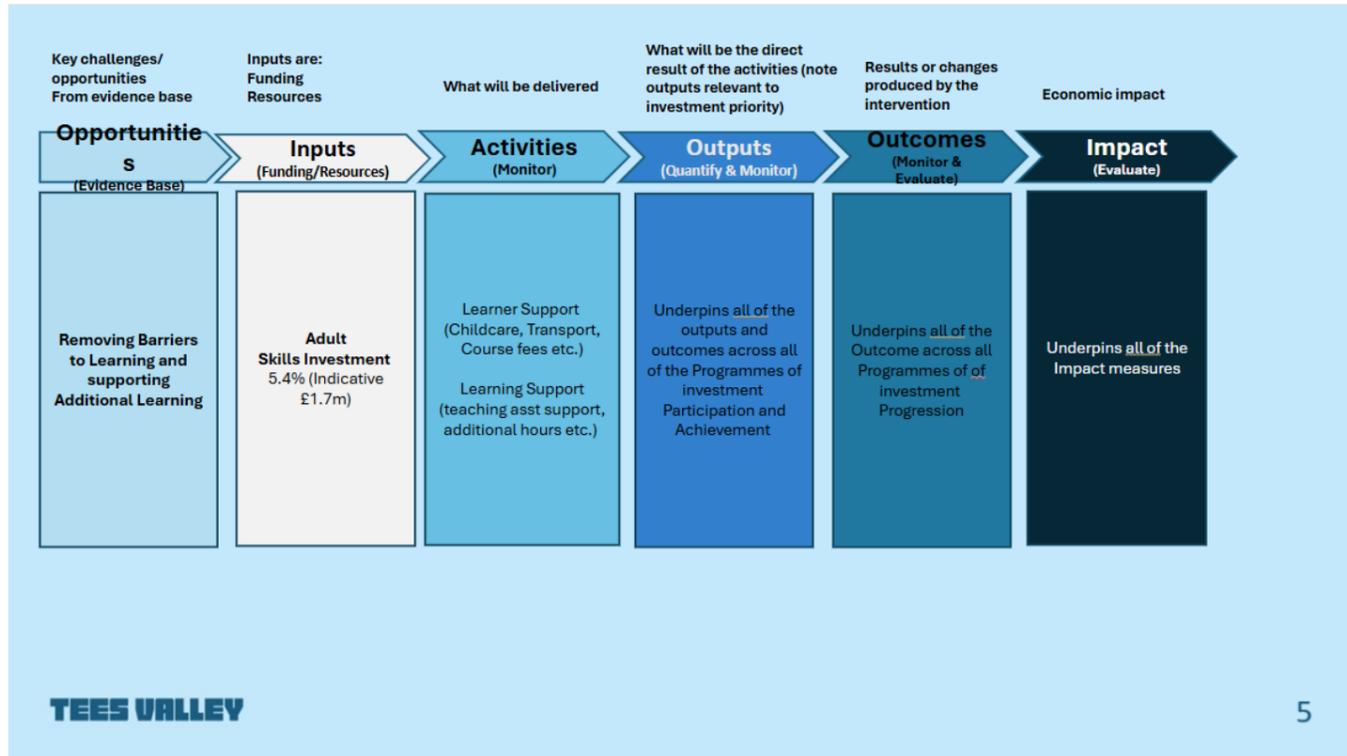
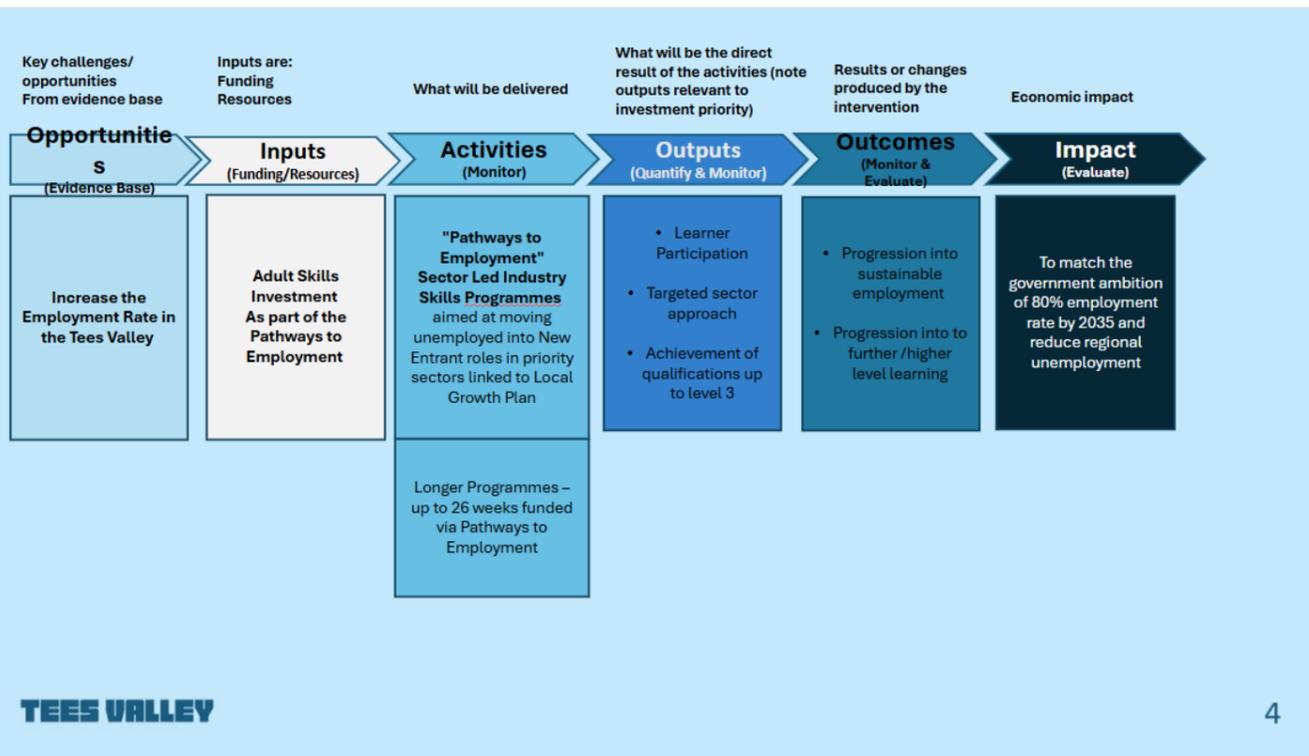
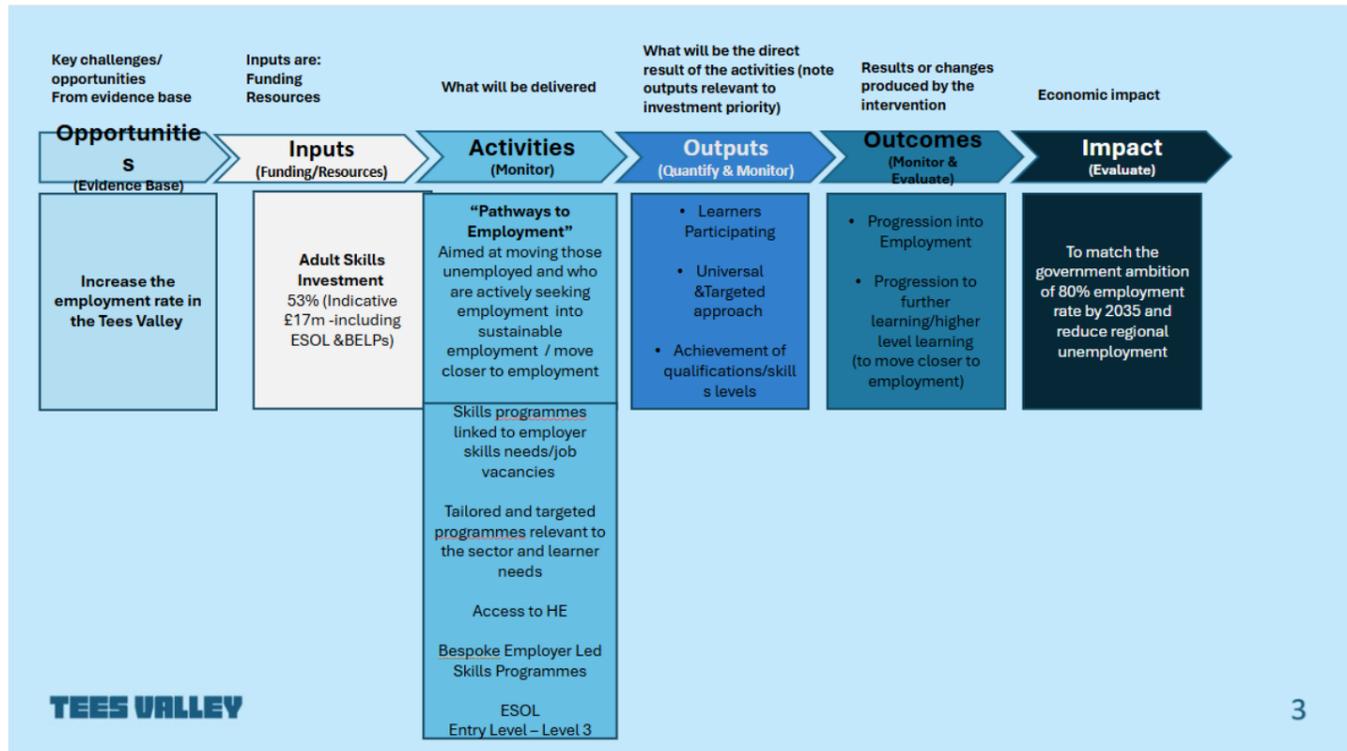
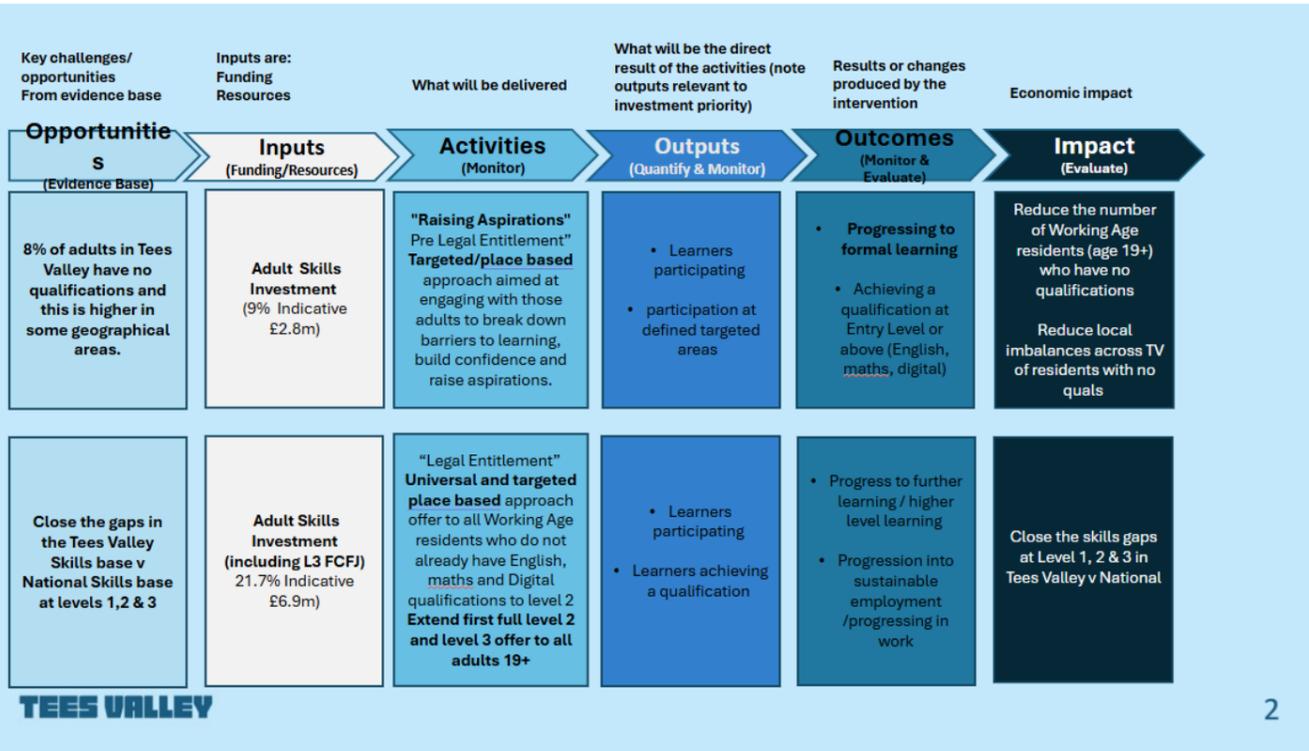
For more information contact
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   @TeesValleyCA

Proposed Adult Skills Programmes - Intervention

Intervention – support for those seeking work (our potential future workforce)

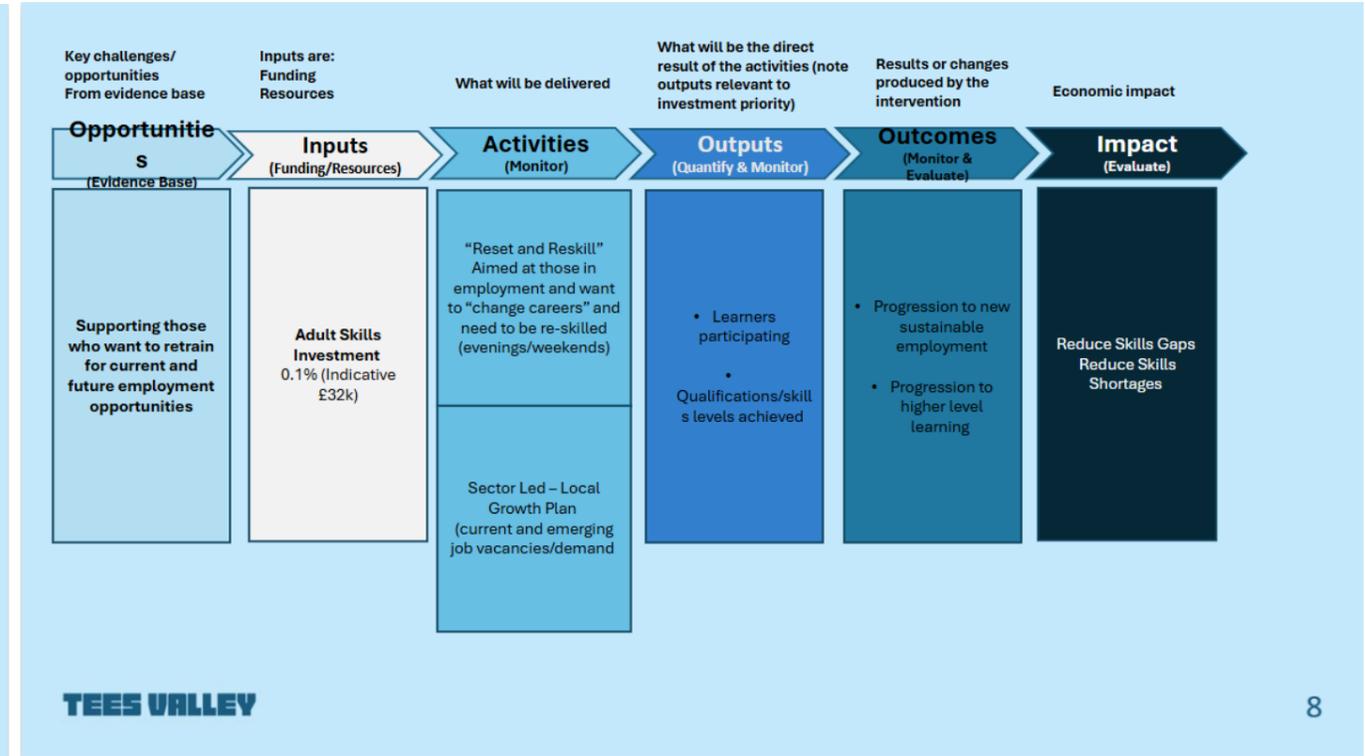
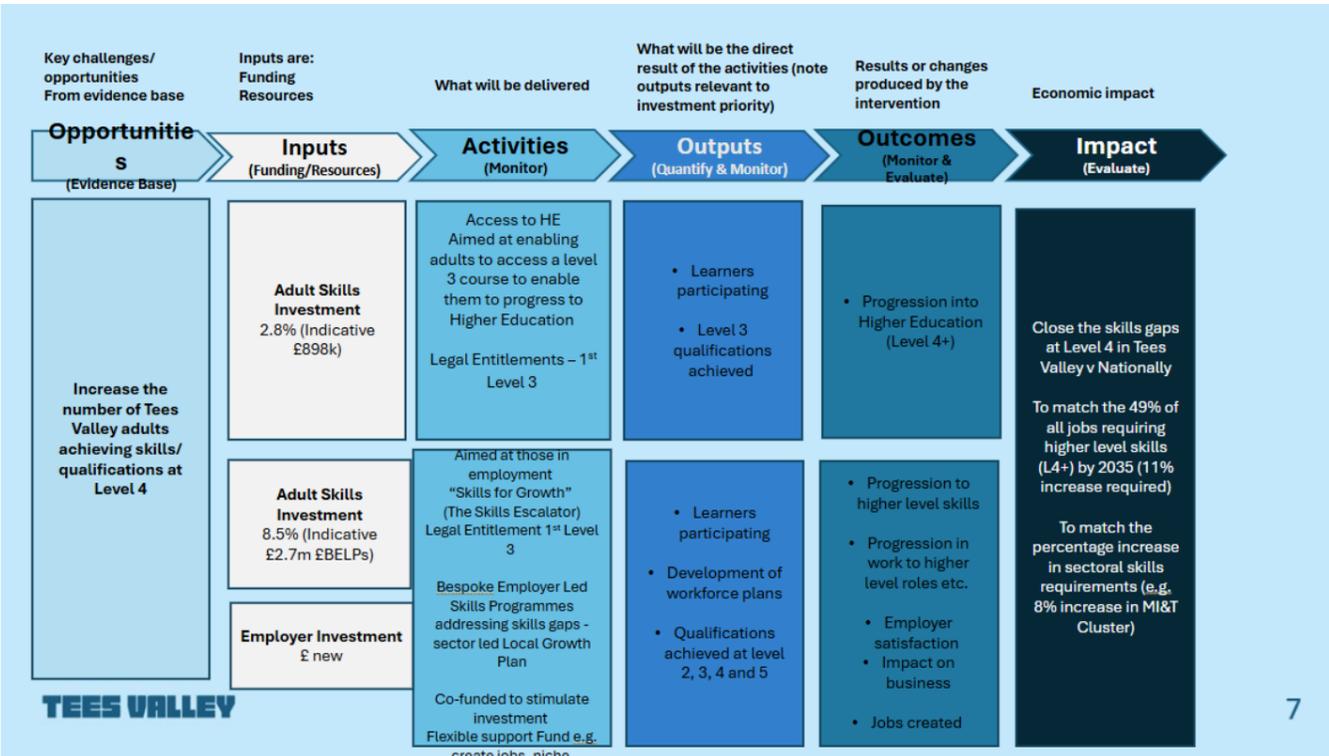
Enhancing the employability of those who are close to employment and addressing the constraints faced by those more distant from the labour market as well as fulfilling that the training and support system meets the needs of local businesses.



Proposed Adult Skills Programmes – Retention

Retention – support for those in employment and those entering work (our existing and new workforce and their employers)

Enhancing the skillset of those in employment and ensuring that employers are able to clearly articulate their existing and future skills gaps whilst achieving change in the skills offer to address these gaps.



Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	11		
Report Title	Tees Valley Investment Zone: Detailed Development & Delivery Approach		
Accountable Cabinet Member	Cllr Pamela Hargreaves Portfolio Holder for Creative Place		
Accountable Chief Officer	Sarah Walker Interim Director of Business Solutions		
Accountable Employee	Charlie Kemp Interim Head of Business Solutions		
Report considered by	Tees Valley Chief Executive Meeting Pre-cabinet process		
Key Decision	Yes	No X	The Investment Zone was approved within the Investment Plan refresh at the March 2025 Cabinet. This was a key decision. This report provides further detail of the approved programme and development timeline.
Public Report	Yes X		The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

- | | |
|----------|--|
| A | Endorse the proposed Vision, Missions and Principles which will guide and underpin the design and delivery of the Investment Zone. |
| B | Endorse the proposed delivery approach, including: the development of the business support model; the capital review and the resource plan. |

1. Purpose

- 1.1 This report provides an update to Cabinet on the Tees Valley Investment Zone, which was accepted in March 2025 as a priority programme, with an allocation, into the Tees Valley Investment Plan. It also seeks endorsement of the delivery approach.

2. Executive Summary

Policy Context

- 2.1 In March 2023, Government published the *Investment Zones Policy Prospectus*, identifying Tees Valley Combined Authority (TVCA) as one of eight areas in England invited to co-develop an Investment Zone proposal. From the outset, each Investment Zone was required to include a research institution as a strategic partner; Tees Valley's bid was therefore developed in close collaboration with Teesside University.
- 2.2 The UK-wide Investment Zone programme is designed to accelerate enterprise growth, innovation and job creation within high-potential clusters. It provides areas with a long-term funding and policy framework combining flexible grant finance, tax incentives, and streamlined planning powers to attract investment, strengthen local supply chains and build research-led, private-sector-anchored clusters.
- 2.3 The sectoral focus of the Tees Valley Investment Zone is Digital & Creative – selected for its growth potential in alignment with the Tees Valley Local Growth Plan, its potential to support economic diversification, the accessibility of these industries for people from diverse socio-economic backgrounds, and its supply chain links with the foundational economy.
- 2.4 Nationally, the UK digital technology sector now exceeds £1 trillion in value. The first tech ecosystem in Europe to reach this scale while the UK Creative Industries contribute more than £124 billion GVA annually, exceeding aerospace, automotive and life sciences combined. Regionally, Tees Valley is leading the charge in the wider North East region becoming the fastest growing creative industries region nationally (2019 – 2023), expanding by 1.3%, compared to 0.8% in the North East Combined Authority area and 0.5% nationally. This positions the region strongly to capitalise on a rapidly expanding global market.
- 2.5 The emerging Tees Valley Local Growth Plan identifies Digital and Creative Industries as “Growing Clusters”, employing 10,721 people today with a projected

8.6% increase (+924 jobs) in the coming years, without policy intervention ('policy off'). Although expanding rapidly, the Local Growth Plan also highlights that the sector's Location Quotient (0.6) remains below the national average, signalling significant headroom for growth if the right enabling conditions are put in place.

- 2.6 By contrast, Tees Valley's Modern Industrial and Technology Cluster, classified in the Local Growth Plan as a "Globally Competitive, High Productivity" cluster - achieved this status through more than two decades of systematic investment in R&D assets, industrial infrastructure, supply-chain development and workforce pipelines.
- 2.7 The Investment Zone presents an opportunity to apply this proven, long-term cluster-building approach to Digital and Creative Industries in the region. By aligning capital investment, business support, skills, research and inward investment around two of the region's highest-potential growth areas, the programme addresses a structural gap in the regional economy and accelerates sector development in line with the Local Growth Plan.

Business Case Co-Development

- 2.8 TVCA, Teesside University and the Ministry for Housing, Communities and Local Government (MHCLG) co-developed the case for investment through 5 staged Gateways which collectively provide a comprehensive business-case covering:
- a) Vision and rationale for intervention
 - b) Evidence of market opportunities and constraints
 - c) Priority sectors and geographies
 - d) Governance and delivery arrangements
 - e) Intervention framework and financial model
- 2.9 The evidence gathered through the Gateway process confirmed both the emerging strengths of Tees Valley's digital and creative ecosystem and the barriers currently constraining growth. The assessment highlighted a fast-growing base of businesses with international potential, nationally recognised applied-innovation capability at Teesside University, and early production assets in games, immersive technology and screen industries.
- 2.10 At the same time, the evidence identified clear structural constraints: a fragmented scale-up environment with limited specialist support; investor-readiness levels of around 12% among local SMEs; persistent talent leakage of 30-40% each year; shortages of mid-to-senior technical and production roles;

gaps in production, post-production and digital workspace; and weak market-access routes to commissioners, publishers and major buyers.

2.11 These findings informed the prioritisation of Digital and Creative Industries as the focus sectors for the Investment Zone and shaped the proposed mix of business support, innovation, skills and capital interventions.

2.12 The Gateway-comprised business case was formally appraised and approved by Government in May 2025, confirming the programme’s value-for-money and strategic fit.

2.13 The report covers the following elements:

- a) Contractual agreements with Government regarding sector focus, financial distribution across programme elements (revenue, capital), geographic areas of focus, Teesside University partnership, intended outputs & outcomes.
- b) The proposed Vision, Missions and Principles which will shape the detailed design of programme interventions.
- c) Approach to Tees Valley business support and inward investment; Clusters Capital Strategy, Governance model and delivery roadmap, including resourcing and timetable.

3. Tees Valley Investment Zone: Detailed Development & Delivery Approach

Programme Scale and Structure

3.1 Tees Valley’s Investment Zone designation secures £160 million over 10 years, comprising £80 million in flexible funding during the first five-year phase (2024/25 – 2028/29), with a further £80 million anticipated in phase two subject to Government confirmation. In addition, Tees Valley will benefit from Business Rate Retention (BRR) for two defined cluster sites in Middlesbrough and Hartlepool, enabling 100% retention of business rates growth for 25 years (shared equally between TVCA and the relevant Billing Authority). All BRR proceeds will be ring-fenced for reinvestment in the local area under a jointly agreed Reinvestment Strategy and formal Memorandum of Understanding. Tax incentives were available within the national ‘menu’ however due to the sector focus and types of businesses to be supported within these sectors, flexible grant funding was more beneficial to tailor the programme and drive outcomes.

3.2 In line with Government requirements, all Investment Zones are expected to attract substantial match funding and leverage from private and wider public sources. National guidance indicates that programmes should aim to achieve around 60% co-investment, ensuring that public funding acts as a catalyst for

wider economic growth and that each pound of Investment Zone resource secures additional value through business, institutional and partner contributions. This principle will underpin the design of Tees Valley's Investment Zone interventions and partnership arrangements.

Sectoral and Geographic Focus

- 3.3 Under national policy, each Investment Zone must focus on at least one of five priority sectors: advanced manufacturing, creative industries, digital & tech, green industries, and life sciences. The national objective is to see accelerated growth in focused clusters and sub sectors were also identified which align with the National Industrial Strategy.
- 3.4 Following extensive analysis of Tees Valley's growth potential, sector composition and institutional strengths, Digital & Tech and Creative Industries were selected as the focus sectors for the Tees Valley Investment Zone.
- 3.5 Analysis undertaken through the Tees Valley Local Growth Plan shows that Digital & Creative Industries form one of the region's core "Growing Clusters", characterised by rapid job expansion, strong innovation activity and increasing national competitiveness. The sector now employs 10,721 people with forecast growth of 8.6% (without policy intervention), yet its Location Quotient (0.6) indicates lower concentration than the national average and highlights a clear opportunity for catch-up growth if systematic investment is applied.
- 3.6 This contrasts with the region's Modern Industrial & Technology Cluster, which now sits firmly in the "Globally Competitive, High Productivity" tier of the Local Growth Plan. That competitiveness is the result of sustained, coordinated investment over many years in R&D capacity, innovation assets, industrial sites, skills and supply chains. The Investment Zone is designed to catalyse similar long-term, structured development for the Digital & Tech and Creative Industries sectors where Teesside University's research strengths, existing regional creative production assets and the growing business base present a strong foundation for accelerated cluster growth.
- 3.7 These sectors:
- a) Offer **diversified and resilient growth** beyond traditional industries;
 - b) Build directly on **Teesside University's global reputation** in digital innovation;

- c) Align with established regional assets in **gaming, animation and immersive technologies in Middlesbrough** and **screen industries in Hartlepool**; and
- d) Present a distinctive national positioning opportunity – Tees Valley is **the only Investment Zone in the UK dedicated to Creative and Digital sectors**.

3.8 In addition to these regional strengths, national and global market trends present significant opportunities for the Tees Valley. The UK games market is valued at £7.8 billion annually; film and high-end TV production reached £4.2 billion in 2023, during which national studio shortages continued to constrain supply; and immersive and real-time content markets are growing at approximately 30% per year.

3.9 The wider UK entertainment and media sector is forecast to expand from £110 billion to £121 billion by 2028. Regionally, screen production in the North East has increased by 131% since 2022 following systematic and strategic public-sector-led investment, stimulating now accelerating demand for production space, skills and specialist supply chains. These trends reinforce the strategic rationale for focusing the Investment Zone on Digital & Creative Industries and highlight the scale of market opportunity that targeted intervention can unlock.

3.10 In the programme business case agreed with Government, the £80million first-phase funding is distributed across six programme pillars which combine interventions drawn from a provided 'menu', and some 'off-menu' interventions which were agreed with MHCLG as being particularly pertinent to the Tees Valley context. They have been designed in direct response to the constraints identified in the business case evidence, including fragmented scale-up pathways, investor-readiness levels of around 12% among SMEs, talent leakage of 30–40% annually, under-developed supply chains and shortages of mid- to senior-level technical and production talent

3.11 Together, these six inter-connected pillars (shown in the table below) – Business Support, Research & Innovation, Infrastructure, Community Safety and Planning and Programme management – are designed to create the conditions for sustained innovation and growth. The Infrastructure and Planning pillars provide the physical and regulatory foundations for the cluster, addressing current shortages in scalable, fit-for-purpose workspace such as production studios, post-production facilities and digitally enabled creator spaces ensuring that high-quality premises and streamlined planning processes enable rapid delivery and investment. Community Safety interventions strengthen the experience of place

for businesses, employees and visitors alike, helping to attract and retain talent while supporting local pride and confidence. Business Support and Research & Innovation then build on this foundation, driving enterprise creation, commercialisation of ideas and stronger links between academia and industry. By fostering co-location and collaboration between digital and creative industries, the Investment Zone will stimulate new forms of cross-sector innovation where digital technologies enhance creative production and creative thinking accelerates digital problem-solving, positioning Tees Valley as a dynamic environment for high-value, export-ready growth.

3.12

Programme Pillar	Geographic Focus	Allocation (£m)	Purpose
Business Support	Tees Valley-wide	£29.2m	Growth service for creative & digital businesses combining capital and revenue support, finance programmes, workspace and kit, and workforce development. (£15.2m revenue / £14m capital)
Research & Innovation	Tees Valley-wide	£11.6m	Collaborative R&D and commercialisation activity with Teesside University; innovation fellowships, PhD placements, and industry-led applied research (£9.4m). Wider IP development activity linked to Business Support function (£2.2m)
Infrastructure	Cluster Areas (Middlesbrough & Hartlepool)	£32m	Development of specialist cluster infrastructure. Strengthened digital connectivity / capacity. Severance to improve physical connectivity and wayfinding.
Crime & Community Safety	Cluster Areas	£2.6m	'Off-menu' intervention designed to address barriers to investment and improving perceptions of place via multi-agency pilot initiatives.
Planning Capacity	Cluster Areas	£1.4m	Specialist planning resource and potential Local Development Orders to enable faster delivery.

Programme Pillar	Geographic Focus	Allocation (£m)	Purpose
Programme Management & Governance	Tees Valley Wide	£3.2m	Installing appropriate capacity and specialist skills to enable effective delivery, programme management, assurance, industry & stakeholder engagement, policy development and evaluation.
Total		£80m	

Governance

3.13 Governance arrangements align with the Tees Valley Assurance Framework and were agreed through the Investment Zone development process with MHCLG and Teesside University.

- TVCA Cabinet will provide overall strategic oversight.
- The Tees Valley Business Board will act as the Programme Board, ensuring interventions remain business-focused and responsive.
- Project-level business cases will be developed proportionately and approved under delegated authority by the TVCA Chief Executive, in consultation with the Management Group, S73 Officer and Monitoring Officer, with decisions reported to Cabinet for information.

3.14 However, Government is currently exploring the potential to bring Economic Zones, Investment Zones and Freeports into one programme – ‘Industrial Strategy Zones’ – which will have implications for the governance structures for existing programmes. We are awaiting further guidance on this and will update Cabinet once the implications for Tees Valley are understood.

3.15 The Investment Zone governance will also be considered within the TVCA full governance review and any changes to the Assurance Framework.

Programme Mobilisation

3.16 The Investment Zone was accepted into the Tees Valley Combined Authority Investment Plan by Cabinet in March 2025. At that point, the following timescales for delivery were presented:

Activity	Projected Timescale	Status
Establish core programme team and governance structures	Q1 2025	Partial: SRO, Strategic Lead and Programme Manager identified within existing TVCA teams. Wider resourcing and governance structures impacted by leadership changes, capacity challenges and governance review. On track to be resolved in Q4.
Launch of Business Support	Q2/Q3 2025	Delayed: Impacted by wider capacity challenges and prioritisation of the Research & Innovation programme (Teesside University) and development of the film studios project. Detailed design now underway with a view to launch in April 2026.
Initiation of capital project design phases	Q2/Q3 2025	On-track: Film studios planning permission secured, business case in final appraisal. Advanced stages of discussion with the King's Foundation re. establishing new production crafts hub in Hartlepool, linked to screen industries. Full capital programme review to be undertaken in Q3/Q4 to ensure programme is updated to reflect emerging opportunities, changes in industry trends / needs and new partnership interest.
Commencement of Research & Innovation programme in partnership with Teesside University	Q3 2025	On-track: Business Case developed by TU and appraised by TVCA. Consultation undertaken with Business Board and Management Group prior to final approval. Funding agreement in place.
BRR legislation in force and reinvestment arrangements operational	Q1 2026	On-track: BRR legislation is in place nationally. Reinvestment arrangements have been through Cabinet and MoUs to be signed by Local Billing Authorities by the end of November.

Proposed Vision, Missions and Values

- 3.17 Jobs growth in the Digital and Creative Sectors has increased significantly in Tees Valley in recent years, up by 45% between 2019-2024, equivalent to 10,721 jobs today. Government projections show continued growth in the coming years in these sectors, equivalent to 8.6%, or 924 additional jobs, without policy intervention.
- 3.18 The Tees Valley Investment Zone is designed not only to strengthen two of the region's fastest-growing sectors – Digital and Creative – but to use them to deliver inclusive, innovation-driven growth across the whole region. These sectors already provide a blueprint for the kind of economy Tees Valley aspires to build: high-value, low-carbon, knowledge-intensive and globally connected, yet deeply rooted in local identity and talent.
- 3.19 Our creative and digital firms have shown that the Tees Valley can compete with major UK hubs when the right conditions exist such as access to high quality workspace and specialist kit, collaboration between industry and research, strong local supply chains, and a clear route for local people into skilled work. The Investment Zone offers a once-in-a-generation opportunity to hard-wire those conditions into the region's economic fabric.
- 3.20 Informed by the evidence base which supported the Investment Zone Business Case, stakeholder intelligence and insights and horizon-scanning activities, a workshop between TVCA and Teesside University produced the following 10-year Vision, Mission and Principles which will underpin and guide the detailed design and delivery of the business support and capital investment programmes.

Vision

- 3.21 ***As the country's only Digital & Creative Investment Zone, Tees Valley is a UK powerhouse for world-class digital and creative enterprise, innovation and content where creativity sparks, industries scale and ideas go global. By uniting talent, business and research, we drive growth, fuel exports and build thriving places where communities, enterprise and opportunity flourish.***
- 3.22 This vision reflects the ambition to position Tees Valley as a national centre of excellence for digital and creative production, anchored by the cluster sites in Middlesbrough and Hartlepool but delivering benefits and opportunities across

every borough through business support, research, skills development and supply-chain growth.

Missions

3.23 To realise this vision, the Investment Zone will focus its interventions around three mutually reinforcing missions. Every programme intervention will be directly attached to one or more of these missions:

Become the UK's leading region for starting, scaling and sustaining innovative digital tech and creative businesses.	Establish Tees Valley as an engine room of creative production.	Grow a world-class base for applying digital and creative technologies to solve real-world challenges.
Strengthen the regional business base with targeted support, finance and infrastructure that enable entrepreneurs and SMEs to thrive and attract new investors to the region.	Expand the region's capacity in screen, music, games, immersive and digital content production, turning Tees Valley into a recognised hub for world-class creation and collaboration.	Harness innovation and cross-sector partnerships to develop products and services that respond to socioeconomic issues, such as health and wellbeing, education, community cohesion, sustainability and public-service delivery. By connecting research, business and civic partners, this mission ensures innovation directly benefits people and places, driving inclusive growth alongside productivity gains.

3.24 Principles for Delivery

- a) **Embed Research & Innovation at the Heart of the Cluster** - Connect businesses with Teesside University and other specialist partners to accelerate R&D, prototyping and commercialisation.

- b) **Attract Global Investment & Partnerships for Lasting Impact** - Position Tees Valley as a destination for inward investment, international collaboration and long-term private-sector growth.
- c) **Connect Sectors to Spark New Ideas & Ventures** - Encourage cross-pollination between creative, digital, health, public and third sectors etc.
- d) **Set the Standard for Access, Diversity & Inclusion** - Ensure interventions widen participation, remove barriers and open clear talent pathways for all communities.
- e) **Grow a Skilled, Future-Ready Workforce** - Align careers education, skills and training pipelines with the evolving needs of digital and creative employers.

3.25 Together, the Vision, Missions and Principles provide a unifying framework for a Tees Valley-wide transformation. They build on the physical sector cluster strengths in Middlesbrough and Hartlepool, but their reach extends across Darlington, Redcar & Cleveland and Stockton-on-Tees through shared business support, research & innovation collaboration and supply-chain development. In doing so, the Investment Zone creates a shared competitive and social advantage, fuelling growth, innovation and opportunity for businesses and communities across the whole region.

Programme Design & Delivery

Business Support

3.26 Reflecting Mission 1, the Investment Zone will establish a single, integrated Digital & Creative Business Support Programme, designed to make Tees Valley the easiest place in the UK for creative-digital and tech enterprises to start, scale and sustain.

3.27 This approach responds to the demonstrable growth trajectory of Tees Valley's digital and creative sectors, which have expanded by 45% in employment between 2019 and 2024 and are forecast to grow by a further 8.6% without policy intervention. In Creative Industries GVA, Tees Valley is growing faster than the national average, 1.3% annually compared to 0.5% (2019-2023). These trends indicate strong underlying demand and clear potential for business support interventions to accelerate firm-level growth and productivity.

3.28 The programme will be accessible across the whole Tees Valley geography, supporting enterprises across the Digital, Technology and Creative Industries -

from content creators, production companies and games studios to applied-tech firms and software developers. Together these activities form an integrated creative–digital innovation ecosystem that blends creative practice, content production, software development and applied technology.

3.29 Enterprises are considered in scope when they are developing or applying digital technology to create, distribute or commercialise products, services or content with growth and export potential, regardless of market.

Programme Scope

3.30 The design of this programme will reflect TVCA's new business support model which incorporates three connected tiers of support: Universal, Targeted and Recruited.

Tier	Purpose	Mission 1 (Illustrative)	Mission 2 (Illustrative)	Mission 3 (Illustrative)
Universal <i>(building baseline capability)</i>	Provide every eligible business with accessible, region-wide entry points to knowledge, networks and digital tools.	<ul style="list-style-type: none"> • Online toolkits, templates, tutorials and diagnostics. • Advisor access for IP, finance, export • Peer networks & events. 	<ul style="list-style-type: none"> • Toolkits for rights management and monetisation • Entry-level support / access to kit for creators using new tech. 	
Targeted <i>(concentrating resources where they will generate higher returns strengthening high-growth subsectors, building investor confidence,</i>	Address shared barriers and unlock opportunities in priority sub-sectors or business types with clear growth potential.	<ul style="list-style-type: none"> • Start-Up and Scale-Up accelerators • Business Mentoring / Peer Learning programmes. • Accelerators • Access-to-Finance Platform and investor- 	<ul style="list-style-type: none"> • Creative Production Fund: IP concept / R&D • Digital Content Strategy programme for cultural industries 	<ul style="list-style-type: none"> • Applied-innovation sprints linking creative-digital firms with socio-economic priorities e.g. health or education

<p><i>and creating the conditions for sustainable private-sector expansion.)</i></p>		<p>readiness support.</p> <ul style="list-style-type: none"> • Sub-sector specific support programmes e.g. games. • Supply-chain development initiatives. • Digital-Transformation for cultural content enterprises. 		
<p>Recruited <i>(creating exemplars of innovation, content creation and partnerships which raise the region's profile)</i></p>	<p>Co-develop high-impact initiatives with major industry or investment partners that demonstrate national significance and attract private match.</p>	<ul style="list-style-type: none"> • Strategic partnerships with investors & global corporates • Trade missions & showcases • Anchor inward-investment projects. 	<ul style="list-style-type: none"> • Partnership with the King's Foundation to develop screen industries production craft skills (supply chain) • Creative Production Fund (equity investment) • Other cornerstone partnerships with (inter)national brands 	<ul style="list-style-type: none"> • Cross-sector challenge funds tackling regional priorities (health, green, education) • Civic-innovation labs connecting policy, researchers, creatives & industry.

3.31 In addition to the above, strategic approaches will be taken to the following:

- a) **Inward Investment** – Operating in parallel with ‘soft-landing support’ and after-care for incoming businesses and strongly connected to the

‘recruited’ tier through anchor partnerships.

- b) **Events & Conferences** – Attracting high-profile, industry-influencing conferences and events to the region (such as Game Republic’s New Horizons conference which has been secured for three years) and ensuring Tees Valley Investment Zone profile and presence at international / national industry platforms.

Mobilisation

- 3.32 To ensure delivery from April 2026, TVCA will implement a structured design and mobilisation process that translates the approved framework into operational delivery. This approach combines co-design with Teesside University, industry and Local Authority partners; targeted procurement; and, phased mobilisation to establish early impact and visibility across the Investment Zone’s three Missions.
- 3.33 The roadmap below sets out the phased approach TVCA will take to design, commission and launch the programme balancing co-design with industry, robust procurement, and early delivery of high-impact interventions under Missions 1 and 2.
- 3.34 Each phase identifies the key actions, outputs and delivery partners required to achieve a fully functioning, region-wide offer that aligns with the Tees Valley Assurance Framework.

Phase	Period	Purpose	Key Actions / Deliverables	Lead & Partners
Programme Design & Co-Development	Q3-Q4 25/26	Translate the approved framework into detailed programme specifications informed by evidence and industry engagement.	<ul style="list-style-type: none"> • Programme Design Document setting out specifications for each tier of the Business Support framework. • Capital Investment Strategy incorporating review of initial plan with prioritisation and revisions to reflect Vision, Missions and industry needs / opportunities. • Evaluation and KPI framework aligned with the Investment Zone logic model. 	TVCA cross-functional team with Teesside University and input from industry stakeholders, representative bodies and Local Authority partners.

			<ul style="list-style-type: none"> • Procurement strategy for delivery partners and fund-management support. • 2026–28 Inward Investment Plan and support offer. • Establish governance and assurance arrangements (programme board, reporting and appraisal). • Confirm resourcing plan and commence recruitment. • Develop Marketing & Engagement plan. 	
Procurement & Partner Commissioning	Q4 25/26 - Q1 26/27	Secure delivery partners and establish governance for the first multi-year interventions.	<ul style="list-style-type: none"> • Procure specialist business-support providers and fund-management partner(s). • Finalise and sign anchor-partner MOUs. 	TVCA
Mobilisation & Readiness	Q4 2025	Prepare first interventions & partnerships for launch	<ul style="list-style-type: none"> • Mobilise contracted delivery partners and align workplans. • Complete detailed delivery plans for first Targeted programmes. • Set up advisor and mentor networks and wider sector support services. • Implement marketing and engagement plan to build awareness and participation. 	TVCA with industry partners and procured providers.
Launch & Early Delivery	From April 2026	Go live with the Universal offer and first Targeted interventions; confirm anchor partnerships as	<ul style="list-style-type: none"> • Public launch of Universal offer, aligned with wider TVCA Business Support launch. • Commence delivery of first Targeted 	TVCA IZ Team with TU, procured delivery partners and anchor industry collaborators.

		national exemplars.	<p>programmes (3–4 multi-year interventions).</p> <ul style="list-style-type: none"> • Announce and mobilise industry partnerships as flagship Investment Zone projects. • Publish pipeline of forthcoming Targeted / Recruited calls to signal continuity. • Begin quarterly evaluation and reporting cycle to Business Board and Cabinet. 	
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3.35 This phased approach ensures that by April 2026, the Tees Valley Investment Zone has:

- a live, digital-first platform providing universal access to advice and networks;
- the first multi-year interventions underway;
- confirmed anchor partnerships delivering flagship activity; and
- a clear governance and performance framework aligned with the Tees Valley Assurance Framework.

Capital Funding: Shaping an Environment for Growth

Background and Current Commitments

3.36 Within the original Investment Zone business case, a total of **£32 million** of capital funding was identified for projects in the required geographic focus areas **Middlesbrough and Hartlepool**, comprising:

- £15 million** – expansion of **Northern Studios, Hartlepool** (*planning permission granted; construction scheduled to commence in 2026*);
- £13 million** – development of sector-specific infrastructure in Middlesbrough
- £3 million** – improvements to digital infrastructure; and
- £1 million** – severance and enabling works.

- 3.37 A further **£14.2 million** of capital has been ring-fenced for future investment without a prescribed geography, providing flexibility to respond to new strategically complementary opportunities across the wider Tees Valley that drive growth in the sector.
- 3.38 The commitment to the **Northern Studios** project remains confirmed and will proceed as planned.
- 3.39 This provision for capital investment responds to strong national and regional market demand: UK film and high-end TV production reached £4.2 billion in 2023 during a period of sustained national studio-space shortages, the UK games market now exceeds £7.8 billion annually, immersive and real-time production technologies are growing at around 30% per year, and screen production in the North East has increased by 131% since 2022.

Rationale for Wider Capital Programme Review

- 3.40 Since the approval of the original business case, the Investment Zone's proposed Vision, Missions and Principles have been developed in detail, which provide a strong framework for decision-making.
- 3.41 At the same time, local market conditions and partner interests have evolved: new premises have become available, ownership structures have changed, and several major industry partners have expressed interest in establishing a footprint in Tees Valley.
- 3.42 A strategic review of capital intentions will therefore ensure that:
- a) investment decisions are aligned with the updated Vision, Missions and Principles;
 - b) capital is directed to the projects and places where it can achieve the greatest economic impact **and leverage private sector long term commitment and investment; and**
 - c) the programme retains sufficient flexibility to respond to emerging inward-investment opportunities and new sector-infrastructure requirements.

Objectives of the Capital Review

- 3.43 The review will:
- a) **Re-test the viability and value-for-money** of all current capital commitments to confirm that each remains deliverable, aligned with the

Investment Zone's updated Vision, Missions and Principles, and capable of achieving the required economic return.

- b) If appropriate, **recommend the reallocation of funding** from projects that are no longer viable, deliverable or strategically aligned, ensuring resources are deployed where they will generate the strongest outcomes for the digital and creative sectors.
- c) **Maximise private-sector leverage** and ensure value for money through co-investment, Business Rate Retention and other complementary funding streams.
- d) **Strengthen integration** between physical capital assets and programme-based interventions, creating a coherent ecosystem of enterprise support, production capability and innovation space.
- e) **Consider** opportunities that extend capital benefits across the wider Tees Valley while maintaining focus on the designated cluster areas.
- f) **Identify and appraise new opportunities** to accommodate incoming anchor firms or industry partners requiring specialist premises or infrastructure.
- g) **Commission targeted feasibility and design studies** where further evidence is required to assess new proposals or confirm project deliverability.

Approach

3.44 Throughout Q4/Q1 this review will be undertaken by TVCA, working collaboratively with Teesside University, the Development Corporations, Local Authorities and industry partners. This approach will ensure that the refreshed capital strategy reflects the full spectrum of opportunities across the region aligning place-based development, research capability and private-sector investment.

3.45 The review will:

- a) assess each existing and potential capital project against criteria of strategic alignment, deliverability, leverage, regional balance and mission contribution.
- b) undertake or commission targeted feasibility and design work where further evidence is required; and
- c) produce an Investment Zone Capital Plan setting out prioritised recommendations, phasing and delivery sequencing.

- 3.46 All decisions on capital deployment will follow the TVCA Assurance Framework, ensuring proportionate business-case appraisal, transparent governance and effective risk management.

Crime & Community Safety

- 3.47 Officers are working with the Development Corporations and Local Authorities in Middlesbrough and Hartlepool to develop a scope of works for a programme which will meaningfully contribute to initiatives to improve the town centre environments and create improved sense of place and safety to attract and retain businesses, workforce and visitors.

Planning

- 3.48 As agreed by Cabinet and described elsewhere within this paper, the designated geography for the IZ's objective of developing physical business clusters are Middlesbrough and Hartlepool. The Development Corporations in each of these areas are the planning authorities and therefore will be critical to ensuring efficient realisation of some IZ capital projects. IZ monies have therefore been designated to supporting this planning function to enable timely decision-making which maintains statutory compliance and alignment with the strategic objectives of the Development Corporations.
- 3.49 TVCA officers are working with the Development Corporations as they advance their regeneration and investment priorities to ensure clarity of purpose of the Investment Zone and build shared understanding and ambition for the contribution IZ investment can make to the future prosperity of the towns.

Resourcing

- 3.50 Successful delivery of the Investment Zone will depend on ensuring the right capability and capacity within TVCA and its partners. The delivery model must combine strategic leadership, technical expertise and day-to-day delivery capacity while remaining agile enough to evolve as the programme matures.
- 3.51 To achieve this, a multi-skilled Investment Zone Delivery Team will be established within the Combined Authority, operating under the leadership of the Director of Business Solutions as Senior Responsible Officer and the Head of Creative Place as Strategic Lead for the Investment Zone. This approach ensures that the programme is strategically led, operationally robust and strongly connected to regional partners.

3.52	It provides the expertise and flexibility required to move from programme design to full delivery while maintaining assurance and value for money.
3.53	<p>The structure will include:</p> <ul style="list-style-type: none"> <li data-bbox="331 535 1430 636">a) Director of Business Solutions (SRO) – accountable for the successful delivery of the IZ programme to ensure the initiative meets its objectives, delivers the intended benefits, and aligns with strategic goals. <li data-bbox="331 658 1430 792">b) Head of Creative Place & Strategic Lead for the Investment Zone – responsible for maintaining and reviewing strategic direction, building major partnerships, and leading integration of the IZ with existing Inward Investment, Creative Place and Business & Skills programmes. <li data-bbox="331 815 1430 882">c) Programme Manager – operational lead, responsible for coordination, delivery planning, monitoring, risk management and reporting.
3.54	These roles are already in place; however more dedicated resource is required in order to mitigate the risk of delay to delivery. We will work to increase capacity and capability to ensure effective, timely and consistent delivery.
3.55	Delivery of the Investment Zone will be supported by a wider cross-functional team, bringing together the dedicated delivery team with TVCA's Procurement, Finance and Marketing functions to ensure integration with corporate processes and the wider Inward Investment, Business Growth & Skills portfolio.
3.56	This collective approach will draw on close collaboration with Teesside University, the Development Corporations, Local Authorities and industry partners to maintain alignment across capital, business support and innovation activity.
3.57	An independent evaluation partner will also be appointed to monitor outcomes, assess impact and provide formative learning to shape programme development over time.
3.58	The IZ resource structure will be funded through the £3.2 million (4 %) Programme Management allocation. It will maximise use of existing capacity while introducing targeted new resource where specialist expertise or additional bandwidth is required.
4. Background	
4.1	National Policy Launched March 2023, Tees Valley identified as an Investment Zone.

- 4.2 Co-development of case with MHCLG from March 2023 to December 2024. Appraisal and approval paused due to General Election.
- 4.3 The Tees Valley Investment Zone was accepted by Cabinet into the Investment Plan as a named prioritised programme with an allocation in March 2025.
- 4.4 This included some named projects with an allocation of funding (subject to business case) including Teesside University as the IZ Partner Research Institution.
- 4.5 The Investment Zone gateway documents (which form the business case) were formally approved by Government in May 2025 (post-election), confirming the programme's value-for-money and strategic fit.
- 4.6 Memorandum of Understanding (MOU) between MHCLG and TVCA was finalised in May 2025.
- 4.7 Teesside University submitted a project business case for the £9.4m Research, Development & Innovation activity approved by Government and this was appraised and approved through the TVCA Assurance Framework arrangements. A funding agreement has been finalised between TVCA and Teesside University.
- 4.8 Tees Valley Investment Zone recognised in the National Industrial Strategy by DCMS as the only IZ focused on creative & digital industries. Under the Industrial Strategy, the Government announced bringing Freeports and Investment Zones under one umbrella 'Industrial Strategy Zones'.

5. Partnership & Engagement

- 5.1 Strong and sustained partnership working is central to the development and delivery of the Tees Valley Investment Zone. Since designation, TVCA has undertaken a series of targeted engagement activities to shape the programme, test emerging proposals and ensure alignment with regional priorities and sector needs. To date, this has included:
 - a) **Ongoing collaboration and co-design with Teesside University**, reflecting its role as the Investment Zone's strategic Research & Innovation partner and co-developer of the original programme business case.

- b) A **Digital & Tech sector roundtable**, held in partnership with DSIT and the UK Tech Cluster Group, to explore opportunities, barriers and the support required to grow Tees Valley’s digital ecosystem.
- c) **Creative Programme Advisory Group (CPAG) workshop** providing insight from creative-sector representatives on business support, skills needs and future infrastructure.
- d) Ongoing **engagement with industry bodies and representative organisations:** Game Republic, North East Screen, Generator, Tech UK, BBC etc.
- e) **Dialogues with individual businesses** in the digital and creative sectors.
- f) **Portfolio Holder briefings** within the Creative Place portfolio to review emerging proposals and ensure local authority alignment.
- g) Meeting with Local Authority **Chief Executives on 19 November** to review current position.
- h) **Briefing and workshop with Informal Cabinet on 28 November**, focused on mission-led programme design, Investment Zone delivery arrangements and the proposed capital review.
- i) A dedicated **briefing for the Business Portfolio Holder** to confirm alignment with wider business support and inward investment activity.

6. Appendices

None

Cabinet is requested to consider the following identified implications:

7. Financial Implications

- 7.1 There are no direct financial implications arising from this update report however, as the scheme develops any financial implications will be considered as part of the process.

8. Legal Implications

- 8.1 The Investment Zone programme is governed by a Memorandum of Understanding (MoU) between TVCA and MHCLG. All interventions and capital

	projects must comply with the terms of this MoU and any associated grant conditions.
8.2	Where funding is passed to delivery partners, appropriate Funding Agreements and or service contracts must be in place to ensure compliance with procurement law, subsidy control rules, and assurance requirements under the TVCA Assurance Framework.
8.3	Delivery of programme interventions will require procurement of goods and services in accordance with TVCA's Contract Procedure Rules. All financial support to businesses must comply with UK Subsidy Control legislation and any relevant international obligations.
8.4	Capital projects within Middlesbrough and Hartlepool will require planning consent. The Development Corporations act as planning authorities and will ensure compliance with statutory planning requirements and alignment with regeneration objectives.
9. Equality & Diversity Implications	
9.1	There are no direct equality and diversity implications arising from this update report however, the inclusion of the following as a core principle of the programme, will ensure that, as the scheme develops, this is a key consideration in design of interventions and the assessment of proposals:
9.2	"Set the Standard for Access, Diversity & Inclusion - Ensure interventions widen participation, remove barriers and open clear talent pathways for all communities."
10. Other Significant Implications	
(Tick other implications provided and provide detail in box below)	
Risk	X Assurance Framework Procurement
Improvement	Environment HR & IT
10.1	A programme risk register is maintained for the Investment Zone and is reviewed and updated regularly. If the Cabinet does not endorse "the proposed Vision, Missions and Principles which will guide and underpin the design and delivery of the Investment Zone" and "the proposed delivery approach, including: the development of the business support model; the capital review

and the resource plan, there is risk of delay to wider programme implementation. This will impact:

- a) business and stakeholder engagement
- b) programme design and procurement of delivery partners
- c) mobilisation of business support
- d) progression of inward investment pipeline
- e) mobilisation of resource plan to ensure appropriate capacity and capability for delivery
- f) expenditure in-line with projections to MHCLG and wider MHCLG monitoring.

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	12		
Report Title	Senior Officer Appointments		
Accountable Cabinet Member	Mayor Ben Houchen Chair of the Cabinet		
Accountable Chief Officer	Tom Bryant Chief Executive		
Accountable Employee	Clare Winter Assistant Director People & Operations		
Report considered by	Pre-Cabinet process		
Key Decision	Yes	No	This is not a key decision as the appointment of the two Directors are within existing budget.
		X	
Public Report	Yes	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
	X		
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

- | | |
|----------|---|
| A | Approve the appointment of Jonathan Spruce to the position of Director of Infrastructure. |
| B | Approve the appointment of Sarah Walker to the position of Director of Business Solutions. |

1.	Purpose
1.1	The purpose of this report is to seek Cabinet approval for two senior officer appointments.
1.2	Specifically, the report addresses: <ul style="list-style-type: none"> The conclusion of recruitment processes for the posts of Director of Infrastructure and Director of Business Solutions, ensuring continuity and delivery of TVCA's strategic priorities.
2.	Executive Summary
2.1	This report sets out recommendations to Cabinet in respect of the conclusion of recruitment processes for the post of Director of Infrastructure and Director of Business Solutions.
2.2	It is recommended that: <ul style="list-style-type: none"> Jonathan Spruce be appointed to the position of Director of Infrastructure. Sarah Walker be appointed to the position of Director of Business Solutions.
3.	Recruitment to Director Posts
3.1	At its meeting on 25 July 2025, Cabinet approved the recruitment to the post of Director of Infrastructure and Director of Business Solutions, which are currently covered in an interim capacity. The roles were advertised from 14 September 2025 to 13 October 2025. There was an extensive external campaign, with marketing promotion including the Municipal Journal, Guardian Jobs and TVCA's promotion via social media, website and LinkedIn.
3.2	Forty-three applications were received for the Director of Business Solutions and forty applications were received for the Director of Infrastructure.
3.3	The candidate applications were initially split into three categories (recommended for interview, for discussion by the appointments panel and not recommended for interview) by the Chief Executive and Assistant Director, People & Operations following a technical assessment. This process was designed to support the panel in their shortlisting deliberations, and all applications were shared with the panel.
3.4	On 24 October 2025, shortlisting meetings were held with the panel. The attendees were: <p><u>An appointments panel for Director of Business Solution</u> Comprising Rose Rouse, Chief Executive of Darlington Borough Council, Tom Bryant, Chief Executive of TVCA and Ben Houchen, Tees Valley Mayor.</p> <p><u>An appointments panel for Director of Infrastructure</u></p>

	Comprising Brian Archer, Chief Executive of Redcar & Cleveland Borough Council, Cllr Stephen Harker, Leader of Darlington Borough Council, Tom Bryant, Chief Executive of TVCA and Ben Houchen, Tees Valley Mayor.
3.5	Following these meetings, three candidates were agreed as suitable to take forward to the final assessment day for the Director of Infrastructure and four candidates were agreed as suitable to take forward to the final assessment day for the Director of Business Solutions.
3.6	<p>On 5 November 2025, an assessment day was held with the following panels:</p> <ul style="list-style-type: none"> a. An internal panel (Same panel for both Director roles) Comprising Craig Peacock – (Director of Inward Investment & Marketing, TVCA), John Barnes (Chief Operating Officer – South Tees Development Corporation) and Clare Winter (Assistant Director People and Operations, TVCA). b. A stakeholder panel (Same panel for both Director roles) Comprising Cllr Mandy Porter (Chair – TVCA Audit and Governance Committee), Cllr Ian Blades (Chair – TVCA Overview and Scrutiny Committee) and Brenda McLeish OBE (Board Member – Hartlepool Development Corporation). c. An appointments panel for Director of Business Solutions Comprising Rose Rouse (Chief Executive, Darlington Borough Council), Cllr Stephen Harker (Leader of Darlington Borough Council), Tom Bryant (Chief Executive of TVCA), and Ben Houchen (Tees Valley Mayor). d. An appointments panel for Director of Infrastructure Comprising Brian Archer (Chief Executive of Redcar & Cleveland Borough Council), Cllr Stephen Harker (Leader of Darlington Borough Council), Tom Bryant, (Chief Executive of TVCA), and Ben Houchen (Tees Valley Mayor).
3.7	Candidates were asked a series of structured questions and delivered a presentation to the appointments panel. It was agreed that the Internal and Stakeholder panels would provide feedback and a recommendation to the appointments panel to help inform the deliberations.
3.8	The appointments panels unanimously proposed that Jonathan Spruce is appointed to the role of Director of Infrastructure and Sarah Walker is appointed to the role of Director of Business Solutions. Both the Internal and Stakeholder Panels independently identified Jonathan and Sarah as their preferred candidates.
4.	Partnership & Engagement
	The interview panels included both internal and external representatives to ensure a balance of input.

Cabinet was communicated with throughout this process on 29 October and 11 November 2025.

Cabinet is requested to consider the following identified implications:

5. Financial Implications

- 5.1 The posts are included in the organisational structure and have been budgeted for in the Medium-Term Financial Plan.

6. Legal Implications

- 6.1 The appointments to both the Director posts have been conducted in line with the requirements set out in the Constitution and relevant recruitment legislations including but not limited to the Equality Act 2010.

7. Equality & Diversity Implications

- 7.1 The recommendations in this report are not expected to have an adverse impact on individuals or groups with protected characteristics under the Equality Act 2010 (including age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).

Other Significant Implications

Risk		Assurance Framework		Procurement	
Improvement		Environment		HR & IT	

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	13		
Report Title	Independent Remuneration Panel		
Accountable Cabinet Member	Mayor Ben Houchen Chair of the Cabinet		
Accountable Chief Officer	Jodie Townsend Interim Monitoring Officer		
Accountable Employee	Jodie Townsend Interim Monitoring Officer		
Report considered by	Pre-Cabinet process		
Key Decision	Yes	No X	The convening of an Independent Remuneration Panel (IRP) is not considered to be a key decision, however the report and recommendations from the IRP will be a key decision.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

- | | |
|----------|---|
| A | <u>Establish</u> an Independent Remuneration Panel as detailed in section 3 of this report. |
| B | <u>Approve</u> the scope of the review for the Independent Remuneration Panel as detailed in section 4 of this report. |
| C | <u>Approve</u> the membership arrangements for the Independent Remuneration Panel as detailed in section 5 of this report, including agreement of the approach to Chairing of the Panel as set out in paragraph 5.4 and payment to the Panel as set out in paragraphs 5.5 and 5.6. |

1. Purpose

- 1.1 The purpose of this report is to seek Cabinet approval for the establishment of an Independent Remuneration Panel (IRP) to undertake a detailed review into allowances at Tees Valley Combined Authority.
- 1.2 The Cabinet has previously committed to an annual review of allowances, with the last examination of allowances by the Cabinet taking place in September 2023. This report seeks to establish a new Independent Remuneration Panel, approve the approach to membership and its scope.
- 1.3 Cabinet approval of this report will see a new Independent Remuneration Panel established, alongside agreement on its scope and membership.

2. Executive Summary

- 2.1 The Independent Remuneration Panel (IRP) is a statutory advisory body established to provide impartial recommendations on the remuneration of elected members, including the Mayor, within a Mayoral Combined Authority (MCA). Its function is critical to ensuring transparency, fairness, and public confidence in local governance.
- 2.2 Tees Valley Combined Authority (TVCA) has initiated a comprehensive Organisational Improvement Plan designed to address identified weaknesses in governance and accountability and create best practice governance arrangements, process and procedure across TVCA.
- 2.3 The IRP can play a vital role in upholding the principles of good governance within Mayoral Combined Authorities. Its recommendations can ensure that elected officials are fairly compensated, enabling them to perform their duties effectively while maintaining public trust. Member allowances, when set transparently and fairly, contribute directly to the authority's strategic capacity and democratic legitimacy.
- 2.4 This report sets out the rationale for establishing a new Independent Remuneration Panel, with an updated scope that accounts for the organisational improvement plan, comparative data and evolving legislation. The report also proposes an approach to membership.
- 2.5 Once an IRP has been established it will be supported in undertaking a detailed review based on evidence.

3. An Independent Remuneration Panel

- 3.1 An Independent Remuneration Panel (IRP) is a body responsible for determining the level of payments to elected officials. Their independence ensures fairness in ensuring

remuneration is both fair and proportionate, operating independently of the Combined Authority and its politicians.

3.2 The Tees Valley Combined Authority (Functions and Amendment) Order 2017 sets out the requirements for the determination of allowable allowances and expenses. Leaders will be familiar with such requirements through the operation of Independent Remuneration Panels within their own Councils.

3.3 An IRP is a statutory body established to provide objective, transparent, and independent advice on the remuneration of elected members, including the Mayor. Its importance lies in:

- **Ensuring Fairness and Transparency:** The IRP helps maintain public trust by ensuring that allowances are set fairly, based on workload, responsibility, and benchmarking with similar roles elsewhere.
- **Depoliticising Pay Decisions:** By removing the responsibility from elected members to set their own pay, the IRP prevents conflicts of interest and political bias.
- **Supporting Accountability:** Recommendations from the IRP are published and subject to scrutiny, reinforcing democratic accountability.
- **Encouraging Participation:** Fair remuneration can attract a broader and more diverse pool of candidates to public office, including those who might otherwise be excluded due to financial constraints.

3.5 Member allowances are not just about compensation; they can directly impact the functioning and effectiveness of the Combined Authority:

- **Recognising Time and Commitment:** Many members juggle public duties with other professional or personal responsibilities. Adequate allowances reflect the time, effort, and expertise required.
- **Enabling Full Participation:** Without fair allowances, only those with independent means may be able to serve, which risks narrowing representation and undermining inclusivity.
- **Promoting Professionalism:** Remuneration supports a more professional approach to governance, encouraging members to engage deeply with complex policy areas like transport, housing, and economic development.
- **Retention and Continuity:** Fair pay helps retain experienced members, ensuring continuity and institutional memory – both vital for long-term strategic planning.

3.6 It is proposed to establish a new IRP at this point to:

- Meet the constitutional requirement to undertake an annual review, noting the last IRP report was considered by the Cabinet in September 2023.
- Reflect the organisational improvement plan and commitment to improvements across governance, assurance and accountability.
- Provide opportunity to consider the Scrutiny Protocol and the Devolution Bill implications.
- Consider up to date comparative data and approaches.
- Seek a view on allowances for required Independent Persons.
- Examine ability and options relating to attendance and allowances/ expenses.

4. Review Scope

4.1 The proposed scope of the IRP review seeks to consider the justification for the review referenced in section 3 of this report.

4.2 The proposed scope of the review is as follows:

Part 1: Mayoral Allowance and Deputy Mayor

- Review of remuneration to be paid to the position of the Mayor from May 2026 that is commensurate with the responsibilities of the position.
- Review of the principle of and potential for remuneration to be paid to the position of the Deputy Mayor appointed by the Mayor from amongst the members of the Cabinet.

Part 2: Regulatory Committees

- Review of remuneration to be paid to the position of member of the Overview & Scrutiny Committee that is commensurate with the responsibilities of the position.
- Examination of Cabinet decision to defer principle 8 of the Scrutiny Protocol as decided on 27 September 2024. The IRP will consider the remuneration of the Committee to allow Cabinet to conclude on the recommendation (also to cover potential special responsibility allowances within Overview & Scrutiny).
- Review of remuneration to be paid to the position of member of the Audit & Governance Committee that is commensurate with the responsibilities of the position (also to cover potential special responsibility allowances within Audit & Governance).

Part 3: Mayoral Development Corporations

- Review of the principle of payment of allowances to governance roles within Mayoral Development Corporations, covering the membership of Board, Planning Committee and Audit & Governance Committee.

Part 4: Business Board Membership and wider Advisory Boards

- Review of the principle of payment of allowances to Business Board membership and wider Advisory Boards.

Part 5: Independent Persons

- Review of remuneration to be paid to 'independent person(s)' for standards matters that is commensurate with the responsibilities of the position.

Part 6: Consideration of Leadership Recognition within the English Devolution and Community Empowerment Bill

- Intention within the Bill to 'ensure' all Combined Authorities can pay their members an allowance when they take on special responsibility.
- Review of roles and level of allowance commensurate with the responsibilities of the position covered by 'special responsibility'.
- Review of allowance implications of Bill content.

Part 7: Travel and Subsistence

- Review and development of proposals for amending the Members scheme for travel and subsistence.

5. Membership Arrangements

- 5.1 The membership of an Independent Remuneration Panel (IRP) for a Combined Authority, whilst governed by certain statutory regulations, should also reflect local governance arrangements.
- 5.2 The Tees Valley Combined Authority (Functions and Amendment) Order 2017 requires an IRP to consist of at least three members none of whom:
 - a) is also a member of the Combined Authority or is a member of a committee or sub-committee of the Combined Authority; and
 - b) is disqualified from being or becoming a member of the Combined Authority.
- 5.3 It is proposed that the IRP for this review consist of 5 members, those being the Chairs of each IRP at each Constituent Council. If the Chair is not able or willing to participate, or that Chair is an Independent Chair, then engagement will take place with each Constituent Council to identify an alternative Constituent IRP member to invite onto the TVCA IRP.
- 5.4 In regard to chairing the TVCA Panel, Cabinet is asked to agree one of the following options:
 - 1) The Monitoring Officer identifies an external Chair with recognised expertise to Chair the TVCA IRP, or
 - 2) The IRP appoint a Chair from its membership consisting of that set out above in 5.3 at its first meeting.
- 5.5 The legislation enables the Combined Authority to pay IRP members an allowance and expenses for their review. It is proposed that expenses for the review be paid in

alignment with the exiting Member Allowances Scheme and that an allowance be paid to the membership from constituent councils of £300 per day.

- 5.6 It is proposed that an allowance be paid to the Chair of the IRP of £400 per day if from the membership provided by Constituent Councils. If an independent chair is appointed then it is proposed that a rate of no more than £500 per day be paid.

6. Background

- 6.1 The regulations make it clear that:
- No remuneration is to be payable by the Combined Authority to its members, other than allowances for travel and subsistence paid in accordance with a scheme drawn up by the Combined Authority.
 - Remuneration can be payable to the Mayor and some other positions.
- 6.2 The previous IRP report presented to and considered by the Cabinet can be viewed via this link:
- [Report to Cabinet 22 September 2023](#)
 - [22 September 2023 Appendix - IRP Report](#)

7. Partnership & Engagement

- 7.1 This report has been developed via the Pre-Cabinet process; this involves engagement with Constituent Council Officer Groups and an informal meeting of the Cabinet Membership.

8. Appendices

- 8.1 Appendix 1: TVCA Group Member Allowances Scheme

Cabinet is requested to consider the following identified implications:

Financial Implications

- 9.1 *The establishment of an Independent Remuneration Panel (IRP) and the associated review will incur costs relating to the payment of the Panel membership. The expenditure is anticipated to be modest and will be managed within the Medium-Term Financial Plan (MTFP).*
- 9.2 Proposed rates for Independent Remuneration Panel membership are based on comparative information provided by a number of Mayoral Combined Authorities.

Legal Implications

9.3 The legislative requirements regarding the convening, scope and membership of an Independent Remuneration Panel are set out in the Tees Valley Combined Authority (Functions and Amendment) Order 2017.

9.4 Tees Valley Combined Authority has an existing Member Allowances Scheme. When an IRP issues a report, the Cabinet are required to consider that report in determining the allowances payable to eligible roles.

Equality & Diversity Implications

9.5 The establishment of an Independent Remuneration Panel (IRP) and its review of allowances is not expected to have a negative impact on individuals with protected characteristics under the Equality Act 2010 (including age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).

9.6 The proposals aim to ensure fairness and transparency in remuneration, which can positively support equality by:

- **Encouraging Participation:** Fair allowances help remove financial barriers, enabling individuals from diverse backgrounds to consider public office.
- **Promoting Inclusivity:** By ensuring remuneration reflects responsibilities and time commitment, the approach supports participation by those who may otherwise be excluded due to economic constraints.
- **Compliance with Legislation:** The IRP will operate within statutory requirements and consider equality duties when making recommendations.

No adverse impacts have been identified at this stage. However, the IRP will be asked to consider equality implications as part of its review process to ensure recommendations do not disadvantage any group.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk	Assurance Framework	Procurement
Improvement	X Environment	HR & IT

-
- 9.7 Tees Valley Combined Authority (TVCA) has initiated a comprehensive organisational improvement plan designed to address identified weaknesses in governance and accountability and create best practice governance arrangements, process and procedure across TVCA.
- 9.8 The IRP can play a vital role in upholding the principles of good governance within Mayoral Combined Authorities. Its recommendations can ensure that elected officials are fairly compensated, enabling them to perform their duties effectively while maintaining public trust. Member allowances, when set transparently and fairly, contribute directly to the authority's strategic capacity and democratic legitimacy.

Members and Mayoral Allowances

TVCA GROUP MEMBERS' ALLOWANCES SCHEME 1st APRIL 2025 TO 31st MARCH 2026

In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) ("the Regulations"), the Tees Valley Combined Authority Group's scheme for the payment of Expenses, with effect from 1st April 2025 is as follows

The Mayor the Chair of the Tees Valley Business Board and Members may claim expenses for travel within as well as outside the Tees Valley.

Travel and Subsistence Expenses

1. Mileage Expenses
 - Member's motorcycle 24p per mile
 - Member's Car 45p per mile (or round trip journeys in excess of 75 miles, all miles in excess of 75 will be paid at the lower mileage rate of 13.7p per mile.
 - Bicycle/Cycle 20p per mile
 - In addition 5p per mile can be claimed for each passenger carried (up to a maximum of 4) to whom a travelling allowance would otherwise be payable.

2. Subsistence Overnight Allowance
 - Subsistence Allowance overnight or for an annual conference of the Local Government Association (including or not including an annual meeting) or of such other association of bodies as may be approved. This allowance would normally cover the cost of accommodation.

Within the context of this section of the Scheme "Member" includes a Substitute Member.

4. General
 - A person may, by notice in writing given to the Proper Officer of the Combined Authority, elect to forgo their entitlement or any part of his/her entitlement to Expenses.
 - The time limit from the date on which an entitlement to an allowance arises during which a claim for the allowance must be made by the person to whom they are payable is two months.

- This will not however prevent the Combined Authority from making a payment where the allowance is not claimed within the period specified in the scheme should the circumstances justify doing so.
- Where a Member of the Combined Authority is also a member of another authority, that Member may not receive Expenses from more than one authority in respect of the same duties.
- Where a Member's employer pays or has paid the Member's Expenses, that Member may not also receive Expenses from the Combined Authority.
- Where payment of any allowance has already been made in respect of any period during which the Member concerned: -
 - (i) ceases to be a Member of the Combined Authority; or
 - (ii) is in any other way not entitled to receive the Expenses in respect of that period, the Combined Authority may require that such part of the allowance as relates to any such period be repaid to the Combined Authority.

MAYORAL ALLOWANCE

In accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended), and after considering the report and recommendations of its Independent Remuneration Panel, the Combined Authority has approved the continued payment of an allowance of **£65,000** to the Tees Valley Mayor for the period 2nd May 2024 the end of the current Mayoral Term.

MAYORAL DEVELOPMENT CORPORATION CHAIR

In accordance with The Localism Act 2011 ('the Act'), Schedule 21 as amended by The Tees Valley Combined Authority (Functions) Order 2017 ('the Order'), Schedule 1, may pay remuneration, travelling expenses and other allowances to Mayoral Development Corporation Board Members. the Combined Authority has approved the continued payment of an allowance of **£15,120 per annum** to the Mayoral Development Corporation Chairs in exercise of that position only.

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	14		
Report Title	Assurance Framework		
Accountable Cabinet Member	Mayor Ben Houchen Chair of the Cabinet		
Accountable Chief Officer	Jodie Townsend Interim Monitoring Officer		
Accountable Employee	Sarah Brackenborough Head of Operations		
Report considered by	Pre-Cabinet process		
Key Decision	Yes	No	This item has been determined not to be a key decision as it relates to approval of the development of a Single Assurance Framework. The future proposed Single Assurance Framework will be a key decision.
Public Report	Yes	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

- | | |
|----------|---|
| A | Endorse the approach to create a Single Assurance Framework. |
| B | Endorse the design principles for the development of a Single Assurance Framework set out in paragraph 3.20. |

1. Purpose

- 1.1 The purpose of this report is to set out the justification for the development of a Single Assurance Framework that will replace the existing Local Assurance Framework. The report seeks endorsement of the proposal to develop a Single Assurance Framework (SAF) and seeks endorsement of design principles that will inform its development.
- 1.2 All Combined Authorities are required to maintain an Assurance Framework to ensure robust governance, accountability, and transparency in the use of devolved funds. The Assurance Framework provides confidence to government and stakeholders that investment decisions are evidence-based, risks are managed effectively, and public money is spent in line with statutory duties such as Best Value.
- 1.3 It is a mandatory requirement under the English Devolution Accountability Framework and supports compliance with HM Treasury standards for risk management and control.

2. Executive Summary

- 2.1 This report sets out the justification for the creation of a Single Assurance Framework (SAF) for the Tees Valley Combined Authority (TVCA). The SAF is a critical component in delivering the necessary improvements identified in the Best Value Notice and strengthening governance, accountability, and assurance arrangements across the organisation.
- 2.2 A SAF is a unified set of rules, processes, and governance arrangements that a combined authority uses to manage how decisions are made, funds are allocated, and projects are monitored. In simple terms:
 - It brings all assurance processes into one place, instead of having separate frameworks for different programmes.
 - It ensures consistency, transparency, and accountability in how public money is spent.
 - It sets out how projects are appraised, approved, and reviewed, so stakeholders can trust that decisions are fair, evidence-based, and compliant with government standards.
- 2.3 This report sets out the strategic justification for replacing the existing Local Assurance Framework with a SAF and the benefits that will bring the Combined Authority and wider group.

3. A Single Assurance Framework

- 3.1 TVCA has an existing Assurance Framework, which covers all funds within the Tees Valley Investment Fund, the Single Pot and other sources of income such as Enterprise Zone business rates.

- 3.2 The existing Assurance Framework requires an annual review process; this review will examine whether the assurance processes are operating effectively and identify any areas for improvement.

Organisational Improvement

- 3.3 The Best Value Notice highlighted significant weaknesses in the organisation's governance arrangements. The subsequently produced Organisational Improvement Plan agreed by Cabinet includes within it the following commitment:
- Undertake a comprehensive review of the TVCA Assurance Framework, taking into account best practice, working closely with the constituent local authorities and Cabinet, and implement any necessary changes to ensure it remains fit for purpose.
- 3.4 The Assurance Framework has been identified as a priority area for improvement. Best practice centres around the development of a SAF, which will enable TVCA to introduce a new approach and culture to approvals and drive improvement.

Best Practice

- 3.5 The English Devolution Accountability Framework (EDAF) explicitly requires Combined Authorities to have a SAF as part of their governance and accountability arrangements. EDAF sets out the mandatory accountability and governance standards for all institutions exercising devolved powers, including Mayoral Combined Authorities.
- 3.6 TVCA has been operating with an Assurance Framework approved by Government. The current framework requires updating in order to meet the required assurance measures for compliance with EDAF. The table below sets out how the implementation of a SAF would meet EDAF requirements:

EDAF Requirement	How the Single Assurance Framework addresses requirement
Transparency and Accountability	Provides a single, clear set of processes for decision-making, scrutiny, and reporting across all devolved funding streams.
Robust Governance Arrangements	Establishes consistent governance standards for project appraisal, approval, and monitoring, reducing fragmentation.
Value for Money	Embeds HM Treasury Green Book principles and risk-based assurance to ensure investments deliver best value.
Compliance with Statutory Duties	Aligns with Best Value Duty and government guidance, ensuring legal and regulatory compliance.
Risk Management and Internal Control	Consolidates risk assessment and mitigation processes under one framework for all programmes.

Continuous Improvement and Review	Includes mechanisms for regular review and updates to maintain alignment with evolving standards and lessons learned.
Public Confidence and Ethical Standards	Demonstrates openness and integrity in governance, reinforcing trust among stakeholders and government.

3.7 A SAF is recognised best practice at Mayoral Combined Authorities. Implementing a SAF should be a key ambition for Cabinet as it is considered a core governance foundation within Mayoral Combined Authorities and is central to ensuring that the priorities of the Combined Authority and the Mayor drive resource allocation, programme and project development and subsequent interventions.

3.8 It will set out the approach and processes that will determine how investment decisions are made regarding:

- what gets to go on the pipeline
- what gets to be developed as a business case
- how those business cases are approved

It should drive decision-making to deliver on agreed TVCA strategic priorities.

3.9 Single Assurance Frameworks exists at multiple Combined Authorities (such as West Midlands, West Yorkshire, North-East, South Yorkshire & East Midlands). Government Departments are required to approve new Assurance Frameworks; the most recent approval (in August 2025) was at East Midlands, which was approved with no required amendments by Government.

3.10 The Interim Monitoring Officer created the SAF at a number of Mayoral Combined Authorities. An initial assessment of the existing Assurance Framework by the Interim Monitoring Officer in September 2025 concluded that:

- The existing Assurance Framework is in need of redesign to meet evolving national requirements and does not align with best practice approaches.
- Engagement with key staff has highlighted opportunities to strengthen the existing Assurance Framework, particularly in achieving greater consistency in project initiation, business case development, and subsequent consideration and approval. Enhancing these areas will help improve value for money and maximise the delivery of intended benefits across programmes and projects.
- The BVN improvement action should require the development of a SAF, which is recognised best practice.
- A SAF provides opportunities to deal with the uniqueness and nuances of the Tees Valley set-up of Mayoral Development Corporations.

3.11 The key issue highlighted by the Interim Monitoring Officer is that the existing Assurance Framework does not require political approval of business cases to ensure that developed business cases are in alignment with previously agreed Cabinet direction.

Benefits of a Single Assurance Framework

- 3.12 Development of a SAF offers significant proven key benefits:
- **Enhanced Risk Management:** It will help identify, assess, and mitigate risks more effectively, ensuring that potential issues are addressed before they become significant problems.
 - **Improved Governance:** By providing clear oversight and accountability, it ensures that decision-making processes are transparent and well-structured.
 - **Increased Efficiency:** Streamlining assurance activities can reduce duplication of efforts and improve the coordination of various assurance functions, leading to more efficient operations.
 - **Better Performance Monitoring:** It enables continuous monitoring and evaluation of performance, helping organisations to meet their objectives and deliver value for money.
 - **Enhanced Stakeholder Confidence:** A robust assurance framework provides stakeholders with confidence that the organisation is well-managed and compliant with relevant regulations and standards.
 - **Support for Strategic Objectives:** It aligns assurance activities with the organisation's strategic priorities, ensuring that all efforts contribute to achieving these priorities.

These benefits collectively help organisations maintain high standards of delivery, accountability, and overall effectiveness.

- 3.13 Development of a SAF will also enable TVCA to:

Reflect evolving governance and strategic fit

- Combined Authorities should seek to constantly evolve their governance framework to reflect key areas of focus. The improvement plan will inevitably drive evolution of the TVCA governance framework.
- There is a need to agree the TVCA strategic priorities to guide decision making towards a clear strategic fit. This is important given the Assurance Framework sets out how public money will be managed in the pursuit of the organisation's strategic priorities.

Deliver best practice

- SAF is recognised best practice. A SAF will ensure that all funding streams are treated the same, providing a consistent approach. A consistent approach will provide an opportunity to develop proportionate governance and approval considerations based on a core set of standards, as well as aiding clarity for those involved in projects and allowing for specific layers to account for complexity.

Ensure readiness for Future Devolution (Established Status & Integrated Settlement)

- When providing areas with more powers and funding flexibility it becomes even more essential to strengthen governance and accountability

arrangements to ensure that they are used appropriately to support delivery of the strategic priorities.

Developing a Single Assurance Framework

- 3.14 Engagement has been undertaken with the Tees Valley Management Group and the Independent Advisory Board overseeing improvement to set out the intention to develop a SAF and to talk through the process to develop it. An Officer Working Group that consists of identified representatives from assurance, risk, project management, transport (due to the considerable Department for Transport requirements within an Assurance Framework) and wider teams has been created to lead the development of the SAF with the Interim Monitoring Officer acting as project advisor.
- 3.15 The intention is to develop a SAF ready for implementation from June 2026 onwards, which will require bringing the SAF for approval to Cabinet in March 2026 or June 2026.
- 3.16 It is a requirement for Central Government to provide clearance for Assurance Frameworks before they can be adopted by the host authority. Specifically, clearance is required from three Government Departments, namely:
- Department for Education (DfE)
 - Department for Transport (DfT)
 - Ministry for Housing, Communities & Local Government (MHCLG)
- 3.17 Engagement has already taken with the Local Assurance Team in MHCLG to set out intentions and proposed content for a SAF, as well as discussions around design principles to inform the development process.
- 3.18 Design principles have been developed to inform the development process; Cabinet is asked to consider these design principles and endorse them to ensure the SAF is developed to deliver on principles agreed by Cabinet.
- 3.19 All SAFs will be required to deliver the following core principles:
- a. Appropriate protection for the stewardship of public funds
 - b. Consistency, control, and clarity across all processes
 - c. Appropriate and proportionate levels of assurance
 - d. Management of political and reputational risk
 - e. Appropriate levels of delegation.
- 3.20 The following Tees Valley-specific design principles are proposed for Cabinet endorsement:
1. **The Principle of Approval must apply** – Cabinet must decide what is included on the pipeline, with no resources spent on business case development until it is on a Cabinet approved pipeline, supported by the Medium-Term Financial Plan (MTFP) (with access to a concept development fund/ business case feasibility funding to support feasibility considerations pre-Cabinet).

2. **It will be TVCA-led** – Directors are responsible for business case development and engaging delivery organisations. They control the pace of project initiation and the development of proposals; this approach ensures clear direct line of responsibility and accountability at senior level within TVCA and aligns with funding stream responsibilities.
3. **Proportionality is key** – A proportionate approach is applied to development and approval of proposals, dependent upon their nature and complexity, recognising the application of the principle of approval.
4. **Delivers a consistent and streamlined approach** – All projects will go through the SAF, regardless of their funding stream(s) as it is a 'single' approach. It should not be onerous but should ensure requirements are delivered.
5. **Aligned to HM Treasury 'Green Book'** – Aligned to HM Treasury Green Book requirements; ensuring a consistent standard is applied to the development, appraisal and approval of Business Cases and ongoing monitoring of deliverables.
6. **Drive standards in development, delivery and outcomes** – Well-considered concepts that lead to well-developed business cases that lead to well informed decision-making to drive outcomes and the realisation of benefits.
7. **Drives Group approach** – Ensures consistent standards applied across group, picking up opportunities for Mayoral Development Corporation annex content to pick up identified nuances and requirements.
8. **Government compliant** – Includes required annex content for Adult Skills Funding, Transport for City Regions Settlement, wider DfT Transport Appraisal Guidance requirements and identified opportunities to cover future core competencies.
9. **Provides appropriate tolerances** – Includes appropriate tolerances to account for inclusive growth, social value, low BCR score (where there is a strong strategic fit) as identified through development process.
10. **Provides appropriate safeguards** – Ensures Mayoral Mandate recognition through inclusion of Mayoral Priorities within TVCA strategic framework and creation of 'decision referral' mechanism for Mayor/ Cabinet as a check and balance to cover delegated approvals.
11. **Delivers accountability commitments** – Includes commitment for adherence to the Scrutiny Protocol and other accountability enhancements identified through the Improvement Plan.

Next steps

- 3.21 Following Cabinet direction on the design principles to support the development of the SAF, the Officer Working Group will continue to develop a SAF for consideration by Cabinet in March 2026, or by June 2026 at the latest. The Tees Valley Management Group, Tees Valley Chief Executives and Tees Valley Monitoring Officers will be engaged on progress and Regulatory Committees will be engaged as appropriate.
- 3.22 Attached at **Appendix A** is a short guide to Single Assurance Frameworks in Combined Authorities.

4. Background

- 4.1 The proposal to develop a SAF stems from the organisational improvement commitments agreed by Cabinet following the BVN issued to TVCA in April 2025. The BVN highlighted significant weaknesses in governance and assurance arrangements, prompting the development of an Organisational Improvement Plan that included a comprehensive review of the existing Local Assurance Framework.
- 4.2 Timeline of Key Events
- April 2025 – Best Value Notice issued to TVCA, identifying weaknesses in governance and assurance processes.
 - June 2025 – Cabinet approved the Organisational Improvement Plan, which included a commitment to review and strengthen the Assurance Framework.
 - September 2025 – Interim Monitoring Officer conducted an initial assessment of the existing Assurance Framework, concluding it needed significant improvement and lacked alignment with best practice.
 - October 2025 – Engagement with the Tees Valley Management Group and Independent Advisory Board to outline the intention to develop a SAF.
 - November 2025 – Officer Working Group established to lead SAF development, including representatives from assurance, risk, project management, and transport.
 - December 2025 – Cabinet report presented seeking endorsement of the SAF approach and design principles.
- 4.3 Cabinet has previously agreed to:
- Accept the BVN and implement an Organisational Improvement Plan.
 - Prioritise governance and assurance improvements as part of the improvement programme.
 - Endorse engagement with Government departments and stakeholders to ensure compliance with the English Devolution Accountability Framework (EDAF).

5. Partnership & Engagement

- 5.1 Engagement on the development of a Single Assurance Framework has taken place with key internal and external stakeholders to ensure alignment and transparency. The Interim Monitoring Officer has consulted with the Tees Valley Management Group and the Independent Advisory Board overseeing organisational improvement to outline the intention and process for creating the SAF.

6. Appendices

- 6.1 Generic guide to Mayoral Combined Authority Single Assurance Framework

Cabinet is requested to consider the following identified implications:

Financial Implications

- 7.1 The development and implementation of a SAF will require resource allocation for project management, stakeholder engagement, and external assurance activities during the implementation phase. No additional funding ask is anticipated at this stage and a further report will come to Cabinet to adopt a new Assurance Framework which will detail any financial implications as they relate to implementation.
- 7.2 The SAF is intended to deliver long-term financial benefits by embedding HM Treasury Green Book principles and risk-based assurance across all investment decisions. The intention is to seek to ensure that projects deliver value for money, reduce duplication of effort, and improve efficiency in the appraisal and approval process. A unified framework will also strengthen compliance with statutory duties, reducing the likelihood of financial issues or reputational damage.

Legal Implications

- 7.3 The development and implementation of a SAF have several legal and governance considerations that must be addressed:

Statutory and Regulatory Compliance

- The SAF is a mandatory requirement under the EDAF, which sets out governance and accountability standards for all Mayoral Combined Authorities. Failure to implement a SAF would leave TVCA non-compliant with these statutory obligations.

- The SAF must align with HM Treasury Green Book principles and Best Value Duty under the Local Government Act 1999, ensuring that investment decisions deliver value for money and meet legal standards for transparency and accountability.

Constitutional Requirements

- Adoption of the SAF will require Cabinet approval and may necessitate amendments to TVCA's Constitution to reflect new governance processes, decision-making protocols, and delegation arrangements.
- The SAF will embed the principle of Cabinet approval for pipeline inclusion and business case development, ensuring political oversight and alignment with strategic priorities.

Funding Agreements and Grant Conditions

- The SAF must incorporate annexes and compliance mechanisms for specific funding streams, including Adult Skills Funding and Department for Transport requirements (e.g., TAG), to ensure adherence to grant terms and conditions.
- Any changes to assurance processes may require updates to existing funding agreements or the creation of new agreements to reflect revised governance arrangements.

Governance and Accountability Enhancements

- The SAF will strengthen governance by introducing a unified approach to project appraisal, approval, and monitoring, reducing fragmentation and improving transparency.
- It will include mechanisms for scrutiny and decision referral to Cabinet and the Mayor, supporting compliance with the Scrutiny Protocol and other accountability commitments identified in the Organisational Improvement Plan.

Risk and Reputational Considerations

- Implementing the SAF mitigates legal and reputational risks associated with non-compliance, inconsistent decision-making, and potential financial issues.
- Failure to adopt the SAF could result in continued governance weaknesses, and increased scrutiny from Government.

Equality & Diversity Implications

- 7.4 The development and implementation of a SAF is not anticipated to have a negative impact on individuals or groups with protected characteristics under the Equality Act 2010. The SAF is a governance and assurance mechanism designed to ensure transparency, accountability, and value for money in decision-making processes. It does not directly relate to project or programme delivery or employment practices, but will influence how investment decisions are made and monitored.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk		Assurance Framework	X	Procurement
Improvement	X	Environment		HR & IT

- 7.5 The development of a SAF is a direct response to the BVN issued to TVCA in April 2025, which identified significant weaknesses in governance and assurance arrangements. Cabinet subsequently approved an Organisational Improvement Plan that prioritised strengthening governance and accountability, including a commitment to review and overhaul the existing Local Assurance Framework.
- 7.6 Implementing a SAF is therefore a critical improvement action within that plan, ensuring compliance with statutory requirements under the EDAF and embedding best practice governance standards. Failure to deliver this commitment would undermine the Improvement Plan, and the ability for TVCA to demonstrate improvement to government.

Mayoral Combined Authority Single Assurance Frameworks

General Overview

Assurance Framework Overview

A Single Assurance Framework

The purpose of a Single Assurance Framework is to set out how a Combined Authority will use public money responsibly, openly and transparently, and achieve best value for money.

An Assurance Framework is a legal requirement. Combined Authorities must establish local assurance frameworks ensuring rigorous assurance, project appraisal, and value-for-money processes before receiving investment funds from Government.

An Assurance Framework sets out in one place:

- The respective roles and responsibilities of the Combined Authority Board, the Mayor and other elements of the decision-making and delivery structure.
- The key processes for ensuring accountability, probity, transparency, legal compliance, and value for money.
- How potential investments will be prioritised, appraised, approved, and delivered; and
- How the progress and impacts of these investments will be monitored and evaluated.

A Single Assurance Framework tends to apply to all projects and programmes that place a financial liability onto a Combined Authority that are not classed as business as usual (BAU) revenue expenditure. It covers all capital proposals.

Single Assurance Framework (SAF)

Why develop a Single Assurance Framework (SAF)?

1. To reflect evolving governance and strategic fit

- Combined Authorities seek to constantly evolve their governance framework to reflect key areas of focus, they also develop and evolve their Strategic & Investment Frameworks to guide decision making towards a clear strategic fit. This is important given the Assurance Framework sets out how public money will be managed in the pursuit of the organisation's strategic objectives.

2. To deliver best practice

- SAF is recognised best practice
- A SAF will ensure that all funding streams are treated the same, providing a consistent approach to business case appraisal, assurance, risk management and performance throughout the lifecycle of projects and programmes. A consistent approach will provide an opportunity to develop proportionate governance and approval considerations based on a core set of standards, as well as aiding clarity for those involved in projects and allowing for specific layers to account for complexity.

3. To ensure readiness for Integrated Settlement

- Combined Authorities recognise that in providing areas with more power and funding flexibility it becomes even more essential to strengthen governance and accountability arrangements to ensure that they are used appropriately to support regional and national priorities.

Single Assurance Framework (SAF)

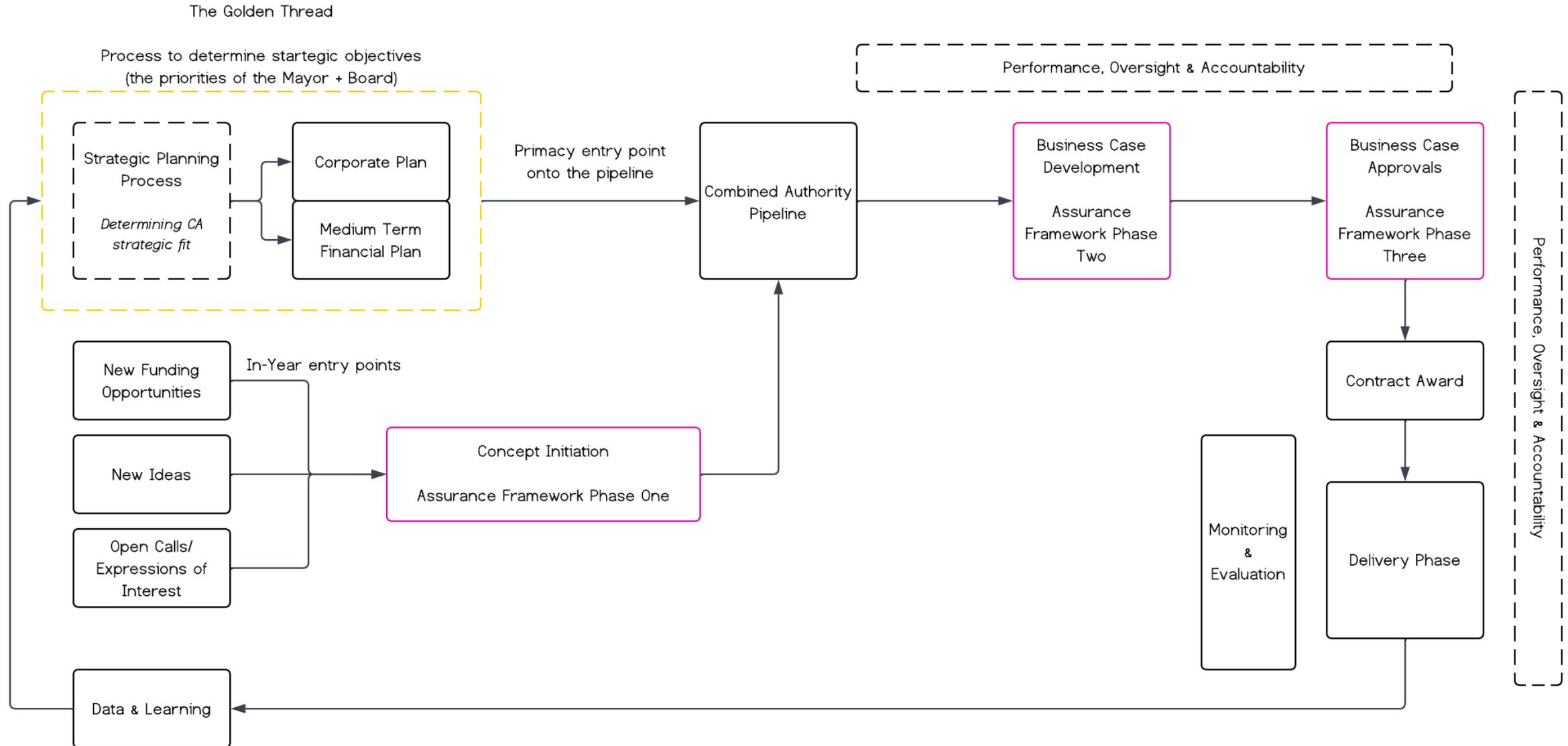
A good assurance framework offers significant key benefits:

- **Enhanced Risk Management:** It will help identify, assess, and mitigate risks more effectively, ensuring that potential issues are addressed before they become significant problems.
- **Improved Governance:** By providing clear oversight and accountability, it ensures that decision-making processes are transparent and well-structured.
- **Increased Efficiency:** Streamlining assurance activities can reduce duplication of efforts and improve the coordination of various assurance functions, leading to more efficient operations.
- **Better Performance Monitoring:** It enables continuous monitoring and evaluation of performance, helping organisations to meet their objectives and deliver value for money.
- **Enhanced Stakeholder Confidence:** A robust assurance framework provides stakeholders with confidence that the organization is well-managed and compliant with relevant regulations and standards.
- **Support for Strategic Objectives:** It aligns assurance activities with the organisation's strategic goals, ensuring that all efforts contribute to achieving these objectives.

These benefits collectively help organisations maintain high standards of service delivery, accountability, and overall effectiveness.

Single Assurance Framework (SAF) Overview

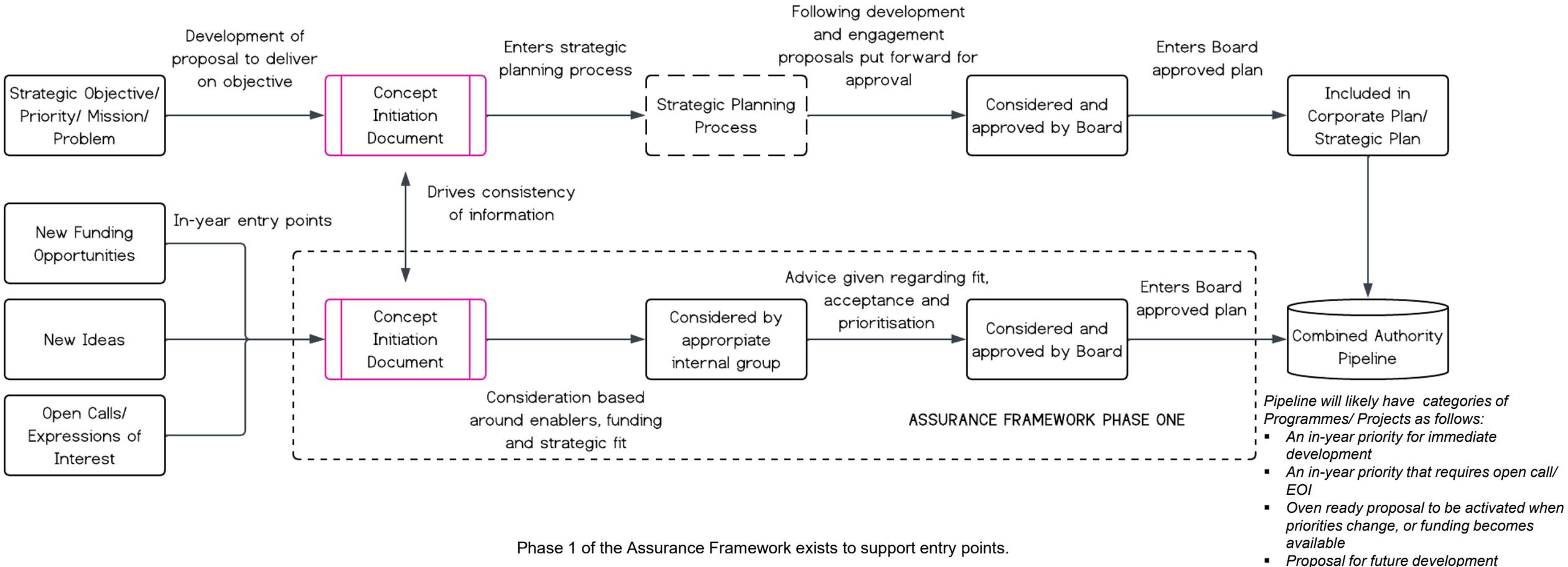
The majority of Assurance Frameworks can be broken down into the following process overview:



General Assurance Framework Entry Points

The primary entry point onto a Combined Authority pipeline (which means it has organisational backing for progression) is via the strategic planning process. This involves engagement and consultation with key partners and stakeholders, assessment of regional evidence base and the production and publishing of annual deliverables through a Corporate Plan.

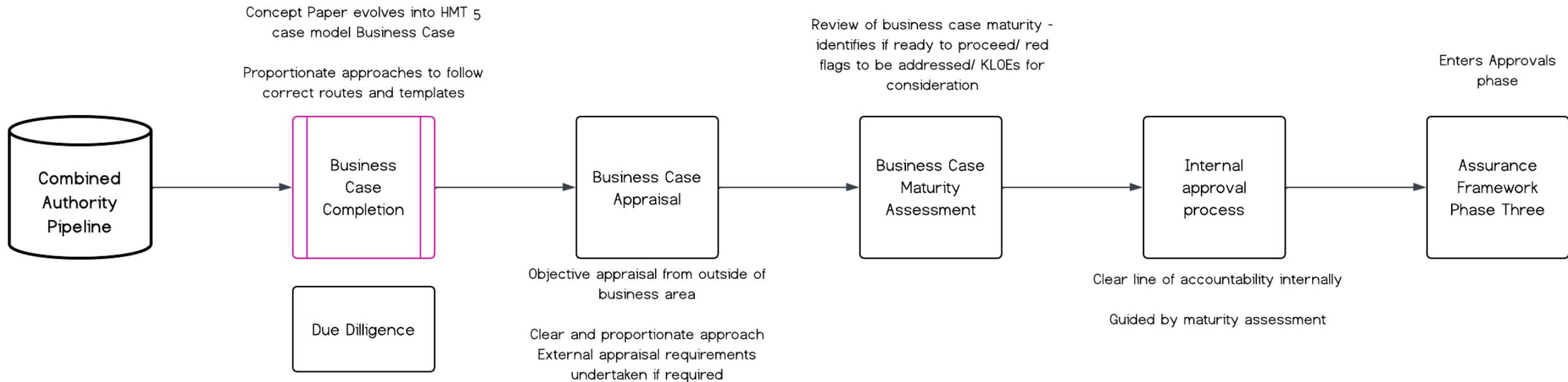
For in-year entry onto the pipeline outside of the strategic planning process (such as an opportunity presented by a new funding pot or a developing new idea) the first step is the Concept Initiation Phase of the Assurance Framework, this is the first step towards developing a business case. This is where ideas, proposals or ambitions are developed into concepts for consideration.



Business Case Development

Once an item is on the pipeline the next phase is focused on shaping the project and developing a proportionate business case, this involves putting forward the value for money case and guiding development to meet EMCCA standards.

The objective is to produce a comprehensive case for funding in line with HMT Green Book principles. The business case will be subject to a technical appraisal undertaken from outside the Business Area, to provide assurance to decision makers that investment proposals meet the agreed standards and compliance requirements, in line with recognised best practice

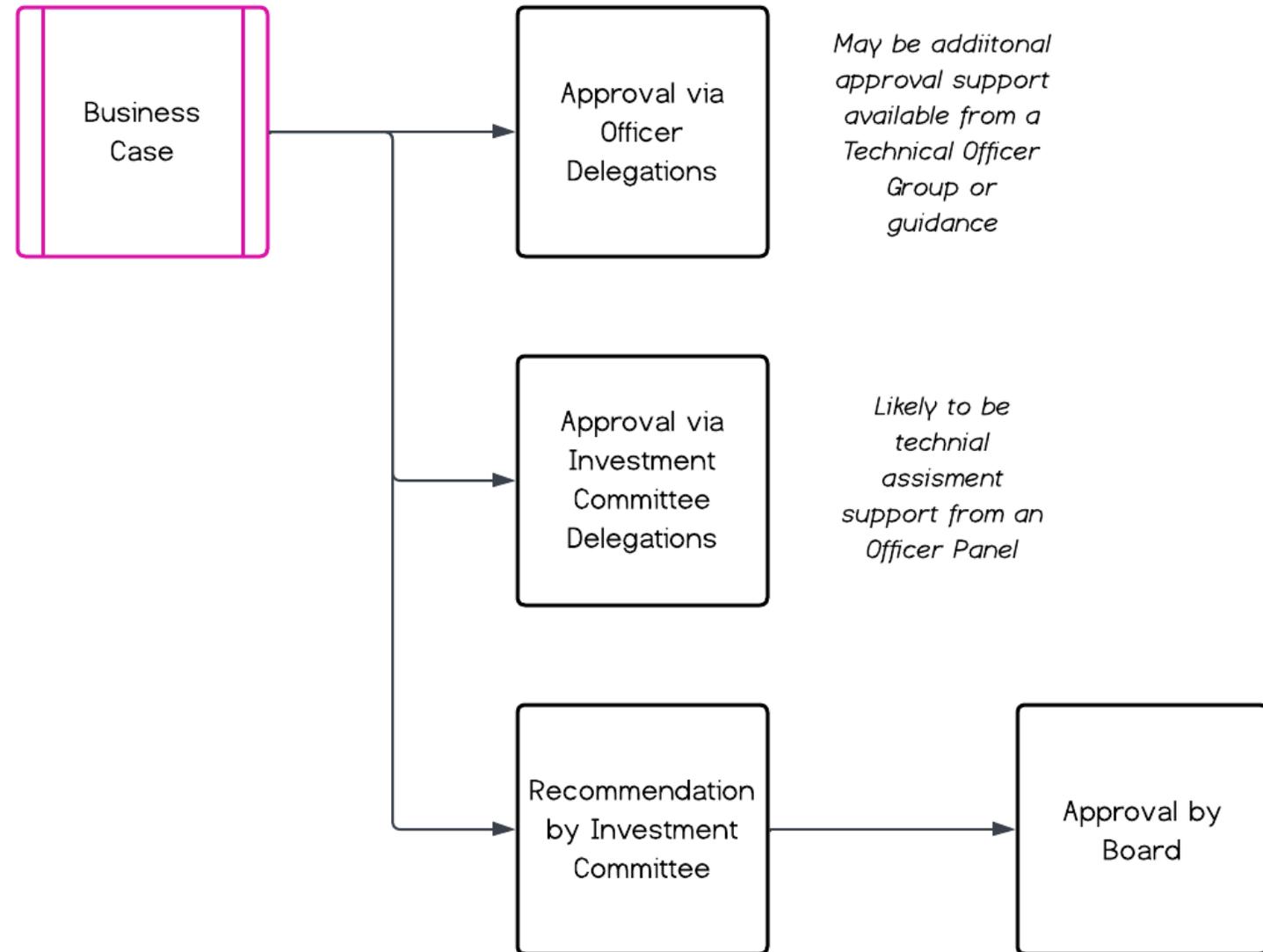


Approvals

This is the phase where the Business Case is considered for approval.

Approval considerations will be undertaken by the appropriate approver, dependent upon the level of financial approval and additional tolerance considerations.

Approvals will consider the business case and additional assurance and advice against an increasing scale of assurance requirement dependent on level of financial approval.



Approvals

The Assurance Framework approach will be designed to enable:

- Decision-makers at all levels to base their decisions upon objective, evidence based out of Business Area findings and recommendations, in turn driving better decision-making.
- Increased ownership and accountability.
- Increased Statutory Officer involvement and accountability.
- Increased levels of assurance and appraisal support and guidance
- Approvals based on proportionate financial delegation *i.e. a request of £10,000 will not be scrutinised to the same level as a request for £5million.*
- The time taken to reach an approval decision being reflective of the financial ask.

The approvals phase will have been designed to ensure an ever-increasing level of assurance can be provided relevant to the level of financial commitment. To support this and achieve better informed decision making a SAF will have been developed to enable:

- Appropriate front end initiation process through the concept initiation process that drives strategic fit.
- Principle of approval so board and only Board determines the pipeline content
- Proportionate business case development process that meets national and Combined Authority standards of best practice.
- Appropriate use of expertise within Business Areas to support business case development.
- Provision of support and guidance.
- Use of out of Business Area/second line of defence assurance principles and processes to undertake proportionate appraisal.
- Technical officer support through an Investment Panel to focus Investment Committee and Board considerations and inform the decision-making process.

These approval processes also involve an option of escalated progression to support the decision-maker if they have any concerns regarding a business case approval that has a significant reputational and/or political risk. In such circumstances approvals can be escalated to Board for final approval.

Delivering an increasing scale of Assurance

Combined Authorities will seek to follow a proportionate model that delivers an increasing scale of assurance that illustrates the increasing level of detail, appraisal and consideration provided to decision-makers as the financial value increases. This could for example look as follows:

<p>Information:</p> <ul style="list-style-type: none"> • Concept Paper • Business Case • Required Appendices • Level 1 Appraisal • Maturity Assessment <p>Governance:</p> <ul style="list-style-type: none"> • Officer Decision Notice 	<p>Information:</p> <ul style="list-style-type: none"> • Concept Paper • Business Case • Required Appendices • Level 2 Appraisal • Maturity Assessment • <i>Investment Panel Advice</i> <p>Governance:</p> <ul style="list-style-type: none"> • Officer Decision Notice 	<p>Information:</p> <ul style="list-style-type: none"> • Concept Paper • Business Case • Required Appendices • Level 2 Appraisal • Maturity Assessment • Risk & Investment Appraisal • Investment Panel Technical Assessment <p>Governance:</p> <ul style="list-style-type: none"> • Investment Committee Report 	<p>Information:</p> <ul style="list-style-type: none"> • Concept Paper • Business Case • Required Appendices • Level 2 Appraisal • Maturity Assessment • Risk & Investment Appraisal • Investment Panel Technical Assessment • Investment Committee Recommendation <p>Governance:</p> <ul style="list-style-type: none"> • Investment Committee Report • Board Report
<p>< £1 Million</p>	<p>£1 Million - £2.5 Million</p>	<p>£2.5 Million – £15 Million</p>	<p>> £15 Million</p>

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	15		
Report Title	Constitution		
Accountable Cabinet Member	Mayor Ben Houchen Chair of the Cabinet		
Accountable Chief Officer	Jodie Townsend Interim Monitoring Officer		
Accountable Employee	Jodie Townsend Interim Monitoring Officer		
Report considered by	Pre-Cabinet process		
Key Decision	Yes X	No	Amending the constitution is a key decision as it changes the rules governing how the authority operates, including decision-making processes, accountability structures, and the distribution of powers. These changes require careful consideration and a full, transparent process to maintain legal compliance and public trust.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

- | | |
|----------|---|
| A | <u>Approve</u> Article 1: Decision-Making attached at Appendix A |
| B | <u>Approve</u> in principle the Public Code of Conduct attached at Appendix B, subject to review by the Audit & Governance Committee, with a report back to Cabinet in January 2026 to confirm any feedback. |

1. Purpose

- 1.1 The purpose of this report is to set out a number of proposed amendments and additions to the Combined Authority Constitution for Cabinet consideration and approval.
- 1.2 The Organisational Improvement Plan recognised the requirement to review the Constitution and enhance it in line with best practice. This report sets out the proposed structure for a revised Constitution alongside a number of key enhancements that have been identified by the Interim Monitoring Officer as requiring priority attention.
- 1.3 The report sets out for Cabinet consideration and approval the following:
 - Structure for a revised Constitution
 - Article that sets out decision-making principles
 - Public Code of Conduct
 - Contract Procedural Rules

2. Executive Summary

- 2.1 The constitution is central to the delivery of TVCA strategic objectives and driving organisational improvement as it provides the legal and governance framework that underpins all decision-making and resource allocation. By clearly defining roles, responsibilities, and processes, a strong constitution should ensure accountability, transparency, and collaboration in support of effective decision-making.
- 2.2 The Organisational Improvement Plan acknowledges that the current Tees Valley Combined Authority Constitution requires a comprehensive review and enhancement to better reflect best practice and support future organisational needs. Given the scale of this work, it will be approached in stages to ensure alignment with available resources and capacity.
- 2.3 This report sets out the proposed structure for a revised Constitution in line with best practice that will be developed and brought back to Cabinet at the earliest opportunity.
- 2.4 The report also proposes some immediate enhancements to the existing Constitution to address identified priority areas relating to the Organisational Improvement Plan.

3. The Constitution

- 3.1 Key to organisational improvement is ensuring that the TVCA governance framework remains fit for purpose by reflecting current legislation, operational requirements, and best practice. It is good practice to amend the Constitution with the aim to clarify decision-making processes, strengthen accountability and transparency, and

support effective collaboration between the mayor, Cabinet, and stakeholders in delivering strategic priorities for Tees Valley.

- 3.2 Delivering a new and enhanced Constitution will be central to the long-term improvement aspirations of TVCA and demonstrating an effective response to the Best Value Notice.
- 3.3 The initial assessment of the Constitution by the Interim Monitoring Officer has identified several areas for improvement to enhance its clarity, accessibility, and alignment with best practice. Key opportunities include:
 - Simplifying technical language and structure to improve stakeholder and public understanding.
 - Introducing articles to clearly define foundational principles, and clarifying roles and responsibilities between the Mayor, Cabinet, and decision-making processes.
 - Providing greater definition around accountability for devolved functions.
 - The overall structure would benefit from reordering to reflect recognised standards in constitutional design.
- 3.4 Additionally, the External Auditor (EY) and the Tees Valley Review identified weaknesses in governance arrangements, including unclear accountability and insufficient checks and balances in decision-making. The agreed Organisational Improvement Plan concluded the need for a full review of the Constitution, aligning it with best practice.

Developing an enhanced Constitution

- 3.5 An iterative approach to constitutional improvement is both necessary and beneficial in the current context. The constitution underpins the Combined Authority's governance framework and must remain fit for purpose, legally compliant, and operationally effective.
- 3.6 However, given its complexity and the interdependencies between its various components, a full-scale revision will take time. Immediate improvement requirements have been identified that warrant prompt action to address known issues and support effective decision-making. These changes are being proposed now to ensure the constitution continues to serve its core functions in the immediate term.
- 3.7 The immediate focus of constitutional update is on decision-making, specifically in ensuring that clarity exists in regard to how decisions should be taken and held to account. The Interim Monitoring Officer believes this is an immediate organisational improvement requirement that requires clarity on:
 - decision-making principles and how they should be applied
 - the definition of a key-decision
 - the scrutiny call-in process
 - officer delegations

- Contract Procedure Rules
- Managing unreasonable public behaviour with regard to Freedom of Information requests and complaints

3.8 It is anticipated that proposals for a fully revised Constitution will be brought to Cabinet in full for consideration by June 2026. That revised Constitution will be based on the following content approach:

- It will begin with an **Introduction section** that explains the purpose and scope of the document, sets out how amendments can be made, and provides clear definitions of key terms to support consistent interpretation.
- Following the introduction, the Constitution will include **a series of Articles** that define the roles and responsibilities of the Cabinet, the Mayor, officers, and the public. These articles will also cover decision-making principles, governance arrangements for Mayoral Development Corporations (MDCs), and provisions relating to finance, contracts, and legal matters. This approach will provide a clear framework for accountability and transparency across all areas of governance.
- A dedicated section on **Responsibility for Functions** will set out the governance framework in detail, including terms of reference for committees and boards, and a comprehensive scheme of delegations to officers. This will ensure clarity and support efficient operational decision-making.
- The Constitution will also incorporate **Procedural Rules**, including financial regulations, Contract Procedure Rules (CPRs), and access to information provisions. These rules will underpin robust financial management, procurement compliance, and transparency in decision-making processes.
- To promote high standards of conduct, the document will include a section on **Ethical Standards and Protocols**, covering codes of conduct for members and officers, complaints handling processes, and protocols for public engagement. This will help maintain integrity and trust in the authority's operations.
- Further sections will set out the **Scheme of Allowances and Expenses**, providing a clear framework for remuneration and reimbursement, and the **Management Structure**, which will include an organisational chart and reporting lines to ensure clarity of roles and responsibilities.

Decision-Making Principles

3.9 All Combined Authorities, like Local Authorities, set out decision-making principles within their constitution. The purpose of these principles is to embed good governance considerations into every decision-making process. They act as a framework to ensure that the decisions taken by the organisation are:

- Lawful and Ethical
- Transparent and Accountable
- Evidence-Based and Rational
- Proportionate and Fair
- Inclusive and Considerate

- 3.10 It is standard practice and considered good practice for Constitutions to include at the front end a series of articles to clarify core elements of responsibility including decision-making. Articles within a Combined Authority constitution are important because they provide the legal and structural framework for how the authority operates. Each article sets out clear rules and responsibilities for governance, decision-making, and accountability.
- 3.11 The TVCA Constitution does not currently contain Articles. The Constitution review will create an enhanced Constitution that does include Articles. It is considered a priority to create a decision-making Article now rather than await the outcome of the full review.
- 3.12 The Decision-Making principles set out in **Appendix A** reflect the standard approach within Combined Authority Constitutions, noting the content of the East Midlands Combined County Authority Constitution and the West Yorkshire Combined Authority Constitution that are acknowledged as best practice.
- 3.13 All decisions taken by the Combined Authority should be developed and taken in alignment with these principles.
- 3.14 Decision-making principles such as transparency, accountability, legality, and efficiency form the foundation of good governance. They ensure that decisions are made openly, with clear reasoning, and in compliance with legal and ethical standards. These principles are particularly important for significant or high-impact decisions, as they safeguard public trust and prevent arbitrary or poorly informed actions. By embedding these principles into governance frameworks, organisations create a structured approach that promotes fairness, consistency, and confidence in decision outcomes.

Key Decision Definition

- 3.15 **Appendix A** also proposes introducing a financial threshold within the definition of key decisions. A “key decision” is one that has a significant financial impact or affects communities in a substantial way and therefore requires heightened scrutiny. Local Authority constitutions typically define these decisions and mandate advance publication in a forward plan. All key decisions taken by the Combined Authority are eligible for Overview & Scrutiny call-in.
- 3.16 A key decision is currently defined in the Constitution as...
- ... a decision of a decision maker, which in the view of the Combined Authority’s Overview and Scrutiny Committee, is likely to:
- a) result in the Combined Authority or the Mayor incurring significant expenditure, or making significant savings, having regard to the Combined Authority’s budget for the service or function to which the decision relates; or to be

b) significant in terms of its effects on persons living or working in an area comprising two or more local authority areas in the Combined Authority's area.

3.17 This is an unusual definition in regard to element a) as it does not clearly state a financial threshold to apply to the level of expenditure or savings to determine a key decision. This therefore opens the definition up to interpretation and an ability for it to applied inconsistently.

3.18 All other Mayoral Combined Authorities, with the exception of the North-East Combined Authority and York & North Yorkshire Combined Authority, have a financial threshold applied to their key decision definition as follows:

Combined Authority	Financial Threshold
Greater Manchester	£500,000
West Midlands	£1million
Liverpool City Region	£250,000
West Yorkshire	£1million
East Midlands	£1million
South Yorkshire	£1million
Hull & East Yorkshire	£1million
Cambridgeshire & Peterborough	£500,000
West of England	£500,000 Revenue / £3million Capital

3.19 Both the North-East and York & North Yorkshire have defined the threshold as the Combined Authority or the Mayor incurring significant expenditure, or making significant savings, having regard to the Combined Authority's budget for the service or function to which the decision relates.

3.20 The Interim Statutory Officers (Monitoring Officer and Section 73 Officer) recommend that a financial threshold be added to the key decision definition for the following reasons:

- A clear monetary threshold ensures that decisions involving significant public funds are subject to scrutiny.
- It helps elected members, officers, and the public identify which decisions require formal notice and oversight.
- A defined financial benchmark creates a consistent standard for what constitutes a key decision.
- It reduces ambiguity and ensures uniform application across departments and functions.
- Financial thresholds trigger inclusion in the Forward Plan, enabling better preparation and consultation.
- Stakeholders can anticipate and engage with upcoming decisions that meet the threshold.
- Provides a defensible basis for determining which decisions require public notice.

- When high-value decisions are transparently flagged and scrutinised, it builds confidence in the authority's financial stewardship.
- It reassures communities that large expenditures or savings are not made without due process.

3.21 The recommendation from the Interim Statutory Officers is that a financial threshold of £500,000 be set. Although this is lower than the majority of levels at other Combined Authorities it is deliberately so to account for the organisational improvement position that the organisation finds itself in. This definition is set out in **Appendix A** alongside the decision-making principles.

3.22 It is important in the interests of clarity and consistency to also set out what is not considered to be a key decision. The East Midlands Combined County Authority constitution is considered best practice by MHCLG, it sets out that the following shall not be treated as a Key Decision:

- any decision which is a direct consequence of implementing a previous Key Decision;
- any decision which is the result of varying a previous Key Decision in line with recommendations made by an overview and scrutiny committee following a call-in of that decision;
- a Treasury Management decision in relation to the making, payment or borrowing of a loan;
- a decision by an officer under delegated authority to vary any document for updating or clarification purposes only;
- the urgent settlement of proceedings to which the Combined County Authority is a party; and
- any decision relating to the acceptance of funding.

3.23 The above is reflected in **Appendix A**. Cabinet is recommended to approve **Appendix A** for immediate inclusion in the Constitution.

3.24 The Combined Authority should seek to review the level of threshold applied to a Key Decision during the annual review of the Constitution by the Monitoring Officer to ensure it remains appropriate.

3.25 Furthermore, **Appendix A** provides essential clarity for the Scrutiny Call-in process by clearly defining the principles and decision-making criteria against which call-ins must be assessed. The purpose of a call-in is to confirm that a decision was made in accordance with these principles, not to challenge the substance of the decision or substitute the Committee's judgment for that of the decision-maker. Its role is to ensure proper governance and adherence to decision-making standards.

3.26 The clarity of a financial threshold to key-decisions further supports transparency as all key decisions must be published and also shared with the Overview & Scrutiny Committee for awareness in support of the call-in process.

3.27 The Overview and Scrutiny Committee considered **Appendix A** at their recent Committee meeting on 19 November and provided the following feedback:

- The Committee considered the Decision-Making Article on 19 November 2025 and held a further informal discussion with the Monitoring Officer on 28 November 2025 to clarify concerns.
- Members sought clarity on the notification process for key decisions within 24 hours and raised concerns about the Officer Scheme of Delegation, decision-making principles, and accountability measures. Questions were also raised regarding the definition of a key decision, particularly decisions relating to funding acceptance, and the validity of call-ins. Members expressed a need for improved forward planning and pre-decision scrutiny.
- The Committee agreed that the proposed financial threshold of £500,000 for key decisions is appropriate, provided it applies equally to expenditure and savings. Members requested a clear metric for future threshold reviews and noted assurances that the Committee will be consulted.
- Members supported the requirement for early notification to Overview & Scrutiny Members of key decisions, noting that early publication would also enhance transparency. Wider concerns regarding delays in access to information were acknowledged, and the Monitoring Officer confirmed work is underway to strengthen protocols within the constitution to ensure timely responses.
- Finally, members highlighted inconsistencies in responses during Mayoral Question Time and recommended formalising this process within the constitution, including clear standards for valid questions and responses.

Public Code of Conduct

3.28 Effective governance relies on clear standards of behaviour for all parties involved in public life. While the existing Member Code of Conduct and Officer Code of Conduct set expectations for elected representatives and employees, there is currently no equivalent framework for the public. This gap can create uncertainty about acceptable conduct when engaging with the Combined Authority and its partners.

3.29 The Tees Valley Combined Authority (TVCA) continues to face significant challenges in meeting information governance requirements. These issues stem primarily from a lack of robust policy frameworks, defined processes, and sufficient resources to manage compliance effectively. Without these foundations, the organisation is exposed to risks around data protection, transparency, and accountability.

3.30 These shortcomings have been formally recognised in both the Tees Valley Review and the Organisational Improvement Plan, which highlight the need for urgent action. The absence of clear policies and processes creates uncertainty for staff and

increases the likelihood of inconsistent practices, while insufficient resources limit the Authority's ability to implement and monitor compliance effectively.

- 3.31 To address these concerns, a structured approach is required to ensure that appropriate resources and processes are put in place, supported by comprehensive and up-to-date policies. This will provide clarity, strengthen governance, and enable TVCA to meet its statutory obligations confidently and consistently.
- 3.32 The organisation has already brought in interim resource to support the development of Information Governance practice, process, policy and support dealing with a significant backlog of Freedom of Information requests. Alongside these efforts it is proposed that the Combined Authority adopt a Public Code of Conduct to provide protections to the public and assist the management of unreasonable public behaviour.
- 3.33 TVCA has received 178 Freedom of Information (FOI) requests in 2025 alone, a substantial volume for any Mayoral Combined Authority. Notably, 55 of these requests have come from just four individuals, placing additional strain on resources and processes. If you factor in requests relating to STDC then the figure moves significantly above 200.
- 3.34 The Information Commissioner's Office (ICO) guidance on managing vexatious requests highlights factors such as volume and breadth of submissions. Establishing a TVCA-specific approach is therefore essential. It will enable these principles to be embedded into our governance framework while providing clear processes and safeguards for both the organisation and members of the public. This clarity is critical to maintaining transparency, protecting resources, and ensuring fair engagement.
- 3.35 If approved, guidance documents, an operational flow chart and webpages will be developed, alongside staff training to implement the approach.
- 3.36 Cabinet is recommended to approve **Appendix B** for immediate inclusion in the Constitution.
- 3.37 The Audit & Governance Committee was scheduled to review **Appendix B** at its meeting on 27 November 2025. As this meeting was not able to go ahead the Audit & Governance Committee will be engaged to provide feedback on Appendix B at its next meeting. Cabinet is asked to approve Appendix B subject to Audit & Governance Committee review.

4. Background

- 4.1 The Combined Authority's Constitution sets out the framework for how the authority operates, makes decisions, and ensures transparency and accountability. It defines the roles and responsibilities of elected members, committees, and officers, and provides the procedural rules governing meetings and decision-making processes.

- 4.2 Periodic review of the Constitution is essential to ensure compliance with legislative requirements, reflect best practice in governance, and respond to changes in the Combined Authority's structure or operational needs. This review also supports the Combined Authority's commitment to good governance by maintaining clarity, consistency, and accessibility in its decision-making arrangements.
- 4.3 The proposed amendments outlined in this report have been developed following consultation with relevant stakeholders and in accordance with statutory guidance. They aim to improve efficiency, strengthen accountability, and ensure that the Constitution remains fit for purpose.

5. Partnership & Engagement

- 5.1 Both the Overview and Scrutiny Committee and the Audit & Governance Committee have been/ will be engaged on the content of this report.
- 5.2 Constituent Councils have also been engaged via Monitoring Officers and the Tees Valley Management Group.
- 5.3 The Public Code of Conduct has been developed with the support of West Midlands Combined Authority.

6. Appendices

- 6.1 Appendix A: Constitution Article for Decision making
- 6.2 Appendix B: Code of Public Conduct

Cabinet is requested to consider the following identified implications:

Financial Implications

- 7.1 The proposed amendments to the Constitution do not in themselves create direct financial commitments.
- 7.2 Introducing a financial threshold of £500,000 for key decisions will require enhanced monitoring and reporting processes to ensure compliance. This may involve adjustments to financial systems and staff time, but these costs are expected to be absorbed within current resources.

Legal Implications

7.4 Decision-making principles such as transparency, accountability, legality, and efficiency form the foundation of good governance. They ensure that decisions are made openly, with clear reasoning, and in compliance with legal and ethical standards. These principles are particularly important for significant or high-impact decisions, as they safeguard public trust and prevent arbitrary or poorly informed actions. By embedding these principles into governance frameworks, TVCA will create a structured approach that promotes fairness, consistency, and confidence in decision outcomes.

7.5 The proposed amendments to the Constitution have significant implications for the governance framework of the Combined Authority:

- **Strengthening Accountability and Transparency**

Introducing clear decision-making principles and a defined financial threshold for key decisions will enhance openness and ensure that high-impact decisions are subject to appropriate scrutiny.

- **Improved Clarity of Roles and Responsibilities**

The inclusion of Articles within the Constitution and a structured approach to defining responsibilities will provide greater clarity for the Mayor, Cabinet, committees, and officers, reducing ambiguity and supporting effective collaboration.

- **Enhanced Scrutiny and Checks and Balances**

By embedding explicit links between decision-making principles and the Overview & Scrutiny call-in process, the amendments reinforce democratic oversight and safeguard against arbitrary or poorly informed decisions.

- **Alignment with Best Practice**

The revised structure and procedural rules reflect recognised standards in constitutional design and compliance with statutory guidance, ensuring the governance framework remains fit for purpose.

- **Operational Impact**

The changes will require updates to internal processes, training for members and officers, and ongoing monitoring to ensure consistent application. This will support organisational improvement and compliance with the Best Value Notice.

7.6 The introduction of a Public Code of Conduct has important governance implications for the Combined Authority:

- **Strengthening Standards and Accountability**

Establishing clear expectations for public behaviour when engaging with the Authority ensures that interactions remain respectful and constructive, supporting the integrity of governance processes.

- **Protecting Resources and Service Delivery**

By managing unreasonable or vexatious behaviour, the policy safeguards staff time and organisational capacity, enabling the Authority to focus on statutory duties and strategic priorities.

- **Enhancing Transparency and Fairness**

The policy provides a transparent framework for handling complaints and Freedom of Information requests, reducing the risk of inconsistent practices and ensuring equitable treatment of all individuals.

- **Supporting Compliance with Statutory Guidance**

The approach aligns with Information Commissioner's Office (ICO) guidance on managing vexatious requests and upholds obligations under the Freedom of Information Act and Environmental Information Regulations.

- **Operational Impact**

Implementation will require staff training, clear internal processes, and monitoring arrangements to ensure consistent application. This will strengthen governance resilience and mitigate reputational risk

Equality & Diversity Implications

7.7 The proposed amendments to the Constitution are primarily governance-related and do not directly introduce policies or actions that would adversely impact individuals or groups with protected characteristics under the Equality Act 2010.

7.8 However, the following considerations apply:

Inclusive Decision-Making

Embedding clear decision-making principles, such as transparency, fairness, and proportionality, supports equality by ensuring that decisions are made objectively and without discrimination.

Accessibility of Governance Framework

Simplifying constitutional language and structure will improve accessibility for all stakeholders, including those with disabilities or limited familiarity with technical governance terminology.

Public Engagement

The introduction of a Public Code of Conduct and clearer processes for managing unreasonable behaviour will help ensure that engagement with the Combined Authority remains fair and respectful, protecting the rights of all individuals.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk

Assurance Framework

Procurement

Improvement

X Environment

HR & IT

- 7.9 The proposed amendments to the Constitution directly support the Combined Authority's Organisational Improvement Plan and its response to the Best Value Notice issued by Government. These changes are designed to strengthen governance arrangements, improve transparency, and ensure compliance with recognised best practice standards.
- 7.10 The review and enhancement of the Constitution were identified as priority actions within the Improvement Plan. Introducing clear decision-making principles, financial thresholds for key decisions, and updated procedural rules addresses weaknesses highlighted in external reviews and internal assessments.
- 7.11 The Best Value Notice requires the Authority to demonstrate robust governance, accountability, and transparency in decision-making. By embedding these principles into the Constitution and clarifying roles and responsibilities, the Authority is taking proactive steps to meet statutory obligations and restore public confidence.
- 7.12 The amendments provide a structured framework for decision-making and scrutiny, reducing the risk of arbitrary or poorly informed decisions. This will help ensure that the Authority operates in a manner consistent with the principles of economy, efficiency, and effectiveness.

APPENDIX A

Constitutional Article: Decision-Making Principles

Article: Decision-Making

1. Purpose

- 1.1 The purpose of this constitutional article is to set out clear definitions relating to decision-making that inform the Governance Framework of the Combined Authority.

The Article embeds core decision-making principles within the Combined Authority to guide all decisions, provide a clear definition of what constitutes a “Key Decision” to promote openness and transparency, and establishes explicit links to the Overview & Scrutiny Committee’s call-in process.

This connection ensures that scrutiny can act as an effective constitutional check and balance, reviewing decisions against these principles before implementation, thereby strengthening governance, public confidence, and compliance with statutory requirements.

2. Responsibility for Decision-Making

- 2.1 The Combined Authority and the Mayor will issue and keep up to date a record of what part of the Combined Authority, or which individual has responsibility for particular types of decisions or decisions relating to particular functions.

This record will be set out in the Responsibility for Functions section of the Constitution. *[this paragraph would be added in the Constitution following the completion of the Constitutional review which will create a detailed responsibility for functions section in alignment with recognised best practice]*

3. Principles of Decision-Making

- 3.1 The purpose of these principles is to embed good governance considerations into every decision-making process. They act as a framework to ensure that the decisions taken by the organisation:
- Lawful and Ethical
 - Transparent and Accountable
 - Evidence-Based and Rational
 - Proportionate and Fair
 - Inclusive and Considerate
- 3.2 All decisions of the Combined Authority should be made in accordance with the following principles:

- proportionality (that is the action must be proportionate to the desired outcome),
- due consultation and the taking of professional advice from officers,
- having regard to relevant and material considerations and disregarding irrelevant considerations,
- guarding against any form of predetermination in any decision-making process,
- consideration of any alternative options,
- respect for human rights,
- a presumption in favour of openness and transparency,
- clarity of aims and desired outcomes,
- the giving of reasons for the decision and the proper recording of those reasons.

3.3 All decision-makers are expected to make decisions in accordance with this Article and subject to:

- statute or other legal requirements
- the TVCA Constitution
- the Budget of the TVCA
- the agreed Strategic Framework of the TVCA

4. Key Decisions

4.1 A Key Decision is a decision that has a big impact, either financially or on local communities. The purpose of identifying Key Decisions is to make sure they are properly planned, published in advance, and open to scrutiny. This helps ensure transparency, accountability, and that important decisions are made with care and oversight.

4.2 A Key Decision means a decision, which in the view of the Overview & Scrutiny Committee is likely to:

- a) result in the Combined Authority or the Mayor incurring significant expenditure, or making significant savings, having regard to the Combined Authority's budget for the service or function to which the decision relates; or to be
- b) significant in terms of its effects on persons living or working in an area comprising two or more local authority areas in the Combined Authority's area.

4.3 When assessing whether or not a decision is a key decision, decision-makers must consider all the circumstances of the case. However, a decision which results in a significant amount spent or saved will not generally be considered to be a key decision if that amount is less than £500,000.

4.4 A decision-maker may only make a Key Decision in accordance with the requirements of the:

- Access to Information Rules, and
- Combined Authority Procedure Standing Orders, or
- Mayoral Procedure Rules

This are set out in Part 2 – Rules of Procedure for Combined Authority Cabinet

[this sentence will be amended following the completion of the Constitutional review to reflect creation of a procedural rules section in alignment with recognised best practice]

- 4.5 The following shall not be treated as a Key Decision:
- any decision which is a direct consequence of implementing a previous Key Decision,
 - any decision which is the result of varying a previous Key Decision in line with recommendations made by an overview and scrutiny committee following a call-in of that decision,
 - a Treasury Management decision in relation to the making, payment or borrowing of a loan,
 - a decision by an officer under delegated authority to vary any document for updating or clarification purposes only, or
 - the urgent settlement of proceedings to which the Combined County Authority is a party
 - any decision relating to the acceptance of funding

5. Types of Decisions

5.1 Decisions reserved to the Combined Authority (Cabinet)

Decisions relating to the functions listed in this Constitution as Combined County Authority functions and not delegated will be made by the Combined Authority Cabinet. The Cabinet meeting will follow the rules of procedure set out in this Constitution when considering any matter.

5.2 Decisions reserved to the Mayor

Decisions relating to the functions listed in this Constitution as Mayoral general functions specified as being reserved to the Mayor will be made by the Mayor and not delegated, apart from those functions that can be delegated to a Deputy Mayor.

5.3 Decision-making by Committees established by the Combined Authority

Committees established by the Combined Authority will follow those rules of procedure and terms of reference set out in this Constitution as apply to them.

5.4 Decision-making by Officers

Officers will exercise their delegated authority in accordance with the Scheme of Delegations set out in Part 4 of this Constitution.

6. Key Decision Call-in

- 6.1 The scrutiny call-in process acts as a democratic safeguard, allowing councillors to pause and review a key decision after it is made but before implementation. This

mechanism ensures accountability and provides an opportunity to challenge decisions that may not align with agreed decision-making principles. Used sparingly and responsibly, call-in complements pre-decision scrutiny and reinforces transparency and public confidence in governance.

- 6.2 Members of the Overview & Scrutiny Committee will be sent the relevant decision-notice for each key decision within 24 hours of that decision having been taken.
- 6.3 Any Key Decision, regardless of who the decision-maker, may be eligible for call-in by an overview and scrutiny committee. The Overview & Scrutiny Committee ensure that decision-making principles are properly applied in the undertaking of Key Decisions.
- 6.4 The Call-in provisions are set out in detail in this Constitution.

7. Recording Decisions

- 7.1 Any decision taken at a meeting of the Combined Authority or one of its committees or sub-committees will be recorded in the minutes of the meeting. Any other decision will be recorded in accordance with the Access to Information Rules detailed in this Constitution.

Article Version Control	
Version:	1.0
Date:	
Document approved by:	
To be of effect from:	

Tees Valley Combined Authority

Public Code of Conduct

Policy on vexatious and managing unreasonable public behaviour



[To note – text in red refers to a required link to be inserted to an operational resource change]

1. Introduction

This policy and guidance relate to unreasonable public behaviour and conduct.

Tees Valley Combined Authority (TVCA) is committed to transparency in the interest of the public's "right to know." The Freedom of Information Act (FOIA) and Environmental Information Regulations (EIR) give everyone the right to request any recorded information held by the Combined Authority subject to defined statutory limits.

Tees Valley Combined Authority (TVCA) is dedicated to delivering high-quality customer service.

We value the voices of the public and we actively welcome feedback to help us improve our services and ways of working. While most enquiries we receive are resolved promptly and effectively, we recognise that there may be occasions when a member of the public is dissatisfied with the response provided. In such cases, a formal complaint can be submitted.

Our Complaints Handling Procedure outlines what the public can expect when making a complaint. This policy is available in the Policy section of the TVCA website or can be accessed directly via [\[insert link\]](#)

We understand that the public may sometimes feel upset, angry, or frustrated, and we strive to respond with empathy and find appropriate solutions. We also recognise that some individuals may require additional support due to specific needs. However, on rare occasions, our staff may encounter behaviour that is considered unacceptable.

To address this, TVCA has developed a Managing Unreasonable Public Behaviour and Conduct Policy to ensure that such situations are handled fairly and proportionately. This policy defines what constitutes unreasonable conduct and sets out our approach to managing it.

The policy also exists to protect our staff. TVCA recognises that all employees are entitled to work in a safe environment, one in which they are fully supported when faced with unreasonable behaviour in whatever form that takes.

This policy defines and categorises incidents of unreasonable behaviour and provides guidance on the options available to deal with such incidents in order to:

- Protect our employees
- Provide clarity to the public
- Preserve our ability to deliver a high-quality service to the public and all customers

- Ensure that we comply with our legal responsibilities

2. Scope

This policy applies to all public contact received by TVCA, its Staff, elected Members of Committees and Boards and members of its Mayoral Development Corporations. It applies to contact received via all channels including the Authority's social media accounts and face-to-face interactions. Unreasonable conduct by a customer can happen anywhere.

Normally, people who wish to complain are reasonable in doing so. However, there are a small number of complainants who, because of their behaviour and the manner in which they approach officers in relation to their complaint, may need to have their contact restricted. They may behave unacceptably or be unreasonably persistent in their contact. This can impede investigating their complaint(s) and can have significant resource implications. These actions can occur either while the complaint is being investigated, or once Officers have finished the complaint investigation.

On occasions, the Combined Authority will receive requests that may be defined as repeated, vexatious, or manifestly unreasonable. The relevant legislation allows for requests to be classed under these headings to prevent abuse of the public's right to know. The Information Commissioner (ICO) has recognised that there may be a risk that some individuals and perhaps some organisations may seek to abuse the right of access with requests. This policy reflects the guidance issued by the Information Commissioner's Office (ICO) available here: [\[insert link\]](#)

3. Policy Aims and Purpose

The purpose of this policy is primarily to define what the Combined Authority and its wider group entities considers to be unreasonable; this covers persistent or vexatious behaviour, threatening, abusive or violent behaviour.

The policy provides details on the options available to the Combined Authority and wider group following reports of unreasonable behaviour, sets out the process we will follow and the potential consequences for members of the public.

The policy seeks:

- to ensure that the public, including those whose actions are considered unacceptable, are dealt with fairly, honestly, consistently and appropriately.
- to be clear and transparent about what TVCA will, or will not do, in relation to customers whose conduct is considered by TVCA to be unreasonable.
- to manage the problems unreasonable conduct by the public can present with regard to the effect on staff, resources and the ability to carry out TVCA functions.

- to ensure our staff understand clearly what is expected of them, what options are available and who can authorise these actions.
- to ensure that other customers and TVCA Staff / Members do not suffer any disadvantage from customers who act in an unacceptable manner.

4. What is unreasonable conduct?

Unreasonable conduct by the public can be defined as any behaviour which because of its nature or frequency, raises substantial health, safety, resource or equity issues for TVCA.

Using the term 'unreasonable conduct' allows us to focus on the problematic behaviour and respond to it openly and transparently and without the worry that we might be incorrectly or offensively labelling someone.

Customers who act in an unreasonable way can hinder TVCA's consideration of their own enquiries and complaints, as well as other peoples. WMCA has defined unreasonable customer conduct as follows:

- Unreasonable Behaviour
- Unreasonable Demands
- Unreasonable Persistence

Unreasonable Behaviour

This includes physical aggression and violence as well as language and behaviour (whether oral or written) that may cause our staff / Members to feel afraid, threatened or abused. We expect our staff and Members to be treated courteously and with respect. Violence, aggression or abuse towards staff / Members is unacceptable.

Unreasonable Demands

This includes the public making what TVCA considers to be unreasonable demands on TVCA staff/ Members through the amount of information they seek, the nature and scale of service they expect or the number of approaches they make.

Unreasonable Persistence

This includes customers who will not or cannot accept that TVCA is unable to assist them further and will not accept a response already given. Customers may persist in contacting TVCA about the same issue resulting in their actions taking up what TVCA considers to be a disproportionate amount of time and resource.

5. Application of the Unreasonable Customer Behaviour and Conduct policy

Before applying any aspect of the Managing Unreasonable Public Behaviour and Conduct Policy, the individual needs of the customer will be considered. Some customers may be struggling emotionally or mentally or may have difficulty understanding how TVCA's Complaints Handling Procedure or Freedom of Information process works. This may have an impact on their behaviour and or communication style and frequency. The policy acknowledges that each event must be addressed on a case-by-case basis.

Applying a one size fits all approach risks putting individuals at an unfair disadvantage and therefore individual circumstances will always be taken into account. If any officer or Member of TVCA experiences unreasonable customer conduct this should be reported to their line manager in the first instance.

The threat or use of physical violence, verbal abuse or harassment towards TVCA staff / Members is likely to result in the ending of all direct contact with the customer. Incidents may be reported to the police. This will always be the case if physical violence is used or threatened.

In the case of telephone communication, TVCA records all calls to our customer services teams. Our staff taking calls always have the option of transferring a difficult call to another more appropriate colleague. However, staff and Members both have the right to decide whether a caller's conduct is unreasonable. They will inform a caller should this be the case and explain that the call will be ended if the behaviour does not stop. If the behaviour continues, staff can end the call (indicating that they will put the phone down before actually doing so). If it is necessary for a staff member to end a call on these grounds, a record of this action will be made in TVCA's Customer Relationship Management System.

Line managers will raise issues of unreasonable customer conduct reported by staff to the Information Governance Unit who will send a written warning to the customer. The warning will explain why their behaviour is causing concern and ask for this behaviour to change. This could include asking a customer to modify the language that they use when communicating with TVCA or reducing the number of contacts being sent about the same issue. The customer will also be warned of the possible actions that may be taken if their unreasonable conduct continues.

If it is not possible to issue a written warning to the customer (where address/email details are not available), the warning will be documented and may be issued verbally by the Information Governance Unit or another manager within the Combined Authority. The details of this action will be recorded in TVCA's Customer Relationship Management System.



If after receiving a warning, the customer's unreasonable conduct continues, the Information Management Unit will refer the matter to the Monitoring Officer to determine the appropriate level of action including the extent to which customer contact should be limited.

Before deciding if the policy should be applied, the Monitoring Officer in considering the case should be satisfied that the customer's enquiry has been fully investigated and responded to correctly and adequately and that no new information is available to alter TVCA's view.

Any action taken will be proportionate to the nature and frequency of the customers' contacts and their conduct. Action taken will usually be time limited. In some situations, it may be appropriate for a restriction to apply indefinitely (for example where a specific matter has been fully considered and there is no new material to alter a further investigation into the matter).

The Monitoring Officer may consider applying a range of restrictions including but not limited to:

- Placing limits on the number and duration of contacts with staff per week or month
- Limiting the customer to one method of contact (telephone, letter, email etc)
- Requiring the customer to communicate only with one named member of staff
- Declining to register and process further correspondence and complaints about the same subject
- Informing the customer that future correspondence will be read but not acknowledged or responded to unless substantially new matters are raised
- Prohibiting a customer from accessing TVCA property and facilities
- Restricting the individual's email address or telephone number from being received by TVCA (applicable in extreme circumstances after all other options have been exhausted)

The Monitoring Officer will write to the customer to confirm the action and or restrictions being applied including the timeframes applicable and provide the customer with a copy of the Managing Unreasonable Public and Customer Conduct Policy.

The details of this action will be recorded in TVCA's Customer Relationship Management System.

6. Right of Review

The public and customers have the right to appeal against a decision to apply this policy and or any restrictions applied. Appeals should be made in writing explaining why the customer believes the decision and or restrictions to be incorrect.



If an appeal is received, it will be considered by the Data Protection Officer OR the Monitoring Officer who has not considered the matter before. The customer will be advised of the outcome in writing and, if restrictions are to continue to apply, when these will next be reviewed. If restrictions are removed, urgent consideration will be given to reapplying restrictions if the conduct which led to the original decision occurs again.

In line with the timescales that have been set, restrictions should be removed and relationships returned to normal unless there are good grounds to extend them.

A decision to apply the policy and or apply restrictions in place may be amended further by TVCA if unacceptable conduct continues.

7. Record Keeping

TVCA will maintain a register of decisions made in respect of individual customers and any action and restrictions that are applied. The register will be maintained by the Information Governance Unit and include:

- The name and contact details of each customer where a decision has been made to apply the Unreasonable Customer Conduct Policy
- What restrictions have been implemented
- When any restriction came into force and when it will be reviewed
- Details of any appeals received and the outcome

In addition, all correspondence or interactions with the customer including written and verbal will be documented in **TVCA's Customer Relationship Management System** against the customer's contact record.

If a customer continues to communicate with TVCA after restrictions on contact have been applied, new contacts should be checked to identify any significant new information. If there is no new information and a response is not to be provided in line with restrictions, this will be documented in **TVCA's Customer Relationship Management (CRM) system**.

Contract Value	Procurement Process	Contract Opportunity Advertising
Tender Process	Key Features	When Appropriate

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	16		
Report Title	Governance and Appointments		
Accountable Cabinet Member	Ben Houchen Tees Valley Mayor		
Accountable Chief Officer	Jodie Townsend Interim Monitoring Officer		
Accountable Employee	Jodie Townsend Interim Monitoring Officer		
Report considered by	Pre Cabinet Process		
Key Decision	Yes	No X	The appointment of members to the Authority's statutory committees does not constitute a key decision, as it is a statutory requirement arising under the Tees Valley Combined Authority Order.
Public Report	Yes X	No	
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority.		
Recommendation(s)			
The Combined Authority Cabinet is recommended to:			
A	Note the appointment to Cabinet as detailed in paragraphs 4.1 to 4.3.		
B	Approve the appointment to the Overview and Scrutiny Committee as detailed in paragraphs 5.1 to 5.4.		
C	Ratify the appointment to the Transport Committee as detailed in paragraphs 6.1 to 6.4.		
D	Approve the appointment of Matthew Ord as detailed in paragraphs 7.1 to 7.4 to the position of Tees Valley Business Board Chair.		

Purpose	
1	This report sets out a number of appointments to be noted, ratified, or approved by the Combined Authority Cabinet.
Executive Summary	
2	This report outlines a series of appointments requiring Cabinet attention, including those to be noted, ratified, or formally approved. These actions are necessary to maintain the lawful constitution of the Combined Authority's committees and boards, ensure continuity of leadership, and safeguard effective governance and representation across key functions.
Detail	
3	Cabinet
3.1	On 20 November 2025, the Combined Authority was formally notified that, following a change in political leadership, Councillor Pamela Hargreaves had been appointed as Leader of the Borough Council. This notification ensures that the Authority's records accurately reflect the current leadership and secures continuity of representation at the Combined Authority level.
3.2	<p>Cabinet is the decision-making body for the Combined Authority. The Tees Valley Mayor chairs the Cabinet, which is made up of the five Constituent Authority Leaders, and the Chair of the Business Board as a non-voting member.</p> <p>The Legislation that sets out the requirements of the Tees Valley Combined Authority Cabinet is the Tees Valley Combined Authority Order 2016 ('TVCA Order'), Schedule 1 which states:</p> <p><i>'(1) Each constituent council must appoint one of its elected members to be a member of the Combined Authority.</i></p> <p><i>(2) Each constituent council must appoint another of its elected members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (1) ("the substitute member").</i></p> <p><i>(3) The Local Enterprise Partnership [the Business Board] must nominate one of its members to be a member of the Combined Authority.</i></p> <p><i>(4) The Local Enterprise Partnership [the Business Board] must nominate another of its members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (3) ("the substitute member").</i></p>

3.3 In accordance with Paragraph 1(1) of Schedule 1 of the TVCA Order, Hartlepool Borough Council has appointed the following members to Cabinet, and it is for Cabinet to NOTE these appointments:

Cabinet Member	Councillor Pamela Hargreaves
Substitute Cabinet Member	Councillor Karen Oliver

4 **Overview and Scrutiny Committee**

4.1 This statutory committee reviews the policies and operations of the Combined Authority, ensuring effective democratic scrutiny of decisions. Members have been appointed by each of the constituent authorities, on the basis of political balance across the Tees Valley as required by legislation and set out in the Tees Valley Combined Authority Constitution.

4.2 The Tees Valley Combined Authority Order 2016 provides that:

'(1) The Combined Authority must appoint at least three members of each of the constituent councils to the overview and scrutiny committee appointed by the Combined Authority, so that the members of the committee taken as a whole reflect so far as reasonably practicable the balance of political parties for the time being prevailing among members of the constituent councils.'

4.3 Following the defection of the Conservative representative from Hartlepool Borough Council, the Conservative seat on the Overview and Scrutiny Committee became vacant. At its meeting of full Council on 3 October 2025, Hartlepool Borough Council formally confirmed the appointment of Councillor Andrew Martin-Wells as the designated representative to this seat, thereby restoring full political representation on the Committee.

4.4 Cabinet is asked to APPROVE the appointment of Councillor Andrew Martin-Wells to the vacant seat on the Overview and Scrutiny Committee.

5 **Transport Committee**

5.1 This statutory committee reviews transport strategy and policies of the Combined Authority and makes recommendations to Cabinet.

5.2 The Tees Valley Combined Authority Constitution provides that:

- a. the Transport Committee is Chaired by the Portfolio holder for Transport and Infrastructure;
- b. members are drawn from each of the constituent authorities and are the executive member with transport responsibilities from each of those authorities;

	<p>c. the Tees Valley Business Board shall nominate one of its private sector members to attend Transport Committee meetings on a non-voting basis, with the right to fully participate in its deliberations.</p>
5.3	<p>On 20 November 2025, Hartlepool Borough Council notified the Combined Authority that Councillor Karen Oliver would no longer serve as its representative on the Authority's Transport Committee. Councillor Owen Riddle was confirmed as the new appointment. The Interim Monitoring Officer ratified this appointment to ensure the proper conduct of business at the Transport Committee meeting scheduled for 2 December 2025.</p>
5.4	<p>In accordance with the above, Cabinet is asked to ratify the appointment of Councillor Owen Riddle to the Transport Committee.</p>
6	<p>Tees Valley Business Board</p>
6.1	<p>On 27 June 2025, Siobhan McArdle formally stepped down from her position as Chair of the Tees Valley Business Board. At that meeting, Cabinet was advised that a recruitment campaign would be initiated to appoint a new Chair, with the objective of enhancing the Board's capacity and ensuring that its membership reflects the requisite skills base and sectoral representation.</p>
6.2	<p>In accordance with the directive set out in paragraph 7.1, the role was promoted extensively, applications for the position were formally invited through an external process and the recruitment window closed on 26 August 2025. A total of eight applications were received. Following assessment by the interview panel, three candidates were shortlisted for interview, although one subsequently withdrew prior to the interview stage.</p>
6.3	<p>The two shortlisted candidates participated in a stakeholder engagement session with a panel of Business Representative Organisations on 18 September 2025. Following this, formal panel interviews were convened on 18 November 2025, at which the panel undertook a structured assessment. The composition of the interview panel was as follows:</p> <ul style="list-style-type: none"> - Ben Houchen, Tees Valley Mayor - Chris Cooke, Mayor of Middlesbrough - Tom Bryant, Chief Executive - TVCA - Eric Scollay, Chief Executive - Middlesbrough Council
6.4	<p>The interview panel unanimously identified Matthew Ord as the proposed candidate and it is recommended that Cabinet approve the appointment. Matthew is the Company Ambassador of LV Logistics globally. He has over 20 years' experience in international trade and is currently serving as the Interim Chair of the Business Board.</p>

Partnership & Engagement	
	This report has been considered by Cabinet informally on 28 November 2025.
Appendices	
	None

Cabinet is requested to consider the following identified implications:	
Financial Implications	
	There are no expected financial implications associated within this report.
Legal Implications	
	It is necessary to appoint members to the Combined Authority's committees in order to ensure their lawful constitution and the valid discharge of their functions. Without confirmed appointments, committees would lack the requisite authority to transact business, potentially exposing the Authority to governance risk. Timely appointments safeguard compliance with statutory requirements, uphold principles of democratic representation, and maintain the integrity of decision-making processes.
Equality & Diversity Implications	
	There is no expected impact on Equality and Diversity within this report.
Other Significant Implications	
(Tick other implications provided and provide detail in box below)	
Risk	<input checked="" type="checkbox"/> Assurance Framework
Improvement	<input type="checkbox"/> Environment
	<input type="checkbox"/> Procurement
	<input type="checkbox"/> HR & IT
	Failure to appoint members to the Combined Authority's committees presents a material governance risk. Without confirmed appointments, the risk of in-quoracy leading to challenges in transacting business could occur.

Cabinet

Tees Valley Combined Authority

Date	12 December 2025		
Agenda Item	17		
Report Title	Delegated Decisions		
Accountable Cabinet Member	Mayor Ben Houchen Chair of the Cabinet		
Accountable Chief Officer	Jodie Townsend Interim Monitoring Officer		
Accountable Employee	Jodie Townsend Interim Monitoring Officer		
Report considered by	Pre-Cabinet process		
Key Decision	Yes	No	This item has been determined not to be a key decision.
		X	
Public Report	Yes	No	
	X		
Voting arrangements	The Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority that includes the Mayor.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A

Note: The delegated decisions signed since Cabinet last met on 26 September 2025.

1. Purpose

- 1.1 The purpose of this report is to provide Cabinet with detail of all the Delegated Decisions made since Cabinet last met on 26 September 2025.

2. Executive Summary

- 2.1 At each meeting, Cabinet receives a report confirming the Delegated and Urgent Decisions taken since Cabinet last met.
- 2.2 Since the date of its last meeting on 26 September 2025 four Delegated Decisions have been taken.
- 2.3 Since the date of its last meeting on 26 September 2025 one Urgent Decision has been taken.

3. Delegated Decisions

- 3.1 Delegated Decision CF13-2025 below has been taken in line with the Tees Valley Combined Authority Assurance Framework, as agreed by Cabinet on 13 March 2020, and the Tees Valley Combined Authority Investment Plan One year on Update, as agreed by Cabinet on 31 January 2020.
- a. A decision was taken to approve the business case and commit funds for PROJ-1101 Sector Network (Energi Coast) - to continue delivery of PROJ-1101 Sector Network Development Project into 2025/26.
 - b. A copy of the Delegated Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at **Appendix 1**.
- 3.2 Delegated Decision CF17-2025 below has been taken in line with the Tees Valley Combined Authority Assurance Framework, as agreed by Cabinet on 13 March 2020, and the Tees Valley Combined Authority Investment Plan One year on Update as agreed by Cabinet on 31 January 2020.
- a. A decision was taken to approve the business case and commit funds to support the delivery of the Export Support Programme.
 - b. A copy of the Delegated Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at **Appendix 2**.

- 3.3 Delegated Decision CF21-2025 below has been taken in line with the Tees Valley Combined Authority Assurance Framework, as agreed by Cabinet on 13 March 2020, and the Tees Valley Combined Authority Investment Plan One year on Update, as agreed by Cabinet on 31 January 2020.
- a. A decision was taken to approve the business case and commit funds to support the delivery of the Freeport Digital Test Bed.
 - b. A copy of the Delegated Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at **Appendix 3**.
- 3.4 Urgent Decision UD01-2025 below has been taken in line with the Tees Valley Combined Authority Assurance Framework, as agreed by Cabinet on 13 March 2020, and the Tees Valley Combined Authority Investment Plan One year on Update as agreed by Cabinet on 31 January 2020.
- a. An urgent decision was taken to commit £556k from the £2.5m Investment Plan UKSPF allocation for business growth activity, to extend the DBT Export Programme.
 - b. A copy of the Urgent Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at **Appendix 4**.
- 3.5 Delegated Decision HPS01-2025 below has been taken in line with the delegations provided in the Tees Valley Combined Authority Constitution to one or more Chief Officers (as relevant) – Chief Executive, Section 73 Officer and Monitoring Officer.
- c. A decision was taken to appoint Julie Hurley as director of Goosepool 2019 Limited and Teesside International Airport Limited.
 - d. A copy of the Delegated Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at **Appendix 5**.

4.	Partnership & Engagement
	This report has been developed via the Pre-Cabinet process; this involves engagement with Constituent Council Officer Groups and an informal meeting of the Cabinet Membership.
5.	Appendices

6.1	Appendix 1 – Delegated Decision CF13-2025 Appendix 2 – Delegated Decision CF17-2025 Appendix 3 – Delegated Decision CF21-2025 Appendix 4 – Urgent Decision UD01-2025 Appendix 5 – Head of Paid Service HPS01-2025
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Cabinet is requested to consider the following identified implications:

Financial Implications

There are no direct financial implications arising from the recommendation in this report.

Legal Implications

There are no direct legal implications arising from the recommendation in this report

Equality & Diversity Implications

TVCA considers the potential impact on groups of people with protected characteristics in the development of all policy, programmes and all are subject to Equality Impact Assessments during the development phase.

Other Significant Implications

(Tick other implications provided and provide detail in box below)

Risk		Assurance Framework		Procurement	
Improvement		Environment		HR & IT	



DELEGATED DECISION TO APPROVE BUSINESS CASE & COMMIT FUNDS

This form should be used to record decisions taken under delegated decision arrangements by the Chief Executive, Mayor and Cabinet Portfolio member. Delegated decisions are possible only where the following criteria are met:

1. Any commitment of funds have already been assigned by Cabinet for that purpose within the Investment Plan;
2. The proposal reflects an established Combined Authority policy position and does not raise novel or contentious issues which require debate with the full Cabinet. (In order to assure this, discussions would generally have taken place through the appropriate officer forum); and
3. The proposal has been through the established Combined Authority Assurance Framework, as agreed with central government.

OFFICER: Jamie-Lee Hayman, Performance & Assurance Officer	DATE DECISION TAKEN: 19 th August 2025
DECISION NO: CF13-2025	DELEGATION POWER AND PAGE OF CONSTITUTION: Cabinet 27th January 2022 – TVCA 35/22 (Assurance Framework)
DETAILS OF DECISION: <p>TVCA is the designated Lead Authority for UKSPF. The Tees Valley UKSPF Investment Plan was submitted to government for approval in July 2022. The plan details the investment priorities Tees Valley will focus their UKSPF allocation of £46.3m (including £3.6m of Multiply funding) for the period April 2022 to March 2025 and was developed in collaboration with the Local Partnership Group following TVCA Cabinet agreement in July 2022.</p> <p>The Investment Plan was signed off formally by Government in December 2022 and spend against the fund is eligible from April 2022. An overarching UKSPF implementation plan has been produced which outlines the approach to the delivery of UKSPF funding.</p> <p>Government has since announced a one-year continuation of funding to 2025/26, which must be delivered in line with the original UKSPF Investment Plan approved by Government.</p> <p>Plans for the 2025/26 one-year continuation were endorsed by LPG (11th February 2025). TVCA Cabinet subsequently approved accepting the UKSPF 2025/26 into the TVCA Investment Plan as a 'named programme' with a confirmed allocation of £21.5m, and approved proposed priorities set out in the Investment Plan Refresh Report.</p> <p>NOF (Energi Coast) Limited has submitted a Project Change Request (PCR) to continue delivery of PROJ-1101 Sector Network Development project into 2025/26.</p> <p>The PCR has been reviewed internally by the Project Lead, Performance, Risk & Assurance Team and S73 Officer with a recommendation to approve.</p>	
FINANCIAL IMPLICATIONS: <p>This decision will commit £60,000 UKSPF investment in 2025/26 under the Supporting Local Business Investment Priority.</p>	
EXISTING CABINET DECISION WHICH ASSIGNED THE NECESSARY FUNDING: <p>TVCA Cabinet accepted the UKSPF 2025/26 allocation/programme into the TVCA Investment Plan as a named priority project, and approved the priorities set out within the Investment Plan Refresh Report (Cabinet Decision No: TVCA 66/24-25).</p>	



IS THIS A KEY DECISION?

No this is not a key decision.

RELEVANT CABINET POLICY FRAMEWORK:

The UKSPF Investment Plan identifies the opportunities presented to the advanced manufacturing and clean technology sectors by the Governments commitment to achieve Net Zero by 2050. These sectors achieve above average productivity and high GVA per employee.

TVCA's Investment Plan 2019-2029 builds on the refreshed SEP under its Research, Development, and Innovation (RD&I) theme which aims to *"Invest in activities which drive collaboration across the region's companies and innovation base, creating clusters which have the capacity to bid into national funding initiatives. Directly support these clusters to target and bid into national programmes where they align with regional priorities"*.

This continuation of this project is in complete alignment with this principal and continues the work of "Tees Valley sector development and network leverage" which the plan identifies is a priority project.

Development of the sectors capacity and capability is central to the Tees Valley SEP direction of creating a fully integrated net zero super processing location which will support the UK's decarbonisation agenda through new processes, practices and increased productivity. In doing so the sectors will provide high value jobs and employment opportunities.

PROCESS OF PARTNER CONSULTATION:

In accordance with the UKSPF Investment Plan Local Partnership Group (LPG) considered a 'UKSPF Programme 22/25 & 25/26 Investment Plan' Report Agenda Item 4) at the meeting held on 11th February 2025.

LPG endorsed the plans for the 2025/26 continuation to go to Cabinet for approval in March 2025.

This PCR will be submitted for Ratification to the LPG following approval as per process outlined in the Implementation plan and is not required prior to the approval of this DDR.

HOW THE ASSURANCE PROCESS WILL BE APPLIED TO THE DECISION:

Subject to Cabinet approval of the UKSPF programme, TVCA will agree the terms of any extension, including UKSPF financial commitment and associated outputs & outcomes. These will be approved in accordance with the TVCA assurance process for the UKSPF programme.

This delegated decision provides a record of approval and will release associated funds for project delivery.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

The approach to developing plans for the one-year continuation were agreed by Cabinet.

ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS:

None.



DELEGATED DECISION TO APPROVE BUSINESS CASE & COMMIT FUNDS

This form should be used to record decisions taken under delegated decision arrangements by the Chief Executive, Mayor and Cabinet Portfolio member. Delegated decisions are possible only where the following criteria are met:

1. Any commitment of funds have already been assigned by Cabinet for that purpose within the Investment Plan;
2. The proposal reflects an established Combined Authority policy position and does not raise novel or contentious issues which require debate with the full Cabinet. (In order to assure this, discussions would generally have taken place through the appropriate officer forum); and
3. The proposal has been through the established Combined Authority Assurance Framework, as agreed with central government.

OFFICER: Sally Cowley, Appraisal Manager	DATE DECISION TAKEN: 2 nd September 2025
DECISION NO: CF17-2025	DELEGATION POWER AND PAGE OF CONSTITUTION: Cabinet 27 th January 2022 – TVCA35/22 (Assurance Framework) TVCA 34/22 – Tees Valley Investment Plan Approval TVCA 16/23 – Tees Valley Shared Prosperity Fund Programme Update TVCA 66/24-25 – Tees Valley Investment Plan Refresh TVCA 28/25 – Business Growth Service Delivery Plan
DETAILS OF DECISION: <p>Background</p> <p>TVCA is the designated Lead Authority for the UK Shared Prosperity Fund (UKSPF). The Tees Valley UKSPF Investment Plan was submitted to government for approval in July 2022 and subsequently approved in December 2022. The UKSPF Local Partnership Group (LPG) was established to provide oversight of the programme. The Investment Plan set out the evidence base and strategic priorities for the fund.</p> <p>An overarching UKSPF Implementation Plan was produced in collaboration with LPG and details of the investment priorities for the UKSPF £46.3m (inc. £3.6m of Multiply funding) for the period April 2022 to March 2025 was subsequently approved by Cabinet and followed the required Assurance Process.</p> <p>Government has since announced a one-year continuation of funding to 2025/26, which must be delivered in line with the original UKSPF Investment Plan approved by Government. Plans for the 2025/26 one-year continuation were endorsed by LPG (11th February 2025).</p> <p>Summary</p> <p>An Investment Proposal has been received from TVCA's Business Solutions Team seeking investment of £300,000 from the UKSPF 2025/26 allocation under the Supporting Local Business Investment Priority to deliver the 'Export Support Programme'.</p> <p>The Export Support Programme includes a grant pot of £300,000 to provide targeted financial support to Tees Valley businesses already on their export journey. Business support grants of between £3,000 and £10,000 will be available subject to the participating businesses providing 25% match funding. Grants can be used to support the costs of market research, international marketing, translation, e-commerce development, trade compliance, attendance at overseas trade shows and product adaptation for foreign markets.</p> <p>The Programme is scheduled to launch in September 2025, with project/financial completion of 31st March 2026.</p>	
FINANCIAL IMPLICATIONS:	



£4.4m of UKSPF revenue funding is available in the financial year 2025/26 to support local businesses. Cabinet approved an allocation of £300,000 for this project.

This decision commits £300,000 UKSPF revenue funding in 2025/26 under the Supporting Local Business Investment Priority to deliver the grant element of the programme.

Due to a delayed start to the 2025/26 programme, timely approval is required to mitigate any risk of programme underperformance.

EXISTING CABINET DECISION WHICH ASSIGNED THE NECESSARY FUNDING:

TVCA Cabinet approved / accepted:

- o the UKSPF 2025/26 into the Tees Valley Investment Plan as a named priority programme with a confirmed allocation of £21.5m, and approved proposed priorities set out in the Investment Plan Refresh Report (Cabinet Meeting 28th March 2025, Decision No: TVCA 66/24-25)
- o the new Business Growth Delivery Plan model and committing the remaining £4.4m UKSPF allocation under the Supporting Local Business Investment Priority (Cabinet Meeting 27th June 2025, Decision No: TVCA 28/25). This included an allocation of £300K to deliver a targeted pilot programme for export through a partnership with DBT and TVCA specifically.

Due to time constraints on the UKSPF, the delayed start and to mitigate the risk of underperformance this year, the Cabinet decision taken in June 2025 included a delegation to the Interim Director of Business Solutions in consultation with the Chief Executive, Section 73 Officer and Monitoring Officer to progress to mobilisation. Where consultation with the LPG is possible prior to a decision being taken this should take place, but decisions can be made and reported to the LPG in line with the cabinet approval.

Whilst this was approved by Cabinet, the LPG requested specifically at their meeting in June, to see proposals and appraisal outcome reports for the Export Support Programme. Details are set out in the Assurance section below.

IS THIS A KEY DECISION?

No

RELEVANT CABINET POLICY FRAMEWORK:

The Strategic Economic Plan (SEP) recognises the importance of increasing jobs and business density through targeted support to create and attract new companies and to grow businesses and sectors with high growth potential. Ensuring a high-quality environment where business and people can thrive is a critical enabler of the SEP and Industrial Strategy.

The Tees Valley UKSPF Investment Plan includes activity for Supporting Local Business interventions that strengthen local entrepreneurial ecosystem and supporting businesses at all stages of their development.

PROCESS OF PARTNER CONSULTATION:

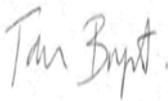
A Delivery Group has been established on which TVCA, and the constituent Local Authorities work collaboratively on the implementation of the new business growth model, including the mobilisation and delivery of the 2025/26 UKSPF programme.

In accordance with the UKPSF Investment Plan, Local Partnership Group:

- o has considered and endorsed plans for the UKSPF 2025/26 continuation, subsequently approved by Cabinet in March 2025; and
- o was provided with a verbal update on the Export Support Programme at the LPG meeting on 2nd September 2025.

HOW THE ASSURANCE PROCESS WILL BE APPLIED TO THE DECISION:

- o An Investment Proposal was submitted by TVCA's Business Solutions Team, detailing financial profiles and output/outcomes targets.
- o A proportionate appraisal was undertaken by the TVCA Performance, Risk and Assurance Team
- o A verbal update on the Export Support Programme to be provided to LPG at the meeting on 2nd September 2025
- o Monitoring will be undertaken by TVCA

<ul style="list-style-type: none"> o Evaluation will be commissioned independently by TVCA o This delegated decision provides a record of approval to commit the funds and enter into a funding agreement. 		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED: The approach to developing plans for the one-year continuation were agreed by Cabinet where alternative options were considered.		
ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS: None		
SIGNATURE:  CHIEF EXECUTIVE DATE: 03.10.2025	SIGNATURE:  MONITORING OFFICER DATE: 03.10.2025	SIGNATURE:  FINANCE DIRECTOR DATE: 03.10.2025
<i>All sections below are for Governance Team use only</i>		
DATE REPORTED TO MANAGEMENT GROUP:		
KEY DECISION YES NO <i>If Yes circulate to Overview & Scrutiny Committee within 2 working days</i>		
DATE CIRCULATED:		OFFICER NAME:
DEADLINE DATE FOR CALL IN BY OVERVIEW & SCRUTINY COMMITTEE (5 days from the date Committee notified of the decision):		
DATE FUNDS CAN BE RELEASED:		

Once fully complete and signed off please return to the Governance Team.



DELEGATED DECISION TO APPROVE BUSINESS CASE & COMMIT FUNDS

This form should be used to record decisions taken under delegated decision arrangements by the Chief Executive, Mayor and Cabinet Portfolio member. Delegated decisions are possible only where the following criteria are met:

1. Any commitment of funds have already been assigned by Cabinet for that purpose within the Investment Plan;
2. The proposal reflects an established Combined Authority policy position and does not raise novel or contentious issues which require debate with the full Cabinet. (In order to assure this, discussions would generally have taken place through the appropriate officer forum); and
3. The proposal has been through the established Combined Authority Assurance Framework, as agreed with central government.

OFFICER: Sally Cowley, Appraisal Manager	DATE DECISION TAKEN: 3 rd October 2025
DECISION NO: CF21-2025	DELEGATION POWER AND PAGE OF CONSTITUTION: Freeport Board Minutes 1st December 2023 recorded that the Board delegated authority to the Tees Valley Combined Authority (TVCA) Chief Executive, Section 73 Officer and Monitoring Officer to approve the full business case on final cost confirmation and to enter into contracts to deliver the project as proposed.
DETAILS OF DECISION: <u>Background & OBC</u> In December 2023 the Teesside Freeport Board ("the Board") was provided with a report which summarised the Digital Test Bed Outline Business Case ("the Testbed"). The Board and Ministry of Housing, Communities and Local Government (MHCLG) (formally DLUHC) approved an overall budget of £3.5 million seed capital funding to cover the build of the Digital Testbed and a 2-year operational pilot with £2.9m profiled to be spent by 31st March 2025 and a further £600,000 to be spent in 2025/26. The Commercial Case of the Outline Business Case recommended that the Testbed be leased out via an open market transaction to an operator with the relevant expertise. Following legal advice, and consideration of alternative operating models as detailed within the Digital Testbed Operation - Directors Report the Preferred Option identified was a 'Landlord/Tenant relationship with Teesside University' as operators of the Testbed. The Board delegated authority to TVCA Chief Executive, Section 73 Officer and Monitoring Officer to approve the full business case on final cost confirmation and to enter into contracts to the deliver the project as proposed. <u>FBC Summary & Decision</u> The Digital Trade Test Bed project invests £3.5m of Freeport Seed Capital funding matched with £1m of revenue funding into a 5G enabled facility based at Teesside International Airport. English Freeport Policy is the government's flagship policy to stimulate economic growth and contribute to level-up left-behind areas of the UK. Freeports are special areas within the UK's borders where a variety of tax and customs incentives are available to attract investment to specific sites. The Test Bed delivers on the Freeport policy objectives of being 'national hubs for global trade and investment', seeking to 'make trade processes more efficient' and to offer 'spaces to develop and trial new ideas and technologies.'	



The Test Bed facility will be the place to test innovative applications of digital solutions. The facility provides the means of digitally carrying out a wide range of trade, and monitoring the movement of goods, the interface with processes, and to understand whether digital solutions can be introduced to improve processes whilst maintaining required controls and security.

The business case sets out the rationale for investment in the testing concept and the facility required to deliver these tests. The facility is needed to test digital solutions that have the potential to transform international trade. This could open up export trade to more small businesses across the world which will grow economies. The facility supports the move towards Frictionless Trade which provides the means to deliver the UK Border Strategy 25 Policy whilst leading the way in providing an international protocol for the movement of goods.

An appraisal of the full business case has been undertaken by TVCA's Appraisal Manager with input from TVCA Finance, the outcome of which is a recommendation to approve.

FINANCIAL IMPLICATIONS:

Total Project Costs are £4.5m, funded as follows:

- o £3.5m Freeport Seed Capital (MHCLG)
- o £0.5m TVCA Revenue (Core Funds)
- o £0.5m Teesside University Revenue (Match Funding)

Advance Funding:

- o Capital Funding of £300,000 has been provided to Teesside University to purchase the required technology, equipment & software to allow for testing to be carried out at the Testbed. Approved under delegation (Decision No: AF18-2024) from the £3.5m Freeport Seed Capital allocation.
- o Revenue Funding of £0.5m from TVCA's Core Budget has been provided to Teesside University to contribute to the operational staff costs of the 2-year pilot. Costs are to be funded 50% TVCA and 50% Teesside University. Approved under delegation (Decision No: AF10-2024).

EXISTING CABINET DECISION WHICH ASSIGNED THE NECESSARY FUNDING:

MHCLG signed off the Teesside Freeport business case in 2022 and the Teesside Freeport board signed off the Digital Testbed outline business case on 1st December 2023 [Minutes 1st December 2023](#).

Cabinet approved the Tees Valley Digital Strategy on 28th January 2022. Minute number TVCA 44/21.

IS THIS A KEY DECISION?

No

RELEVANT CABINET POLICY FRAMEWORK:

The Tees Valley Digital Strategy published in 2022 sets out a clear ambition for Tees Valley to become the UK's first Smart Region by 2032, underpinning our economy with world leading digital infrastructure and innovative technologies that:

- o enable access and opportunity for all residents and businesses.
- o support business growth through digital innovation
- o enable businesses to make technology-led decisions
- o raise the profile of the area as a hotspot for digital innovation

TVCA Cabinet approved the Tees Valley Digital Strategy on 28th January 2022. Minute number TVCA 44/21.

The Digital Trade Testbed is designed to provide cutting-edge access to research facilities, digital connectivity, technology, Freeports and Trade, taking abstract concepts and testing them in the virtual and physical world simultaneously. It will act as an incubator to enable technology led start up ideas to develop in a safe and supportive environment, providing a tangible international offer for Freeports globally to enable research collaboration, contributing to the Tees Valley's ambition of becoming a Smart Region by 2032.

PROCESS OF PARTNER CONSULTATION:

All key stakeholders involved in the Freeport Digital Trade Testbed have been informed of the developments and need for advance capital funding for the technology and equipment.

HOW THE ASSURANCE PROCESS WILL BE APPLIED TO THE DECISION:

Freeport Board Minutes 1st December 2023 recorded Board delegated authority to the Tees Valley Combined Authority (TVCA) Chief Executive, Section 73 Officer and Monitoring Officer to approve the full business case on final cost confirmation and to enter into contracts to deliver the project as proposed.

Consideration of expenditure in advance of full business case approval is delegated to the Combined Authority Chief Executive in consultation with The Mayor and the thematic portfolio holder.

Progress is reported to the Teesside Freeport Board and MHCLG Bi-annually.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

A long list of options to deliver this testing facility has been considered, with differing quality accommodation, from a minimum viable product in temporary modular buildings to enhanced personnel facilities in a permanent building, in a range of locations across the area, and for differing durations.

These were combined with differing commercial arrangements and shortlisted against affordability and delivery risk considerations.

The selected option is a lowest risk option for both set up and running costs and provides flexibility of layout and is modular and scalable.

ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS:

None

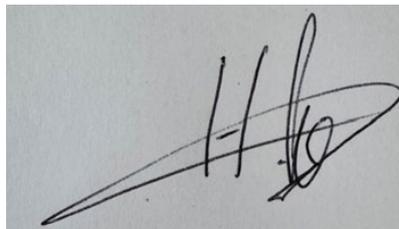
SIGNATURE:



CHIEF EXECUTIVE

DATE: 9/10/25

SIGNATURE:



MONITORING OFFICER

DATE:27/10/25

SIGNATURE:



FINANCE DIRECTOR

DATE: 24/10/25

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DATE REPORTED TO MANAGEMENT GROUP:



KEY DECISION	YES	NO
<i>If Yes circulate to Overview & Scrutiny Committee within 2 working days</i>		
DATE CIRCULATED:	OFFICER NAME:	
DEADLINE DATE FOR CALL IN BY OVERVIEW & SCRUTINY COMMITTEE (5 days from the date Committee notified of the decision):		
DATE FUNDS CAN BE RELEASED:		

Once fully complete and signed off please return to the Governance Team.



**DELEGATED DECISION IN CASE OF URGENCY
(PROCEDURE RULE 19 – TEES VALLEY COMBINED AUTHORITY
CONSTITUTION)**

This form should be used to record decisions taken under urgent decision arrangements by the Chief Executive in consultation with the Mayor of the Tees Valley Combined Authority, Group Director of Finance & Resources and Monitoring Officer, where the decision needs to be taken urgently and it is not practicable to form a quorate meeting of the board.

A record of this decision must be submitted to the next Cabinet/Overview & Scrutiny Board. An annual record is also maintained by the Monitoring Officer.

OFFICER: GROUP CHIEF EXECUTIVE	DATE DECISION TAKEN: 28 October 2025
DECISION NO: <i>UD01-2025</i>	DELEGATION POWER AND PAGE OF CONSTITUTION: Procedure Rule 19 - Tees Valley Combined Authority Constitution

DETAILS OF DECISION:

Background

TVCA is the designated Lead Authority for the UK Shared Prosperity Fund (UKSPF). The Tees Valley UKSPF Investment Plan was submitted to government for approval in July 2022 and subsequently approved in December 2022. The Investment Plan set out the evidence base and strategic priorities for the fund. The UKSPF Local Partnership Group (LPG) was established to provide oversight of the programme.

Government announced a one-year continuation of UKSPF funding for 2025/26, which must be delivered in line with the original UKSPF Investment Plan approved by Government and all activity must be delivered by March 2026. Plans for the 2025/26 one-year continuation were endorsed by LPG (11th February 2025).

In March 2025, TVCA Cabinet accepted the UKSPF 2025/26 extension into the Tees Valley Investment Plan as a named priority programme with a confirmed allocation of £21.5m, and approved proposed priorities set out in the Investment Plan Refresh Report (Cabinet Meeting 28th March 2025, Decision No: TVCA 66/24-25). This included an allocation of £2.5m to deliver the Tees Valley Investment Plan commitment to business growth activity.

In June 2025, TVCA Cabinet approved the new Business Growth Delivery model committing the remaining £4.4m UKSPF allocation under the Supporting Local Business Investment Priority to projects (Cabinet Meeting 27th June 2025, Decision No: TVCA 28/25). This included an allocation of £300,000 to deliver a targeted pilot programme for export through a partnership with DBT.

The Export Support Programme included an initial grant pot of £300,000 to provide targeted financial support to Tees Valley businesses already on their export journey. Business support grants of between £3,000 and £10,000 are available subject to the participating businesses providing 25% match funding. Grants can be used to support the costs of market research, international marketing, translation, e-commerce development, trade compliance, attendance at overseas trade shows and product adaptation for foreign markets.

Urgent Decision Required

It has since been confirmed that the £2.5m Investment Plan UKSPF allocation for business growth activity is allocated within an approved programme business case but has not yet been committed to specific projects. **This delegated decision seeks to commit £556k from the £2.5m allocation to extend the DBT Export Programme.**

Following the success of the 'Export Support Programme' where applications received from businesses were far beyond the initial £300k allocated, a Change Request has been submitted by TVCA's Business Solutions Team requesting additional investment of £556,000 to allow for additional grants to be issued in Round 1 and to launch a Round 2 for applications.

This additional funding will proportionally increase all previous outputs / outcomes and will additionally allow for two additional outputs as follows:

Output / Outcome	Original Target	Revised Target	Difference
Minimum number of businesses supported with export grant	30	85	+55
Minimum number of businesses to be actively referred to or signposted to DBT and other export support programmes	30	85	+55
Minimum number of businesses increasing export capacity	30	85	+55
Minimum number of businesses increasing export sales	30	85	+55
Number of businesses adopting new to firm technologies / processes	10	30	+20

Number of new jobs created or roles safeguarded	5	15	+10
Number of businesses improving export capability	N/a	40	+40
Number of businesses engaged in new markets	N/a	40	+40

It should be noted that the initial project/financial completion of 31 March 2026 is still achievable with the additional funding and will ensure it satisfies UKSPF guidelines.

This decision is urgent for the following reasons:

1. The pipeline of quality grant applications received by the Authority exceeds the original allocation of £300k and the opportunity to support businesses with strong export plans would be missed if this extension was not progressed.
2. The UKSPF must be utilised and activity delivered by March 2026.
3. The opportunity to jointly launch with DBT, a second round for applications at the International Trade Week 3-7 November would be lost.

FINANCIAL IMPLICATIONS:

This decision relates to a proposed change in the use of funding previously approved within the £2.5m UKSPF allocation under the TVCA Investment Plan Commitments priority. It seeks to commit £556,000 of UKSPF revenue funding to support the continuation and expansion of the Export Grants Programme. This is within the existing approved budget and strategic framework agreed by Cabinet.

This decision also commits an additional £62k from the programme management allocation to deliver and monitor the grant programme. This is within the existing approved budget.

EXISTING BOARD DECISION WHICH ASSIGNED THE NECESSARY FUNDING:

- TVCA 34/22 – Tees Valley Investment Plan Approval
- TVCA 16/23 – Tees Valley Shared Prosperity Fund Programme Update
- TVCA 66/24-25 – Tees Valley Investment Plan Refresh
- TVCA 28/25 – Business Growth Service Delivery Plan

Due to the time constraints on UKSPF delivery, the delayed programme start, and the need to mitigate the risk of underperformance in 2025/26, the Cabinet decision of June 2025 delegated authority to the Interim Director of Business Solutions, in consultation with the Chief Executive, Section 73 Officer, and Monitoring Officer, to progress activity to mobilisation. Where practicable, consultation with the Local Partnership Group (LPG) should take place prior to decisions being taken; however, decisions may proceed under this delegation and be reported to the LPG in line with Cabinet approval. This decision is to be taken prior to formal consultation with LPG.

PROCESS OF PARTNER CONSULTATION:

A Delivery Group was established on which TVCA, and the constituent Local Authorities work collaboratively on the implementation of the new business growth model, including the mobilisation and delivery of the 2025/26 UKSPF programme. The option to extend the Export Programme was discussed at their meeting on 7 October 2025.

Tees Valley Management Group received an update at their meeting on 8 October 2025.

Tees Valley Chief Executives received an update at their meeting on 15 October 2025.

The Chair of the LPG was briefed on 21 October on the plan to extend the Export Programme. This will be provided in a written report at the LPG meeting on 11 November.

The Tees Valley Mayor has been briefed on the extension of the Export Programme by the Interim Director of Business Solutions.

Briefings regarding the £2.5m allocation and plans for its commitment are planned for the Business Growth Portfolio Lead, Employment & Skills Portfolio Lead and Finance Portfolio Lead prior to the Informal Cabinet on 7 November.

This decision is required prior to these briefings for the reasons set out in this delegated decision. The urgent decision aligns with the strategic framework agreed at Cabinet.

HOW THE ASSURANCE PROCESS WILL BE APPLIED TO THE DECISION:

- A Project Change Request was submitted by TVCA's Business Solutions Team, requesting additional investment of £556,000, detailing financial profiles and output/outcomes targets.
- A proportionate appraisal was undertaken by the TVCA Performance, Risk and Assurance Team.
- An update on the Export Support Programme and its extension is to be provided to LPG at the meeting on 11 November 2025.
- Monitoring will be undertaken by TVCA.
- Evaluation will be commissioned independently by TVCA.
- This delegated decision provides a record of approval to commit the funds and enter into a funding agreement.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

To not take the urgent decision which has been rejected for the following reasons:

- The decision is in line with the Strategic Framework agreed by TVCA Cabinet and is within the existing budget.
- The pipeline of quality grant applications received by the Authority exceeds the original allocation of £300k and the opportunity to support businesses with strong export plans would be missed if this extension was not progressed.
- The UKSPF must be utilised and activity delivered by March 2026.
- The opportunity to jointly launch with DBT, a second round for applications at the International Trade Week 3-7 November would be lost.

ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS:

None

<p>SIGNATURE:</p>  <p>CHIEF EXECUTIVE</p> <p>DATE: 30/10/2025</p>	<p>SIGNATURE:</p>  <p>TEES VALLEY MAYOR</p> <p>DATE: 30/10/2025</p>	<p>SIGNATURE:</p>  <p>INTERIM MONITORING OFFICER</p> <p>DATE: 30 October 2025</p>	<p>SIGNATURE:</p>  <p>INTERIM GROUP DIRECTOR OF FINANCE & RESOURCES</p> <p>DATE: 30 October 2025</p>
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All sections below are for Governance Team use only

DATE REPORTED TO MANAGEMENT GROUP:

Once fully complete and signed off please return to the Governance Team.



RECORD OF THE EXERCISE OF DELEGATIONS TO CHIEF OFFICERS AS DETAILED IN THE TVCA CONSTITUTION

This form should be used to record decisions taken in accordance with the delegations provided in the Tees Valley Combined Authority Constitution to one or more Chief Officers (as relevant) – Chief Executive, Section 73 Officer and Monitoring Officer.

OFFICER: CHIEF EXECUTIVE	DATE DECISION TAKEN: 29 September 2025
DECISION NO: HPS 01-2025	
REFERENCE – TYPE OF DELEGATION HPS8	DELEGATION POWER AND PAGE OF CONSITUTION Nominate, appoint and remove, in consultation with the Chair of the Combined Authority Cabinet, Combined Authority representatives on the board of companies, trusts and other bodies, and to agree constitutional arrangements for such companies, trusts and other bodies, and give any necessary consent required within their relevant constitutions.
DETAILS OF DECISION: <u>Background</u> Following appointment as Interim Chief Executive of Tees Valley Combined Authority (“TVCA”) in March 2025, Tom Bryant resigned as a director of Goosepool 2019 Limited, a company owned by TVCA and Teesside Airport Foundation, and resigned as director of Teesside International Airport Limited on 10 April 2025. The Articles of Association of Goosepool 2019 Limited requires that the number of company directors appointed by TVCA must be three, unless otherwise agreed by the company board. TVCA therefore must appoint a replacement director to the Goosepool 2019 Limited company board to allow for continued effective decision making. The Articles of Association of Teesside International Airport Limited allow for Goosepool 2019 Limited to appoint one or more directors to the Teesside International Airport Limited board. It is proposed that Julie Hurley, Interim Director of Infrastructure, is appointed as director of Goosepool 2019 Limited and Teesside International Airport Limited to attend and vote at company board meetings on TVCA’s behalf. <u>Decision</u> It is agreed that Julie Hurley shall be appointed as director of Goosepool 2019 Limited and Teesside International Airport Limited.	
FINANCIAL IMPLICATIONS: There are no financial implications arising from this decision.	
PROCESS OF PARTNER CONSULTATION: The Chair of TVCA Cabinet & Tees Valley Mayor was consulted prior to this decision.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:	



Not to appoint Julie Hurley as director of Goosepool 2019 Limited or Teesside International Airport Limited. This would mean that an alternative representative from TVCA would need to be appointed in order for continued effective company decision making.	
ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS: None	
ANY OTHER INFORMATION TO BE INCLUDED AS PART OF THE DECISION RECORD: None	
SIGNATURE:  CHIEF EXECUTIVE DATE: 30/09/2025	SIGNATURE:  CHAIR OF TVCA CABINET & TEES VALLEY MAYOR DATE: 30/09/2025
Date Reported to TVCA Board	

Once fully complete and signed off please return to the Governance Team.