



## Tees Valley Combined Authority Cabinet

Friday 30 January 2026 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 12 December 2025.
4. **Mayoral Update**  
To receive a Mayoral update on key activity since the previous meeting of the Cabinet

#### Governance Items

5. **Appointment of Interim Monitoring Officer and update on recruitment process for permanent Chief Legal & Monitoring Officer and Finance & Resources Director.**

To receive a report from the Chief Executive seeking approval to appoint an interim Monitoring Officer and an update on the recruitment process for a permanent Chief Legal & Monitoring Officer and Finance & Resources Director.

*Appendix 1 to this report is exempt and not for publication by virtue of paragraph 1 (information relating to any individual), paragraph 2 (information which may identify an individual) of Schedule 12 A of the Local Government Act 1972).*

6. **Appointment of New Chair - Hartlepool Development Corporation**

To receive a report informing Cabinet that, in exercise of the powers vested in the Mayor, the decision has been made to bring Mark Robinson's term as Chair of the Hartlepool Development Corporation (HDC) to a close and appoint Councillor Pamela Hargreaves, Leader of Hartlepool Borough Council, as the new Chair.

## **Budget & Policy Framework Items**

### **7. Draft Budget 2026/27 & Revised Medium Term Financial Plan**

To receive a report from the Interim Director of Finance & Resources presenting the draft budget 2026/27 & Revised Medium Term Financial Plan for consultation.

Date and time of the next meeting – Friday 20<sup>th</sup> March 2026

## **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 – [tvccgovernance@teesvalley-ca.gov.uk](mailto:tvccgovernance@teesvalley-ca.gov.uk)

## **Membership**

The Tees Valley Combined Authority comprises of the following membership:

<b>Mayor Ben Houchen</b>	<b>Chair, Tees Valley Combined Authority</b>
<b>Councillor Stephen Harker</b>	<b>Leader, Darlington Borough Council</b>
<b>Councillor Pam Hargreaves</b>	<b>Leader, Hartlepool Borough Council</b>
<b>Mayor Chris Cooke</b>	<b>Mayor, Middlesbrough Council</b>
<b>Councillor Alec Brown</b>	<b>Leader, Redcar &amp; Cleveland Borough Council</b>
<b>Councillor Lisa Evans</b>	<b>Leader, Stockton-on-Tees Borough Council</b>

<b>Matthew Ord</b>	<b>Chair, Tees Valley Business Board</b>
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## Tees Valley Combined Authority Declaration of Interests Procedures

1. The purpose of this note is to provide advice and guidance to all members (the Mayor, elected and co-opted members, substitute members and associate members) of the Combined Authority Cabinet, Sub-Committees and 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, 12 December, 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>	
<b>Members</b>	
Mayor Ben Houchen (Chair)	Tees Valley Mayor
Councillor Stephen Harker	Leader, Darlington Borough Council
Councillor Pamela Hargreaves	Leader, Hartlepool Borough Council
Mayor Chris Cooke	Leader, Middlesbrough Council
Councillor Lisa Evans	Leader, Stockton-on-Tees Borough Council
Councillor Alec Brown	Leader, Redcar and Cleveland Borough Council
<b>Officers</b>	
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	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
Charlie Kemp	Interim Head of Business Solutions, Tees Valley Combined Authority
Rose Rouse	Chief Executive, Darlington Borough Council,
Denise McGuckin	Chief Executive, Hartlepool Borough Council
Brian Archer	Chief Executive, Redcar & Cleveland Borough Council
Andrew Humble	Director of Finance, Middlesbrough Council

Chris Renahan	Assistant Director Inclusive Growth and Development, Stockton on Tees Borough Council
Jacqui Banks	Business Solutions Manager – Adult Skills
Alan Weston	Head of Transport, TVCA
Eleanor Thomas	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><b><u>CHAIR'S OPENING REMARKS</u></b></p> <p>The Chair opened the meeting and welcomed everyone in attendance.</p>
TVCA 51/25	<p><b><u>APOLOGIES FOR ABSENCE</u></b></p> <p>Erik Scollay, Chief Executive, Middlesbrough Council Mike Greene, Chief Executive, Stockton Borough Council</p> <p><u>Substitutes</u></p> <p>Andrew Humble, Director of Finance, Middlesbrough Council. Chris Renahan, Assistant Director Inclusive Growth and Development, Stockton on Tees Borough Council.</p>
TVCA 52/25	<p><b><u>DECLARATIONS OF INTEREST</u></b></p> <p>None were declared.</p>
TVCA 53/25	<p><b><u>MINUTES</u></b></p> <p><b>RESOLVED</b> that the minutes of the meeting held on 26 September 2025 were confirmed as an accurate record.</p>
TVCA 54/25	<p><b><u>TEES VALLEY MAYOR'S UPDATE</u></b></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>
<p>TVCA 55/25</p>	<p><b>ORGANISATIONAL IMPROVEMENT PLAN PROGRESS</b></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> <p>A. <b>NOTE:</b> progress on the Organisational Improvement Action Plan.</p> <p>The TVCA Chief Executive informed Cabinet members that good progress continued to be made against the Improvement Plan, with work increasingly focused on embedding change and strengthening long-term organisational foundations. Further engagement workshops facilitated by the Local Government Association (LGA) are planned for the New Year, alongside continued engagement with MHCLG and the Independent Advisory Board (IAB).</p> <p>The Director of Operations provided Cabinet members with an overview of the report and noted that it includes a progress update since Cabinet last met in September. Work on a strategic external comms plan has commenced as recommended by the IAB, and there will be workshops facilitated in January to inform the development of this plan.</p> <p>Members were given the opportunity to comment or ask questions.</p> <p>Cllr Brown raised concerns on discussions that have taken place around Chief Executives and their ability to speak at Cabinet meetings. He queried whether it could be clarified whether Chief Executives would stop being allowed to speak at meetings. He noted the importance of being allowed to do so as Chief Executives are technical advisors for the leaders who rely on them for technical advice.</p> <p>The Interim Monitoring Officer advised Cabinet that this was about ensuring proper governance and that only Combined Authority members and officers of the Combined Authority are entitled by legislation to speak at the meeting. However, he noted that the Chair has discretion to allow other individuals, including Chief Executives, to speak during the meeting. The Constitution clearly sets out the Cabinet membership that it legally entitled</p>

to take part in the meetings. That membership of Cabinet consists of the leaders of the local authorities and the Mayor of the Combined Authority.

The Chair advised Cabinet that it's important to note the point given the process that the Combined Authority is going through, and that members are aware of the legislation, but takes on board the points raised.

Mayor Cooke welcomed the new reporting approach, but noted the importance of accurately reflecting engagement. He raised an example in relation to the Q2 Finance report in which two further points had been added to the paper after it was presented at pre-Cabinet. Mayor Cooke said that in his view reports that state they have been considered at pre-Cabinet, must be the same papers presented at pre-cabinet. Otherwise, he said, what was considered at the pre-Cabinet meeting could be left open to misinterpretation.

The Interim Monitoring Officer thanked Mayor Cooke for his feedback and confirmed that the points raised will be taken on board. He added that this was the first attempt at the new process and advised that the process will continue to be refined and improved. He said the intent is that by the time of the Annual General Meeting, there will be a clear working process that all leaders and all constituent authorities would be happy with.

The TVCA Chief Executive said he agreed with Mayor Cooke's comments, but noted that some amends in the papers had come following discussions that took place in the pre-cabinet meetings and workshops, to ensure the papers reflect these discussions.

Cllr Evans raised concerns around the lateness of papers, and noted although there is a Cabinet pre-agenda, it is difficult to make decisions as leaders when they do not receive papers on time. As leaders they need to have the information at hand, before making decisions as they are not experts and heavily rely on the officers to give information and advice. However, she noted, if the papers are late, it becomes difficult to get the necessary information to scrutinise and ask questions on the reports, and a thorough process needed to be put in place.

In response, the Interim Monitoring Officer noted that the statutory papers went out on deadline. He noted however that the ongoing work around forward planning should help to address Cllr Evan's concerns moving forward.

	<p>Cllr Hargreaves welcomed the progress made and emphasised the importance of a broader engagement beyond Leaders within the local authorities, including portfolio holders and policy chairs as this fosters a shared understanding and involvement in decision making.</p> <p>Mayor Cooke queried the formatting of the action plan and requested a clearer identification of actions. It was noted that each item should have an identifying number or a phrase which would separate the items as numerous items are linked by the same themes. He recommended a change that would see items which are not hitting deadlines, being reported back to Cabinet for formal change to inform members along with a new deadline date. This would then allow better tracking of items. It was also noted that it would be useful to have a summary table of the actions to show how many are on track and how many are delayed.</p> <p>The Director of Operations acknowledged the feedback and explained that there is work ongoing to produce a dashboard to give a summary of the position of actions, and as there are 47 actions in the action plan, some actions have had to be prioritised over others.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <p>A. <b>NOTE:</b> progress on the Organisational Improvement Action Plan</p>
<p>TVCA 56/25</p>	<p><b>INDEPENDENT ADVISORY BOARD UPDATE</b></p> <p>Cabinet received a report which provided an update from the Chair of the Independent Advisory Board.</p> <p>Cabinet were invited to:-</p> <p>A. <b>CONSIDER</b> the progress update from the Chair of the Independent Advisory Board.</p> <p>The Chair of the Board attended Cabinet to present the report and noted that he sees good progress being made.</p> <p>It was noted that all Combined Authorities have difficult issues to deal with and although there will always be issues that have to be worked on, there needs to be sufficient sound, robust and established governance as well as a financial plan to match. Therefore, if the Combined Authority delivers what is in the improvement plan, and at the moment is on target to do so, then</p>

the Board would be supportive of the BVN being lifted. He added that the decision would remain with the Department however.

The Chair of the Board noted that at the recent Independent Advisory Board (IAB) meeting, there were discussions around the misalignment of the understanding of the terms and conditions when grants, loans or other transactions have been agreed with development corporations. He explained that Jo Moore, Interim Director of Finance and Resources had undertaken a thorough piece of work understanding potential liabilities. He noted that many of the issues were now in the past and stressed the importance going forward of how robust decisions are made. If there are any grants, undertakings or guarantees taken in that time, he said it was important to see robust discussions to understand the implications and liabilities and that everyone is aligned and how this works through the scheme of delegation and Cabinet.

It was noted that overall good progress is being made and the Combined Authority is on track to demonstrate to MHCLG it is normal and will do what normal organisations do and can deal with the issues that arise because of governance and capabilities are in place to deal with them.

The Cabinet Chair thanked the Chair of the Board for the update and noted that there are still lots of progress to make over the coming months to put TVCA in the best position and appreciated the feedback.

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

Cllr Evans thanked the Chair of the Board for the comprehensive report and noted that, as a relatively new Leader, she sees that TVCA has come a long way and that she has regular meetings with the Mayor and Chief Executive which she said was a good sign. It was noted that there is a lot of positives but there is a still work to be done.

Cllr Brown queried the use of the word 'normal' and the fact that there is over £500m worth of loans and queried what the Chair of the Board meant by 'normal'.

In response, Chair of the Board, Rob Whiteman, noted that a good authority would already have in place a complete understanding of how the liabilities would be dealt with in the medium-term because the terms of repayment and extra business rates would lead to the ability to generate income. He said the timelines for that would be agreed and deliverable at inception. Whereas TVCA has a clear misalignment where some things are in the budget, but not in other people's budget, and it will take longer for the

business rate to be built up, than the model that was made at inception. Therefore, a 'normal' authority was described as already having those clear at inception of the transaction.

Cllr Harker queried whether there are any particular areas where the Chair of the Board felt there remained a risk in terms of not reaching that normality that the Combined Authority needs to demonstrate going forward. In response, the Chair of the Board said he was interested to see progress on how engagement works and how engagement is embedded into decision making.

The Chair of the Board said he wanted to see an understanding that engagement is routine, and that it is built into feedback and the way decisions are made. He said this was in the plan.

Mayor Cooke queried the progress and noted that there have only been three actions completed in total and queried what the Chair of the Board was using to base his analysis on. In response the Chair of the Board explained that he hoped his language had been balanced in that that progress had been made, but there is more to do.

The Chair of the Board explained to Cabinet members that it is not the job of the Improvement Board to 'keep a grip' on the Combined Authority but to advise on whether they see the Combined Authority 'keeping a grip' on itself. It was noted that it is the IAB' role to say whether or not they think there'll be sufficient grip in the way that they operate as a Combined Authority, including the work of the Cabinet.

Mayor Cooke noted that it is not a case that leaders are not fully briefed correctly on papers, but more a question of timing and availability of information, as he cannot expect his officers at a moment's notice to have slots of time available to go through additional information which was not included in the pre-Cabinet process. It was recommended that there needs to be a more robust process to ensure all the papers are complete at the time of release or as close to as they can be, and then briefings can happen. The Chair of the Board thanked Mayor Cooke for the feedback and explained that papers are needed in advance in order to have a system where decision makers feel they've got the information in advance to be briefed on it between their own staff and TVCA staff.

The Cabinet Chair explained that there is a process with leaders to ensure they understand and are comfortable with the full process. It was noted that Jodie Townsend is undertaking a review of what the process should look like.

	<p>The TVCA Chief Executive noted that there are Officer groups who meet and spend a lot of time debating, discussing and shaping Cabinet reports, and it's important that Cabinet are aware of these groups who understand what they do and, in a sense, own it. These groups are about giving Cabinet exactly what they need in order to make decisions, and there seems to be a disconnect that Cabinet don't see or fully reflect all of the discussions that happen at an officer level. Therefore, it was noted that there is a need to ensure the informal governance framework supports Cabinet.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <p>A. <b>NOTE:</b> The progress update from the Chair of the Independent Advisory Board.</p>
<p>TVCA 57/25</p>	<p><b>QUARTER 2 FORECAST REVENUE &amp; CAPITAL OUTTURN 2025/26 AND CAPITAL PROGRAMME 2025/26-2028/29</b></p> <p>Cabinet received a report which provided 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).</p> <p>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.</p> <p>Cabinet were invited to:-</p> <p>A. <b>NOTE</b> the Q2 revenue forecast of a net deficit of £0.955m for year ending 31 March 2026.</p> <p>B. <b>NOTE</b> the actions being taken to enable the Authority to achieve a balanced budget.</p> <p>C. <b>NOTE</b> the proposed use of the Devolution Fund reserve to fund any overspend for 2025/26 should the overspend not be reduced.</p> <p>D. <b>APPROVE</b> the proposed changes to the 2025/26 revenue budget.</p> <p>E. <b>APPROVE</b> the transfer of £8.178m to earmarked reserves.</p> <p>F. <b>NOTE</b> the forecast revenue reserves of £36.357m as at the end of March 2026.</p> <p>G. <b>NOTE</b> the key financial risks for 2025/26.</p>

- 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.

The Interim Director of Finance & Resources provided Cabinet members with an overview of the report. She advised that finance is on an improvement journey and she is aware of some of the issues that need to be resolved. There is reference in the report that some of the issues that need to be resolved will be reported in Q3. For example, the capital monitoring which was discussed at the budget workshop, and there is now a person dedicated to help with the capital programme for transport, but there is still work to improve on.

In terms of revenue, it was noted that there is still further work that needs to be done, in making sure that the overhead costs and the support services are appropriately charged to the grants that they serve. For instance, if there are finance officers working on a transport grant, the transport grant will have eligibility in the grant T&Cs for those costs to be met from that transport grant as an administration cost. Therefore, there will be a piece of work to make sure that the right mechanism is in place to recharge properly. It was noted that not all the grants will have the same T&Cs, some of them you will be able to do a 10% top slice, and others would have to be a specific calculation.

Cabinet were advised that in this report that there is now a specific section on risks, which will now be a standard part of the report. There are some inherent risks in that section and there are some risks which may not come to fruition. It was noted that by Q3 it should be the absolute solid forecast out turn for the year.

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

Cllr Brown queried why on section 3.7 the external legal fees are shown as a variant/ pressure. In response it was noted that this is about TVCA spending a significant sum of money on external legal advice and the Interim Monitoring Officer only started in August and a lot of spend was incurred up until August. The Interim Monitoring Officer noted that one of the key jobs he has been tasked with is reducing the external legal spend. It has been found to date that by bringing in the right type of resources within

	<p>the team that they don't need to go out for that planned external legal costs. It was advised that his understanding is that expenditure on external legal resources has significantly reduced due to the result of bringing in the lower cost resources within the team.</p> <p>Mayor Cooke queried whether the risks section should be at the end of the report and for it to be a consideration at the end alongside the financial and legal implications, so it remains consistent for all reports. It was also noted that he is much happier with how the reports are being presented and it is a lot clearer.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <ul style="list-style-type: none"> <li>A. <b>NOTE</b> the Q2 revenue forecast of a net deficit of £0.955m for year ending 31 March 2026.</li> <li>B. <b>NOTE</b> the actions being taken to enable the Authority to achieve a balanced budget.</li> <li>C. <b>NOTE</b> the proposed use of the Devolution Fund reserve to fund any overspend for 2025/26 should the overspend not be reduced.</li> <li>D. <b>APPROVE</b> the proposed changes to the 2025/26 revenue budget.</li> <li>E. <b>APPROVE</b> the transfer of £8.178m to earmarked reserves.</li> <li>F. <b>NOTE</b> the forecast revenue reserves of £36.357m as at the end of March 2026.</li> <li>G. <b>NOTE</b> the key financial risks for 2025/26.</li> <li>H. <b>APPROVE</b> the proposed change to the 2025/26 Capital budget.</li> <li>I. <b>NOTE</b> the Q2 forecast gross capital expenditure of £239.523m for financial year to 31 March 2026 in line with the proposed (Q2) capital Budget;</li> <li>J. <b>NOTE</b> the Capital Reserves forecast of £105.115m by the end of March 2026.</li> </ul>
<p>TVCA 58/25</p>	<p><b>TREASURY MANAGEMENT MID-YEAR REVIEW 2025/26</b></p> <p>Cabinet members received a report which 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.</p> <p>Cabinet were invited to:-</p> <ul style="list-style-type: none"> <li>A. <b>NOTE</b> 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.</li> </ul>

	<p>B. <b>NOTE</b> that none of the prudential indicators or approved limits have been or, are forecast to be, breached in 2025/26.</p> <p>The Interim Director of Finance &amp; Resources provided Cabinet members with an overview of the report. She advised that the under-borrowing position has reduced significantly and this has been established through some in depth work with treasury advisors. There was some element of allowing for that in the budgets, and the extra borrowing of £140m has had to be borrowed and is set out in the report. It was noted that there have been lots of improvements happening with the cash flow forecasting, and the drawdowns will be monitored.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>Cllr Brown noted that there were discussions at the informal Cabinet workshops around the potential liabilities or substantial borrowing of the Mayoral Development Corporations and whether it would fall back onto the Local Authorities and asked whether there was any further clarification on this. The Interim Monitoring Officer noted that constituent councils do not carry direct financial liability for a Combined Authority. The combined authority is a distinct corporate body established under the Local Democracy, Economic Development Construction Act 2009, and it operates independently of its constituent council, so that liability isn't there. In regard to a Mayoral Development Corporation (MDC), where an MDC under a Combined Authority runs a deficit or it fails to balance its budget, again the financial liability would not fall back on the consentient authorities.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <p>A. <b>NOTE</b> 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.</p> <p>B. <b>NOTE</b> that none of the prudential indicators or approved limits have been or, are forecast to be, breached in 2025/26.</p>
<p>TVCA 59/25</p>	<p><b>TRANSPORT INVESTMENT PROGRAMME UPDATE</b></p> <p>Cabinet members received a report which provided an update regarding the transport investment programme. The report sets out:</p>

- 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.

Cabinet members were recommended to:-

### Transport Capital Investment Programme:

- 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.
- AGREES** to seek authorisation from the Department for Transport (DfT) / Ministry of Housing, Communities and Local Government (MHCLG) to revise the Levelling Anything is possible 2 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.
- 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.

### Transport Revenue Investment Programme

- 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. <b>AGREES</b> 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> <p>F. <b>EITHER AGREES</b> 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:</p> <ul style="list-style-type: none"> <li>• the fares,</li> <li>• the pre-booking period, and</li> <li>• limiting usage so that users cannot book a journey that can be made on a commercial or supported service.</li> </ul> <p><b>OR ALTERNATIVELY AGREES</b> 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:</p> <ul style="list-style-type: none"> <li>• ROUTE A – an hourly service linking Elwick and Dalton Piercy with Hartlepool Sixth Form and Hartlepool Town Centre</li> <li>• ROUTE B – an hourly service linking Stillington, Whitton, Carlton, Redmarshall, Great Stainton to North Tees Hospital / Roseworth Tesco and Stockton High Street.</li> </ul> <p>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.</p> <p>The Head of Transport, TVCA advised Cabinet members that there are two parts of the report, the first which relates to the Capital Investment Programme and in particular the Middlesbrough Station undercroft which is a project which has been in construction, and there has been a significant amount of capital in bringing it forward and creating new business units within that.</p> <p>It was noted that the second part of the report is on the revenue Investment Programme and it relates to the Bus Service Improvement Plan (BSIP). The</p>
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funding has been confirmed, and a recent announcement confirmed just under £26m over a 3-year period, therefore just over £8.6m per annum.

The Head of Transport, TVCA informed Cabinet members that Tees Flex is currently contracted until the end of March, and Cabinet needs to make a decision on moving forward with Tees Flex, as per the recommendations in the report which includes different options. Option 1 is to continue Tees Flex using £4.65m of that BSIP allocation to continue as it is, but there are ways to reduce the cost and amending the operational model such as the fares and pre booking period. Another option is for Tees Flex to be discontinued, and there is an option within this for proposals for two new fixed routes to look at the gaps in provision.

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

Mayor Cooke noted that the Marton scheme is potentially going to be replaced with a Greenway scheme which is less disruptive to road users and queried whether there is a reason why this hasn't managed to be in this paper. In Response, the Head of Transport noted that the aim is for it to be on the report for the March Cabinet, and there will be an informal discussion around all of the programmes to take this forward.

Cllr Hargreaves noted that she was disappointed that there wasn't a clear steer from the Transport Committee about a preferred option as that would've been helpful. In terms of the options that would be right for Hartlepool, it was noted that she thought it would be best for the Tees Flex to be ceased and for the fixed routes to be approved. She noted it would be better value for money and there could be options to explore other additional routes.

Cllr Harker noted that there was a general view on the Transport Committee that in terms of the cost of Tees Flex and the service it delivers was questionable whether it was achieving best value for money. It was noted that there are roughly 63% booking requests, and only 36% of the time does a bus have more than one person on it and half the time there is nobody on it. Therefore, he explained it is difficult to see how the service can be argued as best value. It was noted that he was supported of the discontinuation of the Tees Flex and this would clear up some money which could be used to do other potential fixed services. He noted further work is required to understand the Tees Flex data but also to find out information of where there are gaps and to provide extensions or fixed routes across the Tees Valley.

Mayor Cooke noted that the Tees Valley is working towards a more sustainable public transport system, but the Tees Flex costs a pound a kilometre while empty, and this is difficult to be justified.

The Chair noted that the Tees Flex is a good model, but it can be better and there are significant improvements which can be made. He noted that he was happy to agree to recommendation F to continue the provision of the Tees Flex for the period of April 2026 to March 2029.

Cllr Hargreaves, Cllr Harker and Mayor Cooke disagreed with the Chair to approve recommendation F to continue the provision of the Tees Flex for a further three years. Therefore, the alternative option was agreed that Tees Flex would be discontinued and the two new fixed route services would be implemented.

**RESOLVED** that Cabinet:-

**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 Anything is possible 2 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.
- C. **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.

**Transport Revenue Investment Programme**

- D. **AGREES** to allocate £0.96m of Bus Service Improvement Plan (BSIP) Revenue funding (subject to confirmation) to continue the current

	<p>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> <p>E. <b>AGREES</b> 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> <p>F. <b>AGREES</b> that the current Tees Flex service will be discontinued from 31 March 2026 when the contract comes to an end. Furthermore, agrees 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 requires an allocation of £0.44m from the BSIP Revenue funding to provide two new fixed route services:</p> <ul style="list-style-type: none"> <li>• ROUTE A – an hourly service linking Elwick and Dalton Piercy with Hartlepool Sixth Form and Hartlepool Town Centre</li> <li>• ROUTE B – an hourly service linking Stillington, Whitton, Carlton, Redmarshall, Great Stainton to North Tees Hospital / Roseworth Tesco and Stockton High Street.</li> </ul> <p>In agreeing to the 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.</p>
<p>TVCA 60/25</p>	<p><b>ADULT SKILLS FUND</b></p> <p>Cabinet were provided with a report detailing the process that has been undertaken with key stakeholders and sets out the recommended approach including:</p> <ol style="list-style-type: none"> <li>a) A refreshed Strategic Skills Commissioning Plan.</li> <li>b) Investment priorities for Adult Skills provision and clear outcome measures.</li> <li>c) A proposal to secure high-quality delivery organisations best placed to meet skills priorities.</li> <li>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.</li> </ol>

Cabinet members were 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.

Cllr Evans informed Cabinet that this is one of the most collaborative pieces of work that she has been involved with, and as a Cabinet member she is very happy with this report. It was noted that it has taken a substantial amount of time. There have been numerous workshops held at the Skills Academy, in which every local authority has been invited to put the most relevant officer forward that has voting rights that could make decisions. Also included in the workshops was DWP, health, further education colleges and Teesside university. Therefore, showing it has been a massive collaborative piece work, and it was noted that although in some sessions not everybody always agreed on things, everyone came to unanimous decision.

Jacqui Banks, Business Solutions Manager, TVCA informed Cabinet that a lot of work has gone into shaping adult skills from the next academic year. The report summarises a shift to a more transformational process and having a strategic relationship with local authorities and colleges to ensure skills provision for adults going forward is better aligned to the needs of local employers. Also, a much more targeted place base approach to address those challenges across the Tees Valley, in particular adults who don't have any qualifications and are the furthest away from the labour market.

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

Cllr Brown raised concerns around how collaborative the process has been and queried the need to retain the continuity of the funding going through the Local Authorities and raised concerns on if you go out to tender, it could

be a third party that gets it. In response, Jacqui Banks clarified that the proposal is that the Local Authorities and colleges are taken out of any future procurement process and grant funded directly. The agreement of that funding allocation would be alongside the adult skills programme for investment at a local authority level. The proposal is to move away from the current process in which all the providers have to go through a procurement process and would be grant funded directly and the basis will be over a 3-year period which will be subject to the affordability as the allocations are on an annual basis. It was noted that the 2026/27 allocations will be based on the 2025/26 allocations from grant funded providers.

Brian Archer noted that he supports the proposals on page 5 of the report but raised concerns about learning for inclusion going out to procurement because of the local expertise and existing relationships that the Local Authorities have. In response, Jacqui Banks clarified that the learning for inclusion programme as it is now has been reprioritised to what is now going to be called the raising for aspirations programme. It was noted that it would not be going out to procurement, it would be grant funded to the Local Authorities on a targeted place-based approach. Currently the learning for inclusion is ring fenced to Local Authorities, and that ring fence for raising for aspirations has been removed, but it is recognised that the Local Authorities are best placed to strategically plan and deliver the raising for aspirations programme going forward in partnership with the relevant delivery organisations.

Cllr Harker noted that there seems to be a misunderstanding and whether there is concern. It was noted that he is not a technical expert on education and there is confusion about what is being proposed and decided on.

The Chair noted that he has looked at the process and all Local Authorities for an extended period of time have been greatly involved in this process, and it would therefore be unfair on the cabinet portfolio leader and officers at the TVCA to frame it as leaders have not been engaged on this process.

Cllr Evans explained that any misunderstanding/miscommunication on the process is due to arrangements within the Local Authorities. During the process it was asked that Local Authorities put the most appropriate person forward and for all the partners to get the right people around the table because they are the decision makers. It was noted that she can't take responsibility as a Cabinet member if the right people who were asked to be put around the table weren't there.

The Interim Director of Business Solutions advised Cabinet that they are proposing that all the adult skills funding is commissioned in two separate

ways. One is that where it's a Tees Valley provider that meets the requirements, which covers all of the colleges, Local Authorities and the University. Those will no longer be expected to bid through a procurement process; they will work on a strategic plan collaboratively and that will be a 3-year strategic plan. The strategic plan will be agreed by working with Cabinet, and that will be the start of ongoing conversations. The purpose of the strategic plan is that it will have a framework of the types of provision which needs to be delivered, and it will be down to the providers to have the flexibility to respond to need. It was noted that Cabinet is asked to approve the approach in the meeting today, but in March it will consider the approval of the actual financial allocations.

Cllr Hargreaves noted that this process is much more inclusive and lots of different people have been engaged in the strategy. She explained it is a more favourable way of working for lots of different partners, and the reassurance of officers given publicly that local authorities won't be in a worse position is enough for her to support this and vote for it.

Cllr Brown noted that he feels that he has not been fully briefed on this to feel comfortable voting on it and asked whether this could be deferred.

The chair queried officers on what is the consequences of a deferment? In response, the Interim Director of Business Solutions noted that the consequence of the deferment is that they can't start the strategic planning process and won't be able to make the allocations in March and there would be a delay to grant funding to Local Authorities.

Cllr Brown therefore withdrew his request to defer this.

**RESOLVED** that Cabinet:-

- 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.

	<p>Cllr Evans, Cllr Brown and Brian Archer left the meeting after this decision was taken at 12pm, and it was noted that the meeting is still quorate.</p>
<p>TVCA 61/25</p>	<p><b>TEES VALLEY INVESTMENT ZONE: DETAILED DEVELOPMENT AND DELIVERY APPROACH</b></p> <p>Cabinet members were presented a report providing an update 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.</p> <p>Cabinet members were recommended to:-</p> <ul style="list-style-type: none"> <li>A. <b>ENDORSE</b> the proposed Vision, Missions and Principles which will guide and underpin the design and delivery of the Investment Zone.</li> <li>B. <b>ENDORSE</b> the proposed delivery approach, including: the development of the business support model; the capital review and the resource plan.</li> </ul> <p>Charlie Kemp, Interim Head of Business Solutions provided Cabinet members with an overview of the report.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>Cllr Hargreaves noted the need to have the second-tier engagement, which includes more than the Business Board, such as the portfolio leaders to be involved and also the next level in terms of officers and members. Making sure that everyone is pushing into the right direction. In particular the Middlesbrough and Hartlepool areas in which a lot of the investment will go to and noted how beneficial it would be.</p> <p>The Chair queried the terminology in report as it was recommended for Cabinet to endorse rather than approve. The Interim Monitoring Officer noted that this should be approve rather than endorse, and this would be changed to reflect this.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <ul style="list-style-type: none"> <li>A. <b>APPROVE</b> the proposed Vision, Missions and Principles which will guide and underpin the design and delivery of the Investment Zone.</li> <li>B. <b>APPROVE</b> the proposed delivery approach, including: the development of the business support model; the capital review and the resource plan.</li> </ul>

TVCA 62/25	<p><b>SENIOR OFFICER APPOINTMENTS</b></p> <p><b>Sarah Walker left the meeting room at this point of the meeting.</b></p> <p>Cabinet received a report to seek Cabinet approval for two senior officer appointments.</p> <p>Specifically, the report addresses:</p> <ul style="list-style-type: none"><li>• 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.</li></ul> <p>Cabinet members were recommended to:-</p> <p>A. <b><u>APPROVE</u></b> the appointment of Jonathan Spruce to the position of Director of Infrastructure.</p> <p>B. <b><u>APPROVE</u></b> the appointment of Sarah Walker to the position of Director of Business Solutions.</p> <p>The TVCA Chief Executive noted that there was an external and rigorous process that involved colleagues around the table and that he was pleased with the two proposed candidates as they are both strong and will add to the senior leadership team at the Combined Authority.</p> <p>The Chair thanked all the officers, panellists and stakeholders that were involved in all the panels, and in particular Cllr Harker who volunteered work on the infrastructure appointment, but also helping with the Business Solutions appointment and his help was very much appreciated.</p> <p>Cabinet members were given the opportunity to comment or ask questions; none were received.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <p>A. <b><u>APPROVE</u></b> the appointment of Jonathan Spruce to the position of Director of Infrastructure.</p> <p>B. <b><u>APPROVE</u></b> the appointment of Sarah Walker to the position of Director of Business Solutions.</p> <p><b>Sarah Walker rejoined the meeting once the decision had been made.</b></p>
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<p>TVCA 63/25</p>	<p><b>INDEPENDENT REMUNERATION PANEL</b></p> <p>Cabinet members were provided a report to seek approval for the establishment of an Independent Remuneration Panel (IRP) to undertake a detailed review into allowances at Tees Valley Combined Authority.</p> <p>Cabinet members were recommended to:-</p> <ul style="list-style-type: none"> <li>A. <b>ESTABLISH</b> an Independent Remuneration Panel as detailed in section 3 of this report.</li> <li>B. <b>APPROVE</b> the scope of the review for the Independent Remuneration Panel as detailed in section 4 of this report.</li> <li>C. <b>APPROVE</b> 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.</li> </ul> <p>The Interim Monitoring Officer provided Cabinet members with an overview of the report. It was noted that Cabinet was to decide on whether the Chair of the IRP would be within the panel membership provided by the constituent authorities or the Chair position to be an independent expert separately recruited. His advice was to take the Chair from within the panel membership, and Cabinet were happy to agree this.</p> <p>Cabinet members were given the opportunity to comment or ask questions; none were received.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <ul style="list-style-type: none"> <li>A. <b>ESTABLISH</b> an Independent Remuneration Panel as detailed in section 3 of this report.</li> <li>B. <b>APPROVE</b> the scope of the review for the Independent Remuneration Panel as detailed in section 4 of this report.</li> <li>C. <b>APPROVE</b> 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.</li> </ul>
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<p>TVCA 64/25</p>	<p><b>ASSURANCE FRAMEWORK</b></p> <p>Cabinet were provided a report which 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 development a Single Assurance Framework (SAF) and seeks endorsement of design principles that will inform its development.</p> <p>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.</p> <p>It is a mandatory requirement under the English Devolution Accountability Framework and supports compliance with HM Treasury standards for risk management and control.</p> <p>Cabinet members were recommended to:-</p> <ul style="list-style-type: none"> <li>A. <b>ENDORSE</b> the approach to create a Single Assurance Framework.</li> <li>B. <b>ENDORSE</b> the design principles for the development of a Single Assurance Framework set out in paragraph 3.20.</li> </ul> <p>The Interim Monitoring Officer provided Cabinet members with an overview of the report.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>The Chair noted the terminology of the recommendations should be changed to approve rather than endorse.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <ul style="list-style-type: none"> <li>A. <b>APPROVE</b> the approach to create a Single Assurance Framework.</li> <li>B. <b>APPROVE</b> the design principles for the development of a Single Assurance Framework set out in paragraph 3.20.</li> </ul>
<p>TVCA 65/25</p>	<p><b>CONSTITUTION</b></p>

Cabinet were provided a report which set out a number of proposed amendments and additions to the Combined Authority Constitution for Cabinet consideration and approval.

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.

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

Cabinet members were recommended to:-

- A. **APPROVE** Article 1: Decision-Making attached at Appendix A.
- B. **APPROVE** 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.

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

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

Mayor Cooke noted that on page 256 it refers to the WMCA in unreasonable conduct rather than TVCA. The Interim Monitoring Officer noted that he would pick that error up. It was explained that this error has been made because TVCA has developed it alongside WMCA, they have already adopted their constitution, and it has been a joint effort and utilised Helen Edwards expertise who is on the IAB.

**RESOLVED** that Cabinet:-

- A. **APPROVE** Article 1: Decision-Making attached at Appendix A.
- B. **APPROVE** in principle the Public Code of Conduct attached at Appendix B, subject to review by the Audit & Governance

	<p>Committee, with a report back to Cabinet in January 2026 to confirm any feedback.</p>
<p>TVCA 66/25</p>	<p><b>GOVERNANCE AND APPOINTMENTS</b></p> <p><b>Matthew Ord left the meeting room at this point of the meeting.</b></p> <p>Cabinet received a report which sought approval for a number of appointments.</p> <p>Cabinet members were recommended to:-</p> <ul style="list-style-type: none"> <li>A. <b><u>NOTE</u></b> the appointment to Cabinet as detailed in paragraphs 4.1 to 4.3.</li> <li>B. <b><u>APPROVE</u></b> the appointment to the Overview and Scrutiny Committee as detailed in paragraphs 5.1 to 5.4.</li> <li>C. <b><u>RATIFY</u></b> the appointment to the Transport Committee as detailed in paragraphs 6.1 to 6.4.</li> <li>D. <b><u>APPROVE</u></b> the appointment of Matthew Ord as detailed in paragraphs 7.1 to 7.4 to the position of Tees Valley Business Board Chair.</li> </ul> <p>The Interim Monitoring Officer provided Cabinet members with an overview of the report.</p> <p>Cabinet members were given the opportunity to comment or ask questions; none were received.</p> <p><b>RESOLVED</b> that Cabinet:-</p> <ul style="list-style-type: none"> <li>A. <b><u>NOTE</u></b> the appointment to Cabinet as detailed in paragraphs 4.1 to 4.3.</li> <li>B. <b><u>APPROVE</u></b> the appointment to the Overview and Scrutiny Committee as detailed in paragraphs 5.1 to 5.4.</li> <li>C. <b><u>RATIFY</u></b> the appointment to the Transport Committee as detailed in paragraphs 6.1 to 6.4.</li> <li>D. <b><u>APPROVE</u></b> the appointment of Matthew Ord as detailed in paragraphs 7.1 to 7.4 to the position of Tees Valley Business Board Chair.</li> </ul> <p><b>Matthew Ord rejoined the meeting once the decision had been made.</b></p>
<p>TVCA 67/25</p>	<p><b>DELEGATED OR URGENT DECISIONS</b></p>

	<p>Cabinet were provided a report which detailed all the Delegated Decisions made since Cabinet last met on 26<sup>th</sup> September 2025.</p> <p>The Interim Monitoring Officer provided Cabinet members with an overview of the report.</p> <p>Cabinet members were given the opportunity to comment or ask questions.</p> <p>Mayor Cooke noted that there is a discrepancy between when there is an authority holder or Mayor signing the forms and queried whether there will there be a standard format in which it will be in consultation with Cabinet or portfolio leader to make it consistent. In response the Interim Monitoring Officer noted that this will be picked up in the new decision note process that's coming out as part of the Government review and the new publication scheme.</p> <p><b>RESOLVED</b> that Cabinet noted the Delegated Decisions made since Cabinet on 26<sup>th</sup> September 2025</p>
	<p><b>DATE AND TIME OF FUTURE MEETINGS</b></p> <ul style="list-style-type: none"> <li>• Friday, 30<sup>th</sup> January 2026 at 10:00am</li> </ul> <p>The Chair thanked all in attendance.</p>

## Cabinet

Tees Valley Combined Authority

Date	30 January 2026	
Agenda Item	5	
Report Title	<b>Appointment of interim Monitoring Officer and update on recruitment process for permanent Chief Legal &amp; Monitoring Officer and Finance &amp; Resources Director</b>	
Accountable Cabinet Member	<b>Ben Houchen, Tees Valley Mayor</b> Chair of Cabinet	
Accountable Chief Officer	<b>Tom Bryant</b> Chief Executive	
Accountable Employee	<b>Tom Bryant</b> Chief Executive  <b>Clare Winter</b> Assistant Director People & Operations	
Report considered by	Pre-Cabinet process  The draft report was circulated on 12 January 2026 and discussed with statutory officers from the constituent local authorities on 14 January 2026 and informal Cabinet on the 16 January 2026.	
Key Decision	Yes	No <b>X</b> This item has been determined to not be a key decision in accordance with the Constitution.
Public Report	Yes <b>X</b>	No The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.  Appendix 1 to this report is not for publication by virtue of paragraphs 1 (Information relating to an individual) and 2 (Information which is likely to reveal the identity of an individual) of Schedule 12A of the Local Government Act 1972.

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 Ms Jeanette McGarry as interim Monitoring Officer for a period of up to six months.
B	Note the process for the recruitment of the permanent Chief Legal & Monitoring Officer and Finance and Resources Director.

<b>Purpose</b>	
1	The purpose of this report is to firstly seek Cabinet approval for the appointment of a new interim Monitoring Officer in accordance with the Constitution and the legislative requirements around this statutory role.
1.1	The report also provides Cabinet with an update on the process for the recruitment of the permanent Chief Legal & Monitoring Officer and Finance and Resources Director. There will be a future report to Cabinet seeking approval for the appointment of the proposed candidates following conclusion of the recruitment process.
<b>Executive Summary</b>	
2	The report firstly sets out a proposal to ensure that robust interim arrangements remain in place, including the appointment of Ms Jeanette McGarry as interim Monitoring Officer and the retention of Mr Jodie Townsend in a consultancy role. This will result in increased capacity to continue to implement the governance improvement work at pace and ensure continuity. This interim proposal will be cost neutral when compared with the previous interim arrangement. Ms Jo Moore is continuing in her role as interim Group Director of Finance & Resources.
2.1	Furthermore, it provides an update on the process to recruit both the permanent Chief Legal & Monitoring Officer and Finance & Resources Director as agreed by Cabinet on the 25 July 2025. The transition to permanency is vitally important and the robust permanent recruitment process detailed in the report has been designed to ensure that we seek to attract the best possible candidates and have a rigorous assessment process.
2.2	Both the interim proposal and permanent recruitment process are critical in terms of continuing the improvement around governance and finance in response to the Best Value Notice and statutory letter from the external auditor (EY).
<b>Detail</b>	
3	<b><u>Appointment of Interim Monitoring Officer</u></b>
3.1	Mr Jodie Townsend has decided to step down from his role as interim Monitoring Officer. Mr Townsend was appointed to this interim position by Cabinet on 25 July 2025 and has successfully fulfilled the role for the past 6 months. During this time, he has provided leadership on governance improvement work and acted diligently as interim Monitoring Officer.
3.2	It is proposed that Mr Townsend continues to support the organisation in a call-off consultancy capacity, focussing on key governance improvement workstreams. This will include the ongoing development of the Single Assurance Framework and a

	comprehensive review of the Constitution, as previously discussed with Cabinet. Mr Townsend’s extensive expertise in Combined Authority governance will also remain available for specialist advice as required.
3.3	There is therefore a need for Cabinet to appoint a new interim Monitoring Officer to cover the period through to the appointment of the permanent Chief Legal & Monitoring Officer. Officers have engaged with several recruitment agencies, including Tile Hill, Solace in Business and Gatenby Sanderson, to review the interim market.
3.4	Following this engagement, Ms Jeanette McGarry, is proposed as the new interim Monitoring Officer for up to six months. Jeanette has held multiple senior leadership roles in local government over many years and has fulfilled the Monitoring Officer role at several local authorities. She has extensive experience in governance, transformation and culture change and a strong track record of delivery. The CV and references for Ms Jeanette McGarry are included in <b>Appendix 1</b> .
3.5	The appointment of Ms Jeanette McGarry as the new interim Monitoring Officer, coupled with the retention of Mr Jodie Townsend in a call-off consultancy role will result in increased capacity to continue to implement the governance improvement work. It will also ensure continuity, knowledge transfer and a smooth transition to the new interim Monitoring Officer.
3.6	It is proposed that the interim Monitoring Officer appointment be made for a period of up to 6 months, to cover the timeframe until a permanent appointee can commence in post. The Chief Executive has made clear that the interim appointment is required to regularly work from the TVCA office, and this requirement will be explicitly set out as a condition of the contract.
3.7	In terms of management arrangements, the proposed interim Monitoring Officer will head up the Governance Team, whilst Ms Victoria Pescod will continue to head up the Legal Team and act as Deputy Monitoring Officer.
3.8	Ms Jo Moore will continue in her role as interim Group Director of Finance & Resources.
	<b><u>Update on recruitment process for permanent Chief Legal &amp; Monitoring Officer and Finance and Resources Director</u></b>
3.9	The process for recruitment of the permanent Chief Legal & Monitoring Officer and Finance and Resources Director started the week commencing 19 January 2026, following informal engagement with Cabinet on the 16 January 2025.
3.10	Tile Hill has been appointed, through a procurement process, to support TVCA ensure a targeted recruitment campaign and robust assessment process. The process is consistent with that undertaken for recent senior level appointments.

3.11 There is an extensive external campaign underway, with marketing through external channels and promotion via TVCA social media, website and LinkedIn.

3.12 The high-level timeframe for the recruitment process is set out below:

<b>Recruitment process</b>	
Campaign Launch	Week commencing 19 January 2026
Closing Date	Sunday 15 February 2026
Preliminary interviews	Week commencing 23 February 2026 (Director of Finance & Resources). Week commencing 2 March 2026 (Chief Legal & Monitoring Officer).
Final Panel Day	Tuesday 17 March 2026 (Director of Finance & Resources). Friday 27 March 2026 (Chief Legal & Monitoring Officer).
Report to Cabinet	TBC

3.13 The representation on the different panels for each role is set out in the table below:

<b>Finance &amp; Resources Director</b>	
Appointment Panel	Tees Valley Mayor, Chief Executive of TVCA, TVCA Cabinet Portfolio Holder for Finance and Constituent Local Authority Chief Executive.
Stakeholder Panel	Chair of TVCA Audit & Governance Committee, Chair of TVCA Overview & Scrutiny Committee and Independent Advisory Board Member.
Internal Panel	TVCA Director, TVCA Assistant Director People & Operations, Chief Executive South Tees Development Corporation & Constituent Local Authority Finance Director.
<b>Chief Legal and Monitoring Officer</b>	
Appointment Panel	Tees Valley Mayor, Chief Executive of TVCA, TVCA Cabinet Member & Constituent Local Authority Chief Executive.
Stakeholder Panel	Chair of TVCA Audit & Governance Committee, Chair of TVCA Overview & Scrutiny Committee and Independent Advisory Board Member.
Internal Panel	TVCA Director, TVCA Assistant Director People & Operations, Chief Executive South Tees Development Corporation & Constituent Local Authority Monitoring Officer.

3.14 The appointment panels will make recommendations to Cabinet on the proposed candidates for appointment to both roles.

3.15 The Director of Finance and Resources is an existing Director role, reporting to the Chief Executive, with a salary of £133,234.00.

3.16	<p>The Chief Legal and Monitoring Officer role salary was £102,081.00 and reported into the Director of Finance and Resources. However, the Chief Executive under a Head of Paid Service delegation set out in the Constitution, has made two changes to this role:</p> <ul style="list-style-type: none"> <li>• Firstly, the Chief Legal and Monitoring Officer will report directly to the Chief Executive. This is considered important in terms of ensuring that the role is an integral part of the Senior Leadership Team.</li> <li>• Secondly, following a job evaluation exercise in accordance with the Local Government Association (LGA) Chief Officer Job Evaluation Scheme, the Chief Executive has taken the decision to re-grade the salary to £120,000. This is to reflect a salary commensurate with the responsibilities and requirements of the role, as well as seeking to attract the right calibre of candidate, with the required expertise and experience. Furthermore, a market benchmarking exercise was undertaken in collaboration with Tile Hill. <b>Appendix 2</b> provides a summary of the market benchmarking data, which demonstrates the new salary is appropriate and competitive in the market (note this has been sourced from publicly available information and so there may have been changes since this data was published).</li> </ul>
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**Background**

4	<p>Tees Valley Combined Authority (TVCA) is legally required to appoint the following statutory officers:</p> <ul style="list-style-type: none"> <li>• Monitoring Officer – responsible for monitoring the lawfulness of TVCA’s actions under section 5 of the Local Government and Housing Act 1989.</li> <li>• Section 73 Chief Finance Officer – responsible for administering TVCA’s financial affairs in accordance with Section 73 of the Local Government Act 1985.</li> </ul>
4.1	<p>On the 25 July 2025 Cabinet approved the appointments of Ms Jo Moore as interim Group Director of Finance &amp; Resources and Mr Townsend as Interim Monitoring Officer, both for a period of up to twelve months.</p>
4.2	<p>At the 25 July 2025 Cabinet meeting, it was resolved that: <i>“A permanent recruitment process will commence in early 2026 and the process will be developed collaboratively with Cabinet”.</i></p>
4.3	<p>In terms of the proposed interim Monitoring Officer appointment, the alternative options that have been considered and discounted are:</p>
4.4	<p><u>Designate internal officer as the interim Monitoring Officer</u>  This option was discounted as there is not sufficient capacity at a senior level to fulfil this role. There is considered to be a need to appoint an experienced interim Monitoring Officer to complement the existing Head of Legal postholder who is currently acting as Deputy Monitoring Officer.</p> <p><u>Designate constituent Local Authority officer as the interim Monitoring Officer</u></p>

4.5	This option was not pursued, as whilst the constituent Local Authorities have officers with the requisite experience and skillset, it is not felt that they would have the capacity to jointly undertake this role on behalf of the Combined Authority and their respective authority. It is felt that an interim Monitoring Officer focussing solely on TVCA is required.
<b>Partnership &amp; Engagement</b>	
5	The report has been discussed with local authority Chief Executives, Finance Directors and Monitoring Officers on 14 January 2026 and informally with Cabinet on the 16 January 2026.
5.1	The Independent Advisory Board and the Ministry of Housing, Communities & Local Government (MHCLG) Local Government Stewardship & Interventions Team have both been made aware of the proposals.
<b>Appendices</b>	
6	<b>Appendix 1</b> – CV and references for Ms Jeanette McGarry (not for publication)
6.1	<b>Appendix 2</b> – Summary of the market benchmarking data for the Chief Legal & Monitoring Officer role

Cabinet is requested to consider the following identified implications:

### Financial Implications

7	<u>Interim proposal</u> The salary for the re-graded Chief Legal & Monitoring Officer post is £120,000, which is subject to employers' national insurance and pension on costs, with a total cost of £157,170.
7.1	The proposed interim Monitoring Officer candidate has a day rate of £950, which is an all-inclusive rate. There is no upfront recruitment agency fee to be paid.
7.2	TVCA would only pay for the days worked and would not be liable for holiday pay, sick pay, pension contributions or National Insurance contributions. The total estimated cost for six months is £102,600 (£17,100 per month), based on five days per week, as set out in the table below. It should be noted that this is based on assumptions around the number of potential holiday/sick days.

<b>Six month estimated cost interim Monitoring Officer</b>	
<b>Item</b>	<b>Cost</b>

<b>Item</b>	<b>Cost</b>
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Estimated number of days to be worked 108.	108 x £950 = £102,600
<ul style="list-style-type: none"> <li>• Based on 253 working days in 2026</li> <li>• Minus 28 days estimated holiday (legal holiday entitlement)</li> <li>• Minus 9 days estimated sickness (LGA report average sick days of 8.8 per year)</li> <li>• Reduced to six-months</li> </ul>	
<b>Total</b>	<b>£102,600</b>

7.3 This represents a saving on the cost of the current interim Monitoring Officer. The report to Cabinet on the 25 July 2025 provided a twelve-month estimated cost for the incumbent interim Monitoring Officer of £291,600 (£24,300 per month). Expenditure for the period since appointment until the 31 December 2025 was £123,525, which equates to a monthly cost of £24,705. This demonstrates that the estimate provided to Cabinet was robust. The estimated cost saving on the new interim Monitoring Officer appointment, when compared to the cost of the current interim, is therefore estimated at £45,630 over six months.

7.4 As highlighted earlier in the report, the proposal is to retain Mr Jodie Townsend in a call-off consultancy role to continue to support with the governance improvement work. This cost will be accommodated within the estimated £45,630 saving on the interim Monitoring Officer role. Therefore, the new interim proposal will be cost neutral when compared with the previous interim arrangement.

7.5 These costs are being managed within the 2025/26 budget.

7.6 Permanent posts  
Both the Chief Legal & Monitoring Officer and the Director of Finance & Resources are existing posts. The costs of the posts, including the re-grade of the Chief Legal & Monitoring Officer, are built into the draft 2026/27 budget.

## Legal Implications

8 The TVCA Constitution includes a delegation to the Head of Paid Service (HPS2): *“To engage officers on behalf of the Combined Authority in order to coordinate and carry out its functions”*. This delegation has been used by the Chief Executive to re-grade the Chief Legal & Monitoring Officer role.

8.1 The TVCA Constitution also states in paragraph 119 that Cabinet shall appoint as senior officers of the Combined Authority a Monitoring Officer, a Group Director of Finance and Resources and other Directors as necessary. This report seeks approval

8.2	<p>to appoint an interim Monitoring Officer, and a further report will be brought to Cabinet seeking approval for the permanent appointments following the conclusion of the recruitment process.</p> <p>The Mayoral Development Corporation Constitutions (South Tees, Hartlepool and Middlesbrough) state that the roles of the Director of Finance &amp; Resources and Monitoring Officer of the Development Corporations are discharged by the Director of Finance and Resources and Chief Legal &amp; Monitoring Officer for TVCA respectively.</p>				
<p><b>Equality &amp; Diversity Implications</b></p>					
9	<p>The recommendations in this report do not directly impact on groups of people with protected characteristics.</p>				
9.1	<p>The proposed interim appointment detailed in this report is based on their skill set, experience and suitability for the role.</p>				
9.2	<p>The process to appoint permanent appointments for both roles is being undertaken in accordance with the Equality Act 2010.</p>				
<p><b>Other Significant Implications</b> (Tick other implications provided and provide detail in box below)</p>					
Risk	X	Assurance Framework		Procurement	
Improvement	X	Environment		HR & IT	X
10	<p><u>Risk</u></p> <p>The proposal to appoint a new interim Monitoring Officer could represent a risk to ensuring continuation of the governance improvement work, knowledge transfer and a smooth transition from the current interim postholder. However, this risk is mitigated by the following points:</p> <ul style="list-style-type: none"> <li>• The interim proposal increases capacity to continue to implement the governance improvement work.</li> <li>• A robust transition plan has been developed to ensure a seamless handover of Monitoring Officer responsibilities.</li> <li>• The proposed new interim Monitoring Officer appointment is an experienced senior leader who has fulfilled the Monitoring Officer role in several local authorities.</li> <li>• The process to appoint a permanent Monitoring Officer is now underway, which is fundamental to long-term organisational resilience.</li> </ul>				
10.1	<p>In terms of recruiting the permanent Chief Legal &amp; Monitoring Officer and Director of Finance &amp; Resources, it is a challenging market nationally and so there is a risk of</p>				

being able to attract candidates of the required calibre. This risk is being mitigated through the appointment of Tile Hill to support the recruitment process who are supporting with a targeted campaign to proactively identify and engage with potential candidates. The roles are also graded at a level that means they are competitive in the market, when compared to benchmarked comparator authorities.

## Improvement

10.2 The proposals in this report are critical in terms of continuing the improvement around governance and finance in response to both the Best Value Notice and statutory letter from the external auditor (EY). It is felt that the proposed interim proposal will ensure that the governance improvement work can continue at pace. The robust permanent recruitment process detailed in the report has been designed to ensure that we seek to attract the best possible candidates and have a rigorous assessment process.

## HR

10.3 The Head of HR has supported the proposals in this report and will be actively involved in the permanent recruitment process, ensuring that it is undertaken in accordance with policy and legislation.

<b>Appendix 2</b> – Summary of the market benchmarking data for the Chief Legal & Monitoring Officer role (note this has been sourced from publicly available information and so there may have been changes since this data was published).		
North East Combined Authority	Assistant Director for Legal and Governance (and Monitoring officer)	£103,286 to £113,286 per annum, including market supplement
West Midlands Combined Authority	Director of Law and Governance (MO)	£128,000
West of England Combined Authority	Director of Legal Services (MO)	£100,000 - £120,000
Cambridge and Peterborough Combined Authority	Director of Legal and Governance (MO)	£102,146 to £122,001
Liverpool City Region Combined Authority	Chief Legal Officer and Monitoring Officer	£98,369 to £104,501
Greater Manchester Combined Authority	Solicitor and Monitoring Officer	Up to £140k
South Yorkshire Combined Authority	Director of Law and Governance (MO)	c.£100,0000
West Yorkshire Combined Authority	Monitoring Officer	£85,001 to £90,000
East Midlands Combined Authority	Director of Law, Governance & Compliance and Monitoring Officer	£105,000 to £120,000
York & North Yorkshire Combined Authority	Head of Legal & Governance (MO)	£79,858
Darlington Borough Council	Assistant Director Law & Governance	£102,652
Hartlepool Borough Council	Director of Legal, Governance & HR	£105,000 - £109,999
Middlesbrough Council	Monitoring Officer	£115,978
Stockton Borough Council	Director of Corporate Services	£139,333
Redcar & Cleveland Borough Council	Governance Director	£119,635

## Cabinet

Tees Valley Combined Authority

Date	30 January 2026		
Agenda Item	6		
Report Title	Appointment Of New Chair – Hartlepool Development Corporation		
Accountable Cabinet Member	<b>Ben Houchen, Tees Valley Mayor</b> Chair of Cabinet		
Accountable Chief Officer	Beverley Bearne Chief Operating Officer HDC		
Accountable Employee	Beverley Bearne Chief Operating Officer HDC		
Report considered by	The draft report was circulated on 12 January 2026 and discussed with statutory officers from the constituent local authorities on 14 January 2026 and informal Cabinet on the 16 January 2026.		
Key Decision	Yes	No <b>X</b>	This item has been determined to not be a key decision in accordance with the Constitution
Public Report	Yes <b>X</b>	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	This item is for Cabinet to note and does not require a decision.		

### Recommendation(s)

The Combined Authority Cabinet is recommended to:

A

Note that, in accordance with the statutory powers conferred under the Local Democracy, Economic Development and Construction Act 2009, the Localism Act 2011, and supporting Orders, the Mayor has concluded Mr. Mark Robinson's term as Chair of Hartlepool Development Corporation and appointed Cllr Pamela Hargreaves in his stead.

<b>Purpose</b>	
1	The purpose of this report is to inform Cabinet that, the decision has been made to bring Mark Robinson's term as Chair of the Hartlepool Development Corporation (HDC) to a close and appoint Councillor Pamela Hargreaves, Leader of Hartlepool Borough Council, as the new Chair.
<b>Executive Summary</b>	
2	This report informs Cabinet that, in exercise of the powers vested in the Mayor, the decision has been made to bring Mark Robinson's term as Chair of the Hartlepool Development Corporation (HDC) to a close and appoint Councillor Pamela Hargreaves, Leader of Hartlepool Borough Council, as the new Chair. The decision has been captured in a decision record in accordance with the Constitution.
<b>Detail</b>	
<b>3</b>	<b><u>Appointment Of New Chair – Hartlepool Development Corporation</u></b>
3.1	Under the statutory framework governing Mayoral Development Corporations (MDCs), the Mayor holds the exclusive authority for appointing and concluding appointments of Chairs and board members of MDCs situated within the Combined Authority's area. This authority is derived from Section 107D(2) of the Local Democracy, Economic Development and Construction Act 2009, in conjunction with the Localism Act 2011 and the Tees Valley Combined Authority (Functions) Order 2017.
3.2	Approval of previous HDC appointments (including Mark Robinson in June 2025) was undertaken in line with this statutory framework. Councillor Pamela Hargreaves was shortlisted and interviewed as part of the Chair recruitment process in 2025 and was considered appointable by the interview panel. This demonstrates her suitability and preparedness for the role.
3.3	The Mayor has exercised his power under the 2009 Act (as referenced above) to conclude Mark Robinson's term as Chair of HDC. The Mayor wishes to place on record his thanks for his contribution to the development and delivery of regeneration priorities in Hartlepool.
3.4	The Mayor believes that the direction of the organisation and the nature of the projects now coming forward require a different focus. In particular, it is increasingly important that the Chair is someone who is based locally and present in Hartlepool on a day-to-day basis, to drive progress at pace, provide close oversight of major upcoming schemes, and navigate the current financial position facing the Corporation alongside the local Council who are a key partner to help regenerate the town.

3.5	Councillor Pamela Hargreaves, Leader of Hartlepool Borough Council, has been appointed Chair of the Hartlepool Development Corporation, effective immediately. This decision has been made in light of the Hartlepool Development Corporation moving to its next phase to implement the strategic priorities locally. This appointment fully complies with the statutory criteria: she is an elected member representing Hartlepool and brings relevant leadership experience.
3.6	Cabinet is requested to note the Mayor's actions under his legal powers as set out above.
3.7	In line with established governance protocol, Hartlepool Development Corporation will be formally briefed on the change, and the Hartlepool Development Corporation's Constitution will be updated at the next scheduled review to reflect the updated Chair and Vice Chair requirements.

## Partnership & Engagement

4	The report has been discussed with local authority Chief Executives, Finance Directors and Monitoring Officers and informally with Cabinet on the 16 January 2025.
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## Appendices

N/A

Cabinet is requested to consider the following identified implications:

### Financial Implications

5	There are no financial implications arising as a result of this report.
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### Legal Implications

6	Section 107D(2) of the Local Democracy, Economic Development and Construction Act 2009, in conjunction with the Localism Act 2011 and the Tees Valley Combined Authority (Functions) Order 2017, the statutory framework, ensures that Chairs of MDCs within the Tees Valley area are appointed and their terms concluded by the Mayor, who is accountable for the economic and regeneration outcomes of these corporations.
6.1	This is a Mayoral decision and is being reported to Cabinet to formally note, for the purposes of transparency.

### Equality & Diversity Implications

7	This report does not impact on any of the groups of people with protected characteristics.				
<b>Other Significant Implications – not applicable</b>					
(Tick other implications provided and provide detail in box below)					
Risk		Assurance Framework		Procurement	
Improvement		Environment		HR & IT	

## Cabinet

Tees Valley Combined Authority

Date	30 January 2026
Agenda Item	7
Report Title	<b>Draft Capital &amp; Revenue Budgets 2026/27, Updated MTFP and Capital Programme 2026/27-2029/30</b>
Accountable Cabinet Member	Mayor Chris Cooke, Portfolio Holder for Inward Investment and Finance
Accountable Chief Officer	Jo Moore, Interim Group Director of Finance & Resources
Accountable Employee	Andrew Baldwin, Chief Accountant
Report Considered by	Pre-Cabinet process (A draft version of the report was circulated on 13 January 2026 and discussed with statutory officers from the constituent local authorities on 14 January 2026 and informal Cabinet on the 16 January 2026)
Key Decision	Yes  This is a key decision in accordance with the Constitution.
Public Report	Yes
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.

## Recommendations

The Combined Authority Cabinet is recommended to:

A	Approve the draft Budget for Mayoral Functions for 2026/27 for consultation
B	Approve the proposed Concessionary Fares budget of £14.834m for 2026/27
C	Approve the draft Combined Authority Revenue Budget for 2026/27 for consultation
D	Approve the proposed consultation plan set out at Appendix 2
E	Approve the updated Medium Term Financial Plan 2026/27 to 2029/30
F	Note the draft Capital Budget for 2026/27 and revised capital programme to 2029/30
G	Approve the transfers to/from reserves as set out in Table 17
H	Note the forecast revenue reserves on 31 March 2027
I	Note the forecast capital reserves on 31 March 2027
J	Note the key financial risks for the MTFP period
K	Note that the S73 Officer's S25 Statement will be included with the final budget proposals

## Purpose

1. This report presents the draft revenue budget for the Mayoral General Functions for 2026/27 and proposed consultation plan for approval.
2. As the Transport Authority for the region, Tees Valley Combined Authority (TVCA) Cabinet is asked to approve the proposed Concessionary Fares charge for 2026/27 to enable constituent local authorities to include those amounts within their final budgets for the forthcoming financial year.
3. The draft revenue budget for the Combined Authority for 2026/27 is also presented to Cabinet together with a revised Medium Term Financial Plan (MTFP) covering the period to 2029/30.
4. Key assumptions and risks in setting the final budgets for the forthcoming financial year and future years are also highlighted, as well as any outstanding matters relating to uncertainties at the draft budget stage.

5. Cabinet is also presented with the revised three-year Capital Programme to 2029/30 for approval, together with the Authority's proposed Capital Budget for 2026/27.
6. This report also presents the forecast usable revenue and capital reserves as of 31 March 2027 incorporating the financial implications of the proposed draft revenue and capital budget impacts.

## **EXECUTIVE SUMMARY**

7. As set out in the TVCA Constitution and required by law, a draft budget for the Mayoral Functions, for the purposes of consultation, must be presented by 1 February each year, for the following financial year. For 2026/27, the Tees Valley Mayor is not proposing a precept and therefore the draft budget set out in this report comprises merely the Mayoral Office budget.
8. In addition, each year a draft budget must also be separately proposed for the Combined Authority for the following financial year. The accounting for this must comply with local authority accounting principles and relevant codes. This report therefore proposes the TVCA General Fund Revenue Budget for 2026/27.
9. Under local authority accounting rules, the Combined Authority is required by law to set a balanced revenue budget for the forthcoming financial year and the draft budget proposed for 2026/27 complies with this requirement.
10. The proposed budget includes a planned drawdown of £2.497m from the Authority's earmarked reserves. This drawdown represents the use of unspent, ringfenced grant funds from previous years.
11. This report sets out the latest assumptions and estimates underpinning the budget proposals for consideration and Cabinet should consider whether those assumptions are reasonable in approving the draft budget.
12. Cabinet is also being presented with the proposed consultation plan which is a legal requirement in respect of the Mayoral General Functions where a precept is being levied. Whilst this is not the case for the draft budget proposed for 2026/27, in accordance with the Constitution, the Authority wishes to adopt good practice in terms of consulting on the draft budget proposals.

13. To underpin its financial sustainability, the Authority is also required to consider the financial forecasts for following years and approve a Medium-Term Financial Plan (MTFP). This report presents the updated Medium Term Financial Plan covering the period to 2029/30. Cabinet should note that the MTFS currently assumes that a balanced budget can be set for each of the MTFS financial years.
14. As highlighted in the Reserves section of this report, TVCA is forecast to have usable revenue reserves of £38.924m at 31 March 2027. Of these, £11.111m is earmarked and ringfenced for specific purposes, leaving £27.823m of non-ringfenced reserves available. In addition, the Authority's General Fund is currently forecast to remain at £1.058m which is the balance maintained for 2025/26.
15. It should be noted that the final budget presented to Cabinet on 20 March 2026 will be accompanied by a Capital Strategy, Treasury Management Strategy (incorporating an updated Minimum Revenue Provision Policy) and a new Reserves Policy.
16. This reserves policy will recommend to Cabinet minimum levels of General Fund reserves to be maintained over the Medium-Term Financial Plan to enable the Authority to manage the financial risks it is facing over the MTFP period. The report will also consider how any increase will be funded.
17. This report presents the proposed Capital Budget for 2026/27 and latest Capital Programme to 2029/30. However, Cabinet should note that the proposals are currently based on the revised capital programme as presented to Cabinet in the Quarter 2 budget monitoring report pending the finalisation of the Capital Strategy.
18. The revised capital programme for the MTFP period incorporates capital investment within the Investment Plan refresh approved by Cabinet in March 2025. The TVCA Constitution requires proposals for allocation of resources available to the Combined Authority to be set out in an Investment Plan, to be adopted annually and amended as necessary through unanimous agreement by Cabinet. This is not a legal requirement.
19. The Capital Strategy is a legal requirement and sets out the Authority's strategic approach to capital investment over the MTFP period.
20. The forecast capital reserves at 31 March 2027 are forecast to be £75.262m and represent Capital Grants received to-date, ringfenced for capital purposes.

21. Based on the latest capital programme, the Authority's capital financing requirement (CFR) - underlying need to borrow - is forecast to be £616.357m at the end of March 2027 which is a decrease of (£4.259m) from the forecast closing position at 31 March 2026. This decrease is due to the application of the Minimum Revenue Provision (MRP) provided for in the revenue budget which reduces the CFR. Currently, there is no further requirement for additional borrowing by TVCA to fund the latest capital programme and, therefore, the CFR will continue to reduce.
22. Against this underlying need to borrow, the Authority's opening externally borrowed position is forecast to be £529.177m, rising to £554.764m at 31 March 2027.
23. This gives rise to £22.630m of interest payable for 2026/27 based on an average interest rate of 4.16% and £7.888m of Minimum Revenue Provision (based on the current policy which may be updated for the final budget in March). This represents an increase in MRP of £0.910m from the 2025/26 position.
24. TVCA was previously successful in securing a substantial loan (£111m) from the UK Infrastructure Bank (UKIB) at a very competitive rate of 1.99%. This represented a competitive interest rate during a period when interest rates were at a low level. Since securing this UKIB loan, interest rates have risen significantly and the rates available in the current market are significantly higher and future borrowing rates are forecast to be above the previously noted average interest rate of 4.16%.
25. Of the total CFR of £616.357m, £549.015m relates to borrowing undertaken by the Authority to on-lend to third parties. At 1 April 2026 £541.015m will have been advanced to third parties and this is forecast to increase to £549.015m by 31 March 2027.
26. The draft revenue budget proposals for 2026/27 include £20.678m of interest receivable from third parties for loans advanced. This has increased by £8.615m. from the 2025/26 position due to the unwinding of the one-year interest policy applied in on-lending to the South Tees Development Corporation (STDC). In the draft revenue budget proposed, it is assumed that interest due from STDC of £14.251m will be incorporated into the STDC revenue budget as interest payable.
27. The interest receivable budget now includes interest receivable from the loans made to Teesside International Airport Limited (TIAL) which had not been included in previous

budget proposals. However, a corresponding bad debt provision expenditure budget has been included to offset the same amount of interest receivable income due from TIAL. This is to ensure that the Authority is adopting a prudent approach to its budget setting.

28. This report also presents to Cabinet the key assumptions underpinning the budget proposals including any estimates for inflation, pay awards and any other known increases or decreases in expenditure or income.
29. The draft budget proposals assume that the £15m Devolution Funding and the Mayoral Capacity Funding will remain at £1.5m as announced in the Provisional Local Government Settlement on 19 December 2025.
30. Cabinet is also presented with the key financial risks that the Authority is facing over the medium term. A key consideration is the principle of whether the Authority is required to provide financial support to the Mayoral Development Corporations, should the need arise, given that they receive no separate central government or third-party funding. This matter has been considered by the Authority's Monitoring Officer in consultation with MHCLG and external legal advice with the conclusion that the Combined Authority has no legal obligation to provide financial support to a Mayoral Development Corporation.
31. The draft budget as proposed does not currently include any provision for financial support to any of the Mayoral Development Corporations. The provision of any financial support to a Mayoral Development Corporation would be a Cabinet decision. This will be a consideration in relation to the Hartlepool Development Corporation and will be discussed further with Cabinet ahead of the final budget report in March.
32. The report also includes reference to those matters which still require resolution for the final budget.

## **BACKGROUND**

33. As set out in the Tees Valley Combined Authority (TVCA) Constitution, the TVCA Chief Executive and Group Director of Finance and Resources shall prepare a draft Budget for the Combined Authority, consistent with statutory requirements and principles of sound financial management. The draft Budget shall also be presented in the context of the agreed Investment Plan.

34. In accordance with the statutory requirements, the draft budget shall separate non-Investment Plan expenditure into proposed expenditure on the Mayor's General Functions and proposed expenditure on Combined Authority Functions. The Mayor has the power to levy a precept to deliver Mayoral functions.
35. The draft Mayoral budget must be presented to Cabinet for consideration and approval for the purposes of consultation by 1 February each year. The Combined Authority must meet to consider the Mayor's proposed draft Budget before 8 February in each year.
36. Combined Authorities are intended to have the statutory power to levy for their transport functions. Unlike some Combined Authorities, the Tees Valley Combined Authority is not responsible for operating transport services. There is therefore no current need to exercise this power and therefore a levy is not proposed for 2026/27.
37. However, TVCA does administer concessionary fares on behalf of the local authorities and Cabinet is required to approve the proposed concessionary fares budget for the following financial year to enable these authorities to incorporate those amounts in their budgets for the following financial year.
38. The Combined Authority is required to follow local authority accounting rules in setting its annual budgets with the overarching requirement to set a balanced budget for the forthcoming financial year. The final budget will also include the S73 Officer's statement on the robustness of the budget estimates and the adequacy of reserves.
39. To accompany the proposed revenue and capital budgets and the Medium-Term Financial Plan (MTFP), the Authority is required to approve other supporting strategies.
40. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 included a new requirement for local authorities to produce a Capital Strategy to demonstrate that capital expenditure and investment decisions are taken in line with strategic objectives and take account of stewardship, value for money, prudence, sustainability and affordability. A Capital Strategy will therefore be presented as part of the final budget proposals.

41. The Local Government Act 2003 requires Councils to have regard to the CIPFA Prudential Code on Treasury Management (the Code). Not only is there a requirement for an Authority to set a balanced revenue budget but also a capital programme that is prudent, affordable and sustainable. Underpinning this is the requirement to have sufficient funds available at the appropriate time to meet those requirements. It is the remit of the Treasury Management function to ensure this happens.
42. The CIPFA Treasury Management Code 2021 requires the Authority to approve a Treasury Management Strategy annually and this will be presented to Cabinet for approval in March. This will include the Minimum Revenue Provision Policy which sets out the Authority's approach to setting aside amounts within its revenue budgets to repay debt over the long term.
43. It is good practice for Cabinet to also approve a Reserves Policy annually which sets out the Authority's approach to maintaining reserves to manage financial risks over the medium term.

## CONTEXT

44. The work of Combined Authorities is funded through devolved monies from central government (Mayoral Investment Fund) or by revenues raised directly. Established Mayoral Strategic Authorities are eligible to receive an integrated settlement. TVCA is not currently an Established Mayoral Strategic Authority.
45. Combined Authorities receive a baseline level of devolution funding which is fixed for a 30-year period although the level of funding differs between authorities. These amounts are subject to five-yearly reviews by government to assess the impact that the devolved funds have had on local and regional economic development and growth. Under its devolution agreement, TVCA currently receives £15m annually.
46. Mayoral Capacity Funding is to support Strategic Authorities' staffing and administrative costs, and central corporate functions. The government will deliver Mayoral Capacity Funding through the Local Government Finance Settlement to all eligible existing Strategic Authorities. The government has published draft figures for 2026-27 and final figures will be confirmed in early 2026 as part of the final Local Government Finance Settlement following the provisional consultation period. The

TVCA provisional allocation for 2026/27 is £1,679,720.10 which comprises £1.5m Mayoral Capacity grant and the continuation of the Employers National Insurance Grant of £0.179m.

47. Beyond the known 30-year devolution funding and the Mayoral Capacity Funding, it is difficult to forecast what additional funding may be available to combined authorities. As the nature of combined authority work is underpinned by strategic investment in the region, significant grants accessible tend to be capital funding although there are often revenue elements to accompany the capital funding. Separate revenue grants for specific government priorities may also be available to access.
48. The revenue and capital grants included within the proposed draft budget for 2026/27 are set out in the relevant section of this report.
49. At the Autumn Budget, the Government announced its intention to strengthen the Business Rates Retention system to better support Mayoral Strategic Authorities in driving local growth.
50. A new offer will allow Mayoral Strategic Authorities to propose a Business Rates Retention zone that can help unlock investment and growth in the area and Mayors are invited to co-develop an offer for their area. The broad criteria are:
  - **Size:** A single, contiguous site no more than 300 hectares, with a clear boundary.
  - **Developable land:** The site should have scope for development and exclude major existing ratepaying hereditaments (e.g., airports).
  - **Connectivity & link to interventions:** Zones should be well connected or have credible plans for connectivity, linked to significant interventions such as transport investment or major commercial developments.
  - **Alignment with Government growth priorities:** Proposals should align with Local Growth Plans and national priorities such as the Industrial Strategy or Northern Corridor.
  - **Confidence in projected growth:** Authorities must evidence credible growth projections backed by commercial interest and robust modelling.
  - **Credible investment plan:** A clear plan for how the zone will enable investment, including sustainable borrowing strategies.
  - **Strong local leadership:** Zones should reflect the principles of devolution, with formal agreements between Mayoral Strategic Authorities and Local Authorities on reinvestment of retained rates.

51. The Government has proposed the new offer to Mayoral Strategic Authorities on business rates retention to support Mayors more consistently in driving growth. Options being considered include allocating Mayoral Strategic Authorities a direct share of business rates to build on Local Growth Plans, allowing more tax to be spent where it is raised and providing Mayors with a share of regional growth. The Government will engage with Mayoral Strategic Authorities in the New Year to co-develop a new offer.

## **MEDIUM TERM FINANCIAL PLAN**

52. The Medium-Term Financial Plan (MTFP) sets out the Authority's high-level approach to financial planning and the management of its financial resources to underpin its continued financial sustainability. This also ensures that financial resources are aligned with the Authority's Strategic plans and therefore should be considered in line with the Investment Plan.
53. The MTFP should highlight all matters affecting its financial position and sustainability over the medium term as well as consider strategic objectives and constraints in finances which may impact on decision making.
54. Annual budgets, by definition, are short-term in nature and so the MTFP provides financial forecasts over the medium term but the further out these forecasts project, the greater the uncertainty with the financial estimates due to the number of factors which are beyond the Authority's direct control.
55. Due to the inherent risk and uncertainty, the Authority's financial strategy should also include sensitivity analysis whereby the impact of changes to the key variables e.g. funding is assessed. This scenario testing allows Cabinet to consider the financial impact of different scenarios. This will be provided for in the final budget.
56. Table 1 below presents TVCA's proposed 2026/27 revenue budget and Revenue MTFP.

### **Table 1 – TVCA and Mayoral MTFP 2026/27 to 2029/30**

Budget 2025/26	Directorates	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30
£'000		£'000	£'000	£'000	£'000
(1,228)	Mayoral costs	466	478	490	503
(1,228)	<b>Mayoral General Functions</b>	466	478	490	503
731	Chief Executive	1,355	1,391	1,427	1,465
1,668	Legal and Governance	2,348	1,995	2,043	2,093
112	Infrastructure	1,287	1,370	1,456	1,544
2,189	Operations	3,165	2,498	2,561	2,625
(406)	Finance and Resources	234	(100)	(67)	(33)
11,006	Business Solutions	3,010	2,732	2,805	2,881
1,479	Inward Investment and Marketing	1,375	1,393	1,412	1,431
-	Support Services Recharged to Grant Delivery	(6,342)	(6,532)	(6,663)	(6,796)
16,779	<b>Directorates Total</b>	6,432	4,747	4,974	5,210
	<b>Central Expenses</b>				
610	TVCA Property Overhead Costs	822	822	822	822
19,518	Interest Payable	25,851	25,935	25,648	25,648
(1,750)	Interest Receivable Treasury Management	(1,500)	(1,500)	(1,500)	(1,500)
(12,063)	Interest Receivable (Lending)	(20,678)	(21,422)	(22,080)	(22,997)
-	Contribution to Bad and Doubtful Debt	6,189	6,475	6,734	7,048
6,978	MRP	7,892	8,464	8,792	9,128
(392)	Investment Properties (Net Return)	(445)	(444)	(443)	(441)
-	Net Lease Wrap Income	(1,028)	(1,028)	(1,028)	(1,028)
		-	-	-	-
12,901	<b>Net Central Expense Costs</b>	17,103	17,302	16,945	16,680
(179)	Emp NI Grant	(179)	(179)	(179)	(179)
(15,000)	Devolution Funding	(15,000)	(15,000)	(15,000)	(15,000)
(1,500)	Mayoral capacity	(1,500)	(1,500)	(1,500)	(1,500)
(16,679)	<b>Total Core Funding</b>	(16,679)	(16,679)	(16,679)	(16,679)
(5,999)	Enterprise Zone Business rates	(8,899)	(6,239)	(6,489)	(6,748)
(5,999)	Enterprise Zone Business rates Total	(8,899)	(6,239)	(6,489)	(6,748)
5,772	<b>Net Expenditure</b>	(1,577)	(391)	(759)	(1,034)
(5,772)	Contribution from Reserves	(2,497)	(2,497)	(2,497)	(2,497)
-	Contribution To Reserves	4,077	2,888	3,256	3,531
-	<b>Net Expenditure after Contribution to/(from) Reserves</b>	-	-	-	-

57. The details provided for the Directorates in the table above are net of the 'central support recharge' that attributes costs associated with supporting delivery of both revenue and capital programmes. **Appendix 1** provides a more detailed breakdown of

Directorates including the gross expenditure, specific grant and other income and recharges associated with the delivery of the Directorate activities.

58. For the purposes of the draft budget and MTFP, grant expenditure is budgeted at the grant income amount level. Eligible revenue costs associated with the delivery of grant activity (e.g. finance, legal, procurement and HR costs) are allocated indirectly to grant activity via a new central services recharge mechanism (CSR). This mechanism has been discussed and agreed with the relevant Directors responsible to ensure compliance with the grant terms and conditions.
59. Within the Operations, Legal and Governance, and Finance directorates there are additional one-off 'transformation' budgets allocated in 2026/27 of £750k, £400k and £368k respectively (total £1.518m). This is a one-off budget allocation to support systems development and to fund interim additional agency staff as TVCA progresses through the transformation and improvement programme.
60. As can be seen from the MTFP table above, after the initial increase from 2025/26 to 2026/27 (see revenue budget section below), interest payable remains stable over the remainder of the MTFP period. This is because borrowing being undertaken on an annuity basis (which results in reducing revenue interest cost over the period of the loan) and those loans taken out on a maturity interest have interest elements static over the period of the loan.

### **Enterprise Zone Business Rates Income**

61. The budget has increased by c£2.9m for 2026/27. However, as can be seen from the MTFP table, this is a one-off increase due to the inclusion in the draft budget of an estimate of back-dated business rates that will be due to the Authority.

### **MTFP Assumptions and Estimates**

62. As explained above, TVCA currently only has certainty over its £15m annual devolution fund monies and Mayoral Capacity Funding (currently £1.5m) now confirmed in the provisional Local Government Settlement announced on 19 December 2025. The draft MTFP above assumes that these funding streams continue, and at their 2026/27 rates over the MTFP period.
63. However, TVCA's expenditure increases every year for inflationary items such as the pay award and contract indexation with other expenditure such as Employers' NI and Employers' pension contributions also potentially increasing. The following are the expenditure assumptions that have been included in the MTFP.

**Table 2: MTFP Assumptions**

Budget Area	Assumption
Pay Award	3%
Employed Staff	Budgeted on actual 2026/27 incremental point
Establishment Vacancies	Budgeted on highest Incremental point within grade
Contract Price Inflation	Where known at 2026/27 rate, otherwise 3% Inflation (Insurance 5%)
Employers NI Contribution	2025/26 contribution rate
Employers Pension Contribution	2025/26 contribution rate
Borrowing Costs	Budgeted on borrowing full CFR (not actual borrowing undertaken to date)
Borrowing Interest Rates	4.8% based on Treasury advice, with an additional 0.25% prudently included to mitigate inability to achieve the anticipated borrowing rate for future loans (i.e. up to 5.1%)
Transformation costs	Inclusion of one-off (2026/27) transformation costs of c£1.519m
New Grants	Grant income fully funds grant-related expenditure including central services recharge
Capital central services recharge	Capital central services recharge (revenue Income) budgeted at 80% of potential identified
Externally Funded Budget Growth	No new directorate budget growth after 2026/27

### Minimum Revenue Provision

64. Minimum Revenue Provision (MRP) is the amount set aside to repay debt on capital expenditure. For TVCA, this is calculated using an annuity-based, asset-life approach with the provision commencing the financial year after the associated asset is brought into use.
65. Under an annuity calculation, the total annual charge for a loan (comprising both interest and principal repayment) remains constant over the life of the arrangement. However, as the arrangement period progresses, the composition of that constant payment changes with the proportion relating to principal increasing, while the proportion relating to interest decreases.
66. As MRP is derived from the principal element of the annuity calculation, the MRP charge will rise each year over the life of the asset. This increase is offset by a corresponding reduction in the interest charge, ensuring that the overall annual cost remains consistent. This is why the MRP charge is increasing over the MTFP period.

## Net return on Investment Properties

67. TVCA maintains several investment properties. While the investment in these properties is primarily driven by economic regeneration objectives, for reporting purposes these initiatives are reported separately to increase the transparency over the net cost or return associated with achieving the regeneration objectives striven for.
68. The two Investment properties that TVCA operate are the 6 Centre Square complex and the Zetland Car Park. In 2026/27 it is anticipated that these operations will generate a net income of £360k. The net position is dependent on occupancy/usage of these facilities. An informed prudent but realistic approach has been adopted in forecasting anticipated income in future years.

## DRAFT MAYORAL GENERAL FUNCTIONS BUDGET 2026/27

69. All Mayoral General Function Costs are funded from the annual central government Mayoral Capacity Fund grant. The Mayor does not currently levy a precept on Tees Valley resident local taxpayers and therefore the draft budget proposed in the table below only includes the running costs of the Mayor's office including recharges for support services.

**Table 3: Mayoral Office Budget 2026/27**

Budget 2025/26 £'000	MAYOR Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
263	Employees	452	464	476	489
-	Premises	-	-	-	-
9	Transport	13	13	13	13
-	Supplies and Services	1	1	1	1
-	Support Services charge	20	21	21	21
-	Third Party Payments	-	-	-	-
-	Central Costs	-	-	-	-
272	<b>Total Expenditure</b>	<b>486</b>	<b>499</b>	<b>511</b>	<b>524</b>

70. In the normal course of events Mayoral Elections are held every four years and the next election is scheduled for May 2028. These elections are predominantly held alongside the area's local Council Elections, and TVCA contributes to the overall cost of delivering them. As core TVCA funding is held at a cash-flat level each year, it is prudent to create a reserve by setting aside an annual contribution toward these quadrennial costs.
71. The approach to be adopted for conducting the 2028 election is currently under review, and the final cost of the chosen approach has not yet been confirmed. However, adjusting the cost of the 2024 election for inflation indicates that a prudent provision for 2028 would be approximately £1.500m. Establishing an annual contribution of £0.500m from 2026/27 onwards will allow funds of £1.500m to be available in 2028/29, the year of the next scheduled election.
72. Therefore, the proposed budget sets aside an annual contribution of £0.500m to cover mayoral election costs which will be held in a specific Earmarked Reserve hence the increase from 2025/26.

### **Transport Charges**

73. As highlighted above, Combined Authorities are intended to have the statutory power to levy for their transport functions. Unlike some Combined Authorities, the Tees Valley Combined Authority is not responsible for operating transport services and therefore a levy is not proposed for 2026/27.
74. However, as the regional Transport Authority, TVCA does administer concessionary fares. The English National Concessionary Travel Scheme (ENCTS) is a statutory scheme providing free off-peak local bus travel for eligible older people (State Pension Age) and disabled people across England.
75. The funding for this scheme is provided to bus operators for journeys undertaken by eligible pass holders. In addition to the statutory scheme, (9:30am-11pm weekdays, all day weekends/bank holidays), Transport Authorities can offer discretionary extra enhancements to pass holders. Current enhancements in place across the Tees Valley include:
- Cheaper pre-9:30am fares
  - Disabled persons companion passes

76. The English National Concessionary Fares Scheme (ENCTS) MTFP forecasts are set out in the table below:

	2025/26	2026/27	2027/28	2028/29
Budget	£13.799m	£14.834m	£15.500m	£16.000m
	<i>Agreed</i>	<i>Under negotiation</i>	<i>Forecast</i>	<i>Forecast</i>

77. The draft budget for 2026/27 therefore includes an amount of £14.834m. This estimation is based on continuation of a like-for-like scheme, as in place across 2025/26. This current estimation includes the continuation of the scheme enhancements currently in place across Tees Valley.

78. Under the role of Local Transport Authority, the Combined Authority is responsible for negotiating the settlements with operators and passporting funding to the local bus operators via funding received from the constituent authorities on an annual basis. The Combined Authority role in this is therefore transactional in enabling the funding to be transferred from the Local Authorities to the bus operators.

79. Concessionary fares, therefore, have a nil impact on the Combined Authority's budgets as any payments made are recovered from the relevant local authorities who bear the risk of actual expenditure being more than the budgeted amount. However, this risk is mitigated by collaborative working with the constituent local authorities to ensure that the budgeted amount is robust.

80. The Table below presents the Medium-Term Financial Plan by the CIPFA subjective analysis, showing the Income and Expenditure of the Authority.

**Table 4 - TVCA MTFP 2026/27 to 2029/30 – CIPFA Subjective Analysis  
(By type expenditure /income)**

Budget 2025/26 £'000	TVCA Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
13,515	Employees	15,059	14,623	14,966	15,320
610	Premises	4,480	4,480	4,480	4,480
45	Transport	56	56	56	56
128,136	Supplies and Services	103,058	102,937	103,292	103,661
172	Third Party Payments	-	-	-	-
19,518	Central Costs	32,040	32,411	32,383	32,696
<b>161,996</b>	<b>Total Expenditure</b>	<b>154,693</b>	<b>154,507</b>	<b>155,177</b>	<b>156,213</b>
(200)	Charges	(200)	(200)	(200)	(200)
(119,454)	Grant	(98,304)	(98,304)	(98,304)	(98,304)
(1,129)	Recharges	(1,709)	(1,709)	(1,709)	(1,709)
-	Support Services Recharged to Grant Delivery- Capital	(2,661)	(2,851)	(2,982)	(3,115)
(21,164)	Contributions Summary	(26,011)	(23,701)	(23,950)	(24,210)
(1,750)	Bank Interest	(1,500)	(1,500)	(1,500)	(1,500)
(12,063)	Interest From Investments	(20,678)	(21,423)	(22,081)	(22,999)
(464)	Rents	(5,210)	(5,210)	(5,210)	(5,210)
<b>(156,224)</b>	<b>Total Income</b>	<b>(156,273)</b>	<b>(154,898)</b>	<b>(155,936)</b>	<b>(157,247)</b>
<b>5,772</b>	<b>Net Deficit/(Surplus)</b>	<b>(1,580)</b>	<b>(391)</b>	<b>(759)</b>	<b>(1,034)</b>
(5,772)	Contribution from Reserves	-2,497	-2,497	-2,497	-2,497
-	Contribution To Reserves	4,077	2,888	3,256	3,531
-	<b>Net Expenditure after Contribution to/(From) Reserves</b>	-	-	-	-

## DRAFT COMBINED AUTHORITY REVENUE BUDGET 2026/27

81. In setting their annual budgets, it is common practice for authorities to adopt an incremental approach to budget setting. This approach takes the current year base budget, rolls that budget forward and then adjustments are made to take account of known changes. These changes could be the removal of one-off expenditure and

income budgets, adjustments for indexation and inflation e.g. pay award and the inclusion of additional income streams and/or corresponding expenditure streams.

82. Another approach that can be adopted is a zero-based methodology whereby budgets are built from scratch with close working between the services and Finance.
83. As has been reported through the quarterly budget monitoring, there was very little granular level of detail in the 2025/26 budgets, with high-level information contained in a budget workbook and budgets not contained within the Finance system.
84. A significant project is being undertaken during 2025/26 to, not only break down the high-level workbook, but also to ensure that those budgets are then entered into the finance system ledgers in an appropriate coding structure. Whilst this work is substantially complete for the revenue budgets, further work will be carried out in the last quarter of 2025/26 to conclude the work on the capital budgets.
85. For 2026/27, budget setting has built on the work carried out in 2025/26 and a hybrid approach has been adopted in setting the budget with a mixture of rolled forward budget where available and re-based approach where there was limited budget detail.
86. The Combined Authority revenue budgets are relatively simple with the main elements being staffing costs, overheads and costs/income related to borrowing. Funding comprises core Devolution monies, Mayoral Capacity Fund grant and then specific grant income where the Authority has been successful in securing an allocation. Grant expenditure will then match grant income with any unused grant either being returned to central government or transferred.
87. However, one element of complexity relates to the recharging of support staff and overheads to revenue grants. Within their terms and conditions, specific government grants ordinarily permit an element of top-slicing of the grant as a contribution towards administration of the grant or allow an element to be applied based on a reasonable methodology.
88. For 2026/27, a project has also been undertaken to look at how TVCA charges support services and overheads to grants. A comprehensive methodology has now been formulated working closely with directors and this will now form the basis for recharges to grants going forward approach.

89. This is termed the Central Services Recharge mechanism (CSR) and pragmatically reflects the drivers of support service costs and apportionments the cost of delivering these support services in line with the following approach.
90. Where detailed records are recorded such as legal services and procurement - costs are allocated to projects based on actual activity. Where service teams maintain records or provide data on the areas where relevant staff have supported the grant work, the costs are apportioned on service information.
91. In other areas such as finance – other information such as gross budget is used as a pragmatic methodology for apportioning costs.

## GRANT FUNDING

92. The below table shows the grant funding for 2026/27.

**Table 5 Summary of TVCA 2026/27 Revenue funding**

Grant Funding	Budget 2026/27 £'000
Devolution Funding	(15,000)
Emp NI Grant	(180)
Mayoral capacity	(1,500)
<b>Total Core Funding</b>	<b>(16,680)</b>
<b>Specific Government Grants</b>	<b>(81,624)</b>
<b>Total Grant Funding</b>	<b>(98,304)</b>

### Core Funding

93. Devolution funding of £15m per year for 30 years has been secured through the devolution agreement with government but is a flat rate and not index linked. This funding is subject to evaluation every five years but is expected to continue for the full 30-year period.

94. An Employers' National Insurance Contributions (NIC) Grant of £0.180m has been confirmed by the Government to help offset the additional financial impact of the increase in employer NICs on authority budgets.

### Mayoral Capacity Funding

95. Mayoral Capacity Funding of £1.500m has been confirmed for 2026/27 in the provisional Local Government Settlement announced on 19 December 2025.

### Specific Grant Income

96. TVCA receives revenue grants from Government to deliver specific programmes and initiatives in the region. The below table shows the known grant income for 2026/27 by Directorate. Further details on the grant are provided below.

**Table 6 Summary of TVCA 2026/27 Revenue Grants**

Government Grants	Budget 2026/27 £'000
<b>Business Solutions (non-Investment Zone)</b>	
Business growth hub	(315)
BEIS's net zero hub	(1,125)
Skills bootcamp	(3,912)
Adult education budget	(29,969)
Level 3 FCFI	(2,174)
CEC central hub	(293)
Youth trail blazer	(4,769)
Connect to work	(4,000)
Local growth fund	(6,123)
Engine room	(390)
<b>Total Business Solutions Grant</b>	<b>(53,070)</b>
<b>Infrastructure</b>	
Local transport authority (bus)	(8,662)
Active travel- capability fund	(266)
CRSTS	(8,510)
TCR	(2,896)
<b>Total Infrastructure Grant</b>	<b>(20,334)</b>
<b>Business Solutions</b>	
Investment Zones (IZ)	(8,220)
<b>Total IZ Grant</b>	<b>(8,220)</b>
<b>Total Specific Government Grants</b>	<b>(81,624)</b>

## **Business Solutions grants**

- BEIS Business Growth Hub offers support to local business through dedicated advisors within the Business Solutions team. Grant funding is received annually to fund the cost of these advisors, £0.315m is expected in 2026/27.
- BEIS Net Zero Hub is part of a national network aimed at supporting local areas in developing and delivering energy projects to achieve net zero goals, focussing on community energy initiatives and providing resources and funding for local projects. Grant funding is received annually with £1.125m budgeted for in 2026/27.
- There are a large number of grants received to provide funding for Education, Employment and Skills, these are detailed below.
  - Skills Bootcamp funding is provided to support flexible courses for adults aged 19 and over, helping them develop sector specific skills that local employers need. The grant is released in waves, and TVCA is currently delivering Waves 5 and 6, with applications open for Wave 7. For budgeting purposes, the £3.912 million grant received for Wave 6 has been used as the estimate for the 2026/27 financial year.
  - Adult Education funding provides courses for adults aged 19+ to gain skills which will lead them to meaningful, sustained, and relevant employment, or enable them to progress to further learning which will deliver that outcome. Funding allocated annually by formula along with a % increase. As funding is based on academic years the funding for September 2026-March 2027 is not yet known but a 4% assumption for increase has been applied forecasting a budget of c£30m for 2026/27.
  - L3 Courses is also funded from the Adult Education budget and offers a range of qualifications that can help individuals gain skills and improve job prospects Funding of £2.174m is forecast for 2026/27.
  - The CEC Central Hub aims to enhance careers education for young people by working directly with schools, colleges, apprenticeship providers, and employers. A budget of £0.293m has been allocated for 2026/27 to support staffing costs.

- The Youth Trailblazer initiative aims to reduce youth inactivity and unemployment by testing innovative ways to identify young people most at risk of falling out of education, employment or training and matching them up to local training or job opportunities. Funding is forecast to be £4.769m for 2026/27.
- Connect to Work aims to assist individuals in finding and maintaining employment. Funding is forecast to be £4.000m for 2026/27.
- The Local Growth Fund has been introduced for 2026/27. TVCA has been allocated £33.5m (split between capital & revenue) over the next four years to deliver on Local Growth Plan priorities. There will be a future report to Cabinet seeking approval to commit the Local Growth Fund.
- Engine Room grant has been successfully applied for from the Arts Council and £0.390m is included in the budget for 2026/27.
- Investment Zone funding is to support the digital and creative sectors and funding of £8.220m has been confirmed for 2026/27.

## Transport Grant Funding

- Local Transport Authority grant funding to enhance bus services across England. £8.662m has been confirmed for 2026/27.
- CRSTS (City Region Sustainable Transport Settlement) programme provides mainly capital funding to enhance transport networks. The current programme runs from 2022/23 to 2026/27. £8.510m revenue grant funding has been confirmed for 2026/27 to support delivery of the capital programme.
- TCR (Transport for City Regions) replaces the CRSTS funding going forward. £2.896m revenue grant funding has been confirmed for 2026/27.
- Active Travel funding of £0.266m has been confirmed to enable and promote increased levels of walking, wheeling and cycling.

97. The provisional settlement indicates that £0.456m of funding will be received to address Homelessness, Rough Sleeping and Domestic Abuse across 2026 – 29. However, funding has not yet been confirmed.

## **SLA Group Charges**

98. The draft budget proposals for 2026/27 include estimates of amounts of support service recharges to group entities: Teesside International Airport Limited (TIAL), South Tees Development Corporation (STDC), Hartlepool Development Corporation (HDC) and Middlesbrough Development Corporation (MDC).
99. The Local Government Association (LGA) is supporting the Authority to review its current service level agreements with group entities and the charges incurred. Furthermore, the Chief Executive of STDC and the Managing Director of TIAL will be reviewing their own support service structures and those supplied by the Authority to determine what services they wish to be provided in the new financial year. The estimates included within the draft budget proposals total £2.058m but there is a risk that this will reduce for the final budget.

## **Capital Recharge**

100. In the 2026/27 budget, £2.431m of TVCA core staffing and overheads costs has been charged to capital projects which is an increase of £1.080m from 2025/26 and the MTFP currently assumes that this level of charge to capital projects will continue over the MTFP period based on the confirmed continuance of the TCR (Transport City Region) and SHDF (Warm Homes Social Decarbonisation) funding. In future financial years, should there be any change to the amount to be recharged to capital, this will increase costs for the TVCA Combined Authority Revenue Budget.

## **Revenue budget changes from 2025/26 to 2026/27**

101. The draft budget for 2026/27, together with the changes from the 2025/26 base budget, are set out in the table below together with detailed explanations on the budget movements.

**Table 7: Draft Combined Authority Revenue Budget 2026/27**

Directorates	Budget 2025/26 £'000	Budget changes £'000	Budget 2026/27 £'000
Mayor's Office	(1,228)	1,695	466
<b>Mayoral Costs</b>	<b>(1,228)</b>	<b>1,695</b>	<b>466</b>
Chief Executive	731	624	1,355
Legal and Governance	1,668	680	2,348
Infrastructure	112	1,175	1,287
Operations	1,592	1,573	3,165
Finance and Resources	190	44	234
Business Solutions	11,006	(7,996)	3,010
Inward Investment and Marketing	1,479	(103)	1,375
Support Services Recharged to Grant Delivery	-	(6,342)	(6,342)
<b>Directorates Total</b>	<b>16,778</b>	<b>(10,345)</b>	<b>6,432</b>
<b>Central Expenses</b>			
TVCA Property Overhead Costs	610	218	828
Interest Payable	19,518	6,334	25,851
Interest Receivable Treasury Management	(1,750)	250	(1,500)
Interest Receivable (Lending)	(12,063)	(8,615)	(20,678)
Contribution to Bad and Doubtful Debt	-	6,189	6,189
MRP	6,978	910	7,888
Investment Properties (Net Return)	(391)	(59)	(451)
Net Lease Wrap Income	-	(1,028)	(1,028)
<b>Net Central Expense Costs</b>	<b>12,902</b>	<b>4,199</b>	<b>17,099</b>
Emp NI Grant	(179)	-	(179)
Devolution Funding	(15,000)	-	(15,000)
Mayoral capacity	(1,500)	-	(1,500)
<b>Total Core Funding</b>	<b>(16,679)</b>	<b>-</b>	<b>(16,679)</b>
Enterprise Zone Business rates	(5,999)	(2,900)	(8,899)
<b>Enterprise Zone Business rates Total</b>	<b>(5,999)</b>	<b>(2,900)</b>	<b>(8,899)</b>
<b>Net Expenditure</b>	<b>5,775</b>	<b>(7,351)</b>	<b>(1,580)</b>
Contribution from Reserves	(5,772)	3,275	(2,497)
Contribution To Reserves	-	4,077	4,077
<b>Net Expenditure after Contribution to/(From) Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Directorates

102. The Directorates net total above include all specific revenue grant streams outside of core funding and have been included against those services that have responsibility for delivery of the grants. A breakdown of each Directorate budget is attached at Appendix 1.
103. As grant allocations can change significantly from year to year, comparison with the prior year budget can be difficult. Therefore, in summary the key changes within the net directorate budgets are set out below.

### **Interest payable**

104. The interest payable budget has increased by £6.334m to £25.851m in 2026/27. As has been reported through the 2025/26 Quarterly budget monitoring reports, the Authority's costs of borrowing are forecast to increase significantly as the under-borrowed position reverses.

### **Interest receivable (Treasury Management)**

105. A reduction of £0.250m on the 2025/26 budget to reflect the cash balances available for investment and the forecast reduction in interest rates arising from the Bank of England's decision to lower the base rate.

### **Interest receivable (Lending)**

106. The interest receivable budget has increased by £8.651m to £20.678m. Interest receivable over the MTFP period has been calculated using the established loan agreements in place. With the exception of the 'purchase loan' and the 'Quay', STDC loan have been consolidated to an agreed position where interest (at the agreed rate within the loan agreement) is charged on a 'one year plus one day' arrangement where interest becomes chargeable a year and day following the advance of the loan. This has resulted in an increase of interest receivable from 2025/26 to 2026/27 following which it remains constant over the MTFP period.
107. Interest receivable on the Goosepool/airport loans are now being budgeted for whereas no provision was made in 2025/26. In addition, a corresponding prudent provision for 'bad and doubtful debt' has now been budgeted for and the MTFP forecasts are set out in the Treasury Management section below.

### **Provision for bad and doubtful debts**

108. A budget of £6.189m has been created to provide for a provision for bad and doubtful debt which offsets the interest receivable budget now included on the Goosepool/airport loans.
109. The table below sets out a summary of the key changes from the £5.772m deficit (funded by drawdown from reserves) in 2025/26 to the balanced budget position for 2026/27.

### Mayoral elections

110. The Combined Authority is required under law to pay for the cost of the Mayoral Elections. In prior years, no budgetary provision has been included to pay for these costs. The next election is in May 2028. Therefore, an annual budget of £0.500m has been set aside which will be offset by a transfer of these funds to an earmarked reserve for this purpose.

### Contribution to Reserves

111. The contribution to reserves of £4.149m comprises £0.500m proposed transfer to a new Mayoral Election reserve, £1.028m to a ring-fenced lease wrap reserve and the balance represents the residual surplus to be transferred to an earmarked reserve pending the finalisation on of the budget and conclusion of any outstanding matters.

## KEY BUDGET MOVEMENTS FROM 2025/26 TO 2026/27

The table below summarises significant budget changes between 2025/26 and the proposed 2026/27 revenue budget.

**Table 8: Summary of Budget revisions 2025/26 to 2026/27 (by activity)**

Summary of Budget Revisions	Budget Revisions £'000
2025/26 Opening Budget	(5,772)
Pay award, Inflation and Indexation	(782)
Interest Receivable	1,775
Interest Payable	(6,334)
MRP	(910)

Transformation and Improvement (One off)	(1,519)
Removal of IP activity ending 2025/26	8,613
Growth	(419)
Remove duplicate MCF Income budget	(1,500)
Support Services charged to Capital Grant Delivery	2,026
Support Services charged to Revenue Grant Delivery	1,894
Inter Group Recharge	580
EZ Income	2,900
Net Lease Wrap Income	1,028
Draw Down from AEB Reserve	2,497
<b>Net Surplus</b>	<b>4,077</b>

## 2025/26 QUARTER 2 REVENUE FORECAST

112. The most recently published revenue outturn forecast at Quarter 2 indicates a net overspend of £0.955m compared with the Cabinet approved annual budget. As reported to Cabinet in December 2025, this is predominantly due to in-year, one-off 'Transformation' costs (including agency staff and external services), historic audit fees, and a recurrent – potentially structural – budget issue relating to premises costs and loan interest. These recurrent issues have been addressed as part of the 2026/27 budget build.

**Table 9: Q2 TVCA 2025/26 outturn forecast**

	2025/26 Current Budget £'000	2025/26 Forecast £'000	Underspend / (Overspend) £'000
Employee	5,627	6,285	(658)
Premises	562	635	(73)
Supplies and Services	150	1,310	(1,160)
Income	(18,426)	(19,362)	936
	<b>(12,087)</b>	<b>(11,132)</b>	<b>(955)</b>

113. Where non-recurrent costs have been identified as continuing to have an impact in specific future years, the budgets for those years have been constructed to reflect this. Recurrent underlying base budget issues that have been identified during 2025/26 have been addressed in all years of the MTFP.

## INVESTMENT PLAN

114. The TVCA Constitution states that to meet its responsibilities, the Combined Authority holds capital and revenue derived mainly from resources devolved from central government, and from the returns from past investments. Under the principles of devolution, allocation of these resources should be made through transparent and democratically accountable decision-making, in the best interests of the long-term economic and social benefit of the people of the Tees Valley region.
115. It further goes on to state that proposals for allocation of resources available to the Combined Authority shall be set out in an Investment Plan, to be adopted annually and amended as necessary through unanimous agreement by the Cabinet. The Investment Plan shall include:
- i. Estimates of the total resources available to the Combined Authority, on a medium-term basis;
  - ii. Identification of funding priorities;
  - iii. Existing commitments of funding to programmes and projects;
  - iv. Assessment of assets, liabilities, receipts and borrowing;
  - v. Assessment of co-funding from other parties for Combined Authority programmes and projects.
116. A refresh of the Investment Plan was last presented to Cabinet for approval on 28 March 2025 and a summary of the amendments to the Investment Plan is summarised in the table below.

**Table 10: Investment Plan amendments (approved by Cabinet March 2025)**

Project	Business Growth £'000	Transport £'000	EES £'000	Place £'000	Total £'000
UKSPF Additional capital - Allocation for infrastructure project at TIA	6,500	-	-	-	6,500
Borrowing for hanger project	6,020	-	-	-	6,020
UKSPF Additional Allocation	2,066	-	2,966	3,766	8,798
Adult Skills Fund	-	-	(4,116)	-	(4,116)

Connect to work	-	-	10,400	-	10,400
Investment Zone	80,000	-	-	-	80,000
Youth Trailblazer	-	-	5,000	-	5,000
Intra City Transport	-	3,500	-	-	3,500

117. The Investment Plan table above has been further analysed to provide a breakdown of both Capital and Revenue funding disaggregated across financial Years.

**Table 11: Investment Plan amendments (approved by Cabinet March 2025)**

Project Capital	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
UKSPF Additional capital - Allocation for infrastructure project at TIA		6,500			
Borrowing for' hanger project		6,020			
Investment Zone	-	18,470	19,470	4,470	4,470
Intra City Transport		3,500			

Project Revenue	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
UKSPF Additional Allocation		8,798			
Adult Skills Fund		(1,029)	(1,029)	(1,029)	(1,029)
Connect to work		5,200	5,200		
Investment Zone	620	8,490	8,220	8,420	7,370
Youth Trailblazer		5,000			

## TREASURY MANAGEMENT

118. TVCA undertakes borrowing to fund long term capital expenditure and capital investment activity in the region. All borrowing, and any subsequent lending, is associated with TVCA's regeneration and investment strategy in the region and is not undertaken primarily for commercial return.

119. The extent to which TVCA invests in capital activity in excess of the capital grant funding directly available is termed the Capital Financing Requirement CFR which

represents the underlying need to borrow. As the Authority has cash and other balance sheet resources available during the year, these can be used as “internal borrowing” negating the need to undertake external borrowing and therefore actual borrowing is often lower than the borrowing requirement (CFR). As highlighted above, the CFR also reduces as Minimum Revenue Provision is provided in the Authority’s revenue budgets. The table below summarises the anticipated CFR for TVCA over the MTFP period and compares this with actual and forecast borrowing to determine the projected under-borrowed position.

**Table 12: TVCA MTFS Capital Financing Requirement v external borrowing forecasts**

	2026/27 £'000	2027/28 £'000	2028/29 £'000
Opening CFR (capital to be funded by borrowing)	620,616	616,357	612,385
Existing Loans (as at 31-12-2025)	(354,764)	(344,978)	(338,978)
Forecast new borrowing to take place in Q4 2025/26	(100,000)	(100,000)	(100,000)
Forecast new borrowing to take place in 2026/27	(100,000)	(100,000)	(100,000)
<b>Under Borrowed Position</b>	<b>65,852</b>	<b>71,379</b>	<b>73,407</b>
<b>Increase In the Under Borrowed Position</b>	<b>65,852</b>	<b>5,527</b>	<b>2,028</b>

### Revenue costs to service TVCA Debt

120. The table below sets out the estimated additional capital financing cost if the under-borrowed balance required further borrowing, assuming this would be undertaken on a 5% maturity basis.
121. TVCA predominantly accesses borrowing through the PWLB, but it also has one loan with the UK Infrastructure Bank. The estimated capital financing costs associated with these loans are summarised in the table below.

**Table 13 Summary of Forecast Borrowing Costs**

Capital Financing Requirement	2026/27	2027/28	2028/29
Existing Borrowing	£15,670	£13,127	£12,738
Forecast Borrowing	£6,960	£9,360	£9,360

	£22,630	£22,487	£22,098
Estimated borrowing to finance under-borrowed position (5% Maturity)	£3,293	£3,569	£3,670
	£25,923	£26,056	£25,768

122. TVCA has provided loans to local authorities within the Tees Valley, to the South Tees Development Corporation, and to commercial entities (including Teesside International Airport), all of which generate interest receivable for TVCA. The table below summarises the current loans and the forecast interest receivable associated with each.

**Table 14: MTFS On-lending Forecasts**

	Opening Balance (Loan Outstanding) April 2026 £'000	Interest Forecast 2026/27 £'000	Interest Forecast 2027/28 £'000	Interest Forecast 2028/29 £'000	Interest Forecast 2029/30 £'000
Loans to STDC	391,656	14,251	14,780	15,227	15,832
Loans to Airport	157,896	6,189	6,475	6,734	7,048
Loans to Outside Bodies	12,251	238	190	144	144
<b>Total</b>		<b>20,678</b>	<b>21,445</b>	<b>22,105</b>	<b>23,024</b>

123. A more detailed breakdown of the loans and the anticipated repayment schedule is provided in **Appendix 3**. As can be seen from the table above, no further loan advances are currently forecast to be advanced in 2026/27.

124. TVCA Cabinet has approved a loan facility to STDC of £350m. At the end of 2025/26, the total drawdown is estimated to be c£260m. This leaves £90m available to be drawn down. STDC is currently working on its capital programme for the new MTFS period. However, following the one-year plus one-day interest due holiday, interest on any further borrowing in 2026/27 would not be due until 2028/29.

125. TVCA Cabinet has also approved a £75m facility for the other two development corporations but the draft budget currently assumes that this facility will not be utilised in 2026/27.

126. The draft budget currently assumes no further loans to be advanced to Goosepool or TIAL. A doubtful debt provision for the full amount of interest receivable in the 2026/27 budget and MTFS has been made adopting a prudent approach to budgeting.
127. TVCA has also budgeted £1.5m of income from short-term investments of temporary surplus balances placed on the money markets. The current Treasury Management approach aims for a minimum of £30m to be held as accessible, ready funds to ensure organisational liquidity. At times, depending on the timing of grant receipts, the cash balance held may be significantly higher than this minimum level and the timing of grant receipts can have a significant impact on the cash balances held by TVCA, which in turn generate interest through short-term investment in the money markets.
128. The income target for short-term investments is based on an average interest rate of 5% and an average available investment balance of £30m.

## **CURRENT CAPITAL PROGRAMME 2026/27-2028/29**

129. TVCA has a significant Capital Programme funded almost entirely by grants, most notably within transport, which successfully secured a £978m grant in the summer of 2025. It is of note that following confirmation and further grant details it has now been confirmed that £62m of this grant relates to revenue with £916m for capital expenditure. Cabinet will be updated of this correction at Q3 and the tables that follow account for this correction.
130. The Inward Investment and Marketing element of the Capital Programme, although not grant funded, is lent to STDC on a commercial basis. It is anticipated that the interest charged on these loans will, at a minimum, cover the interest costs TVCA would have incurred had the equivalent amount needed to be borrowed externally.
131. While capital activity is treated separately from revenue activity, the Capital Programme does have revenue implications, most notably within Treasury Management. As noted above, non-grant funded elements of the Capital Programme may incur interest charges if external borrowing is required.
132. The value and timing of capital grant receipts also have a significant impact on the interest receivable budgets within the revenue account. Careful cashflow monitoring

must be maintained to ensure that no capital borrowing is undertaken before it is necessary or strategically advantageous for TVCA.

133. As highlighted elsewhere in this report, the Combined Authority is required to develop a Capital Strategy which sets out the Authority’s strategic priorities for capital investment. This strategy is currently being developed together with the Investment Plan and will be presented as part of the final budget.
134. The Combined Authority draft budget proposals are, therefore, currently based on the latest Capital Programme at Quarter 2 together with any known additional capital grant funding allocated in the Provisional Local Government Settlement announced on 19 December 2025.

**Table 15: Latest Capital Programme Forecasts to 2028/29**

	2026/27 £'000	2027/28 £'000	2028/29 £'000
Business Solutions	19,308	15,369	-
Inward Investment and Marketing	6,327	-	-
Transport	151,079	230,000	810,000
	<b>176,714</b>	<b>245,369</b>	<b>810,000</b>

135. The table above reflects the Capital programme over the period of the MTFP by Directorate. This is further detailed by Capital Project below.

## Capital Projects 2026/27

**Table 16 TVCA Capital Projects 2026/27**

Capital Projects	2026/27 £'000
<b>Business Solutions Capital Projects</b>	
SHDF (Social Housing Decarbonisation Fund) Wave 3	15,808
Place Based Investment Fund- Billingham	1,500
Place Based Investment Fund- Darlington	2,000
<b>Business Solutions Total</b>	<b>19,308</b>
<b>Inward Marketing and Investment Capital Projects</b>	

STDC Investment	6,327
<b>Inward Marketing and Investment Total</b>	<b>6,327</b>
<b>Transport Capital Projects</b>	
Access to Opportunity	1,750
Active Travel	30,695
Bus	26,849
Decarbonisation	925
Digital	3,812
Local Highways	16,578
Place Based Transport Investment	14,750
Rail Improvements	55,720
<b>Transport Total</b>	<b>151,079</b>
<b>Total Capital Projects</b>	<b>176,714</b>
<b>Funded by-</b>	
<b>Business Solutions Capital Projects</b>	
DESNZ Warm Homes Social Housing Fund Grant	(15,808)
<b>Business Solutions Total</b>	<b>(15,808)</b>
<b>Transport Capital Projects</b>	
Department for Transport CRSTS Grant	(62,426)
Department for Transport TCR Grant	(7,374)
Capital Reserves	(91,106)
<b>Transport Total</b>	<b>(160,906)</b>
<b>Total Capital Funding</b>	<b>(176,714)</b>

**136. Business Solutions Capital Projects**

- £15.808m of Warm Home Social Housing Fund grant was successfully awarded for 2026, continuing the work of previous waves to improve social housing in the area.
- £3.5m has been budgeted for investment in Billingham and Darlington.

**137. Inward Investment Capital Projects**

- £6.327m was approved within the Investment Plan for 2026/27 for works relating to the regeneration of STDC.

**138. Transport Capital Projects**

- £151.078m of Transport projects were approved within the Investment Plan for 2026/27.

- The current funding stream CRSTS (City Region Sustainable Transport Settlement) is due to finish in 2026/27 and will be superseded by TCR (Transport for City Regions) which will commence in 2026/27.

## RESERVES

139. TVCA maintains a General Fund reserve which acts as a general contingency against unforeseen or unplanned expenditure. For 2025/26 the General Fund balance currently stands at £1.058m. Along with the final budget, the Treasury Management Strategy will be presented to Cabinet in March for approval which will also include a Reserves Policy for the first time. This will set out the Authority's proposed strategic approach to the maintenance of revenue reserves. It is likely that the S73 Officer will recommend that the current level is increased.
140. Following local authority accounting rules, the Combined Authority also maintains earmarked reserves which are revenue reserves set aside for specific purposes which may include providing an additional reserve to manage strategic risks identified.
141. TVCA earmarked reserves are contributed to by the transfer of unspent revenue grants, where the specific grant terms and conditions permit unspent grant to be rolled forward to fund future years' expenditure. Earmarked grant reserves tend to be ringfenced for specific activities in line with the relevant funding agreements.
142. In addition to this, TVCA holds non-ringfenced, earmarked reserves which have been created through underspends on prior year budgets and/or grant funds available to be spent as directed by the TVCA Cabinet.
143. The draft Combined Authority budget proposed in this report includes a drawdown of £2.497m to fund the associated Adult Education expenditure budget. In the draft revenue budget proposals, there also includes a final transfer to earmarked reserves of £4.149m. Of this, £0.5m relates to the transfer of the new budgetary provision for Mayoral elections for which a new earmarked reserve is proposed to be created. The balance of £3.794m represents £1.028m of the lease wrap net income and £2.621m relating to unallocated revenue income which may be allocated in the final budget proposals.

144. The table below summarises the forecast Reserve position as at 1 April 2026, with Appendix 4 providing a fuller breakdown alongside planned use and contributions over the MTFP period.

**Table 17 – Revenue Reserves Summary 2026/27**

Revenue Reserve Description	Balance as at 01/04/2026 £'000	Forecast (Use)/ Contribution £'000	Balance as at 31/3/2027 £'000
General Fund	1,058	-	1,058
<b>General Fund Total</b>	<b>1,058</b>	<b>-</b>	<b>1,058</b>
Earmarked Grant Reserves - Ringfenced	13,608	(2,497)	11,111
<b>Earmarked Grant Reserves - Ringfenced Total</b>	<b>13,608</b>	<b>(2,497)</b>	<b>11,111</b>
<b>Earmarked reserves – non-ringfenced</b>			
CRSTS (2022/23 - forward)	4,951	-	4,951
ICTS DfT (2021/22)	3,232	-	3,232
Lease wrap reserve	3,396	1,028	4,424
Mayoral Election Costs Reserve	-	500	500
Business Rate Growth	2,855	-	2,855
Devolution – Unallocated	9,050	-	9,050
Operating Surplus Reserve	190	2,549	2,739
<b>Earmarked reserves – non-ringfenced Total</b>	<b>23,674</b>	<b>4,077</b>	<b>27,751</b>
<b>Total Revenue Reserves</b>	<b>38,340</b>	<b>1,580</b>	<b>39,920</b>

## DEVELOPMENT CORPORATIONS

145. The TVCA Group includes three Development Corporations: South Tees Development Corporation (STDC), Hartlepool Development Corporation (HDC) and Middlesbrough Development Corporation (MDC).

146. All three Development Corporations are currently in the process of developing their budgets for the forthcoming financial year and amounts included within the TVCA draft budget in respect of those entities e.g. interest receivable have been fed into those budget processes.

147. There is no further financial support proposed for STDC in 2026/27 at this stage.

148. HDC and MDC do not have independent income streams. It is not anticipated that MDC will require financial support. However further work is underway in relation to HDC and the provision of financial support to balance the HDC 2026/27 budget is a consideration that will be discussed further with Cabinet ahead of the final budget report in March.
149. As these are Mayoral Development Corporations, there is no legal obligation for the Combined Authority to provide financial support. The provision of any financial support to a Mayoral Development Corporation would be a Cabinet decision.

## KEY FINANCIAL RISKS

150. As reported through the quarterly monitoring reports, the Authority is exposed to several key financial risks in the current and future financial years. These are being identified and quantified through the finance improvement plan work with senior officers reviewing and implementing mitigating actions to manage these risks. Key risks identified to-date:

- **Enterprise Zone Business Rates income**

Valuation Office Agency formal ratings value and deemed operational date of entities liable to pay business rates yet to be confirmed. Estimates of business rates income within the MTFS may prove to be under or over-estimated.

- **Capital Financing Requirement – reduction in under-borrowed position**

The Authority has provided loans to group entities and other parties forecast to be £538m by the end of 2025/26. 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 another lender as appropriate. Assuming interest payments are made, this represents a cashflow timing position but nonetheless does impact on cash available to TVCA.

However, in the case of the loans to Goosepool/TIAL, as the related loan is not forecast to be paid in the foreseeable future, this means that the cost of this borrowing is being met by TVCA and this is not just a cashflow timing issue.

### **Interest rate risk**

- As a result of the reduced cash position, and as reported through the quarterly monitoring, there is a need to undertake c£140m of borrowing by the end of 2025/26 as well as potentially an additional £100m of borrowing in 2026/27. This exposes the Authority to interest rate risk as well as placing increased pressure on the revenue budgets creating an affordability risk. The Treasury Management section above sets out the residual under-borrowed position, assuming the borrowing above is undertaken.

To be prudent, the draft budget proposed for 2026/27 factors in the cost of borrowing additional funds up to the capital financing requirement and this is predicated on a projected interest rate of 5%. Whilst, PWLB rates are linked to gilt yields, it is likely that PWLB rates may continue to decrease following the recent decision by the Bank of England to reduce the base rate. This could give rise to some upside in terms of the actual cost of borrowing versus the budget provision for interest payable.

- Borrowing will only be undertaken if the cash flow requirements of TVCA require this or the TVCA professional Treasury Advisors Arling Close indicate that the current available interest rate is favourable.

### **Refinancing risk**

- While this falls outside the current MTFP window, the borrowing strategy indicates that £240m of principal relating to maturity loans will be repayable between Quarter 3 of 2031/32 and Quarter 2 of 2032/33. As these loans were entered into on a maturity basis, TVCA will either need to utilise £240m of available balances to repay the debt or refinance the loans. Refinancing increases the risk borne by TVCA should the interest rates available at that time exceed the current rate on the maturity loans (5%).
- **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 in respect of on-lending to STDC and the Goosepool/airport loans. This matter is subject to discussion with the Authority's external auditors. This could result in a requirement to provide MRP which is not currently provided for in the 2026/27 budget or over the MTFP period.
- **Public/private arrangements**

TVCA entered into a lease wrap 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. The value of this risk is c£4.6m.

- **Interest receivable**

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 the interest payments being serviced by those entities but the situation is being closely monitored by senior officers. A specific risk in relation to one of the loans and the rate of interest to be charged has emerged which could have a £0.636m negative impact on the revenue budgets. Work is underway to clarify.

- **Group financial position**

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.

- **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 and restatement of these accounts will be concluded in the next few weeks 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.

## **Partnership & Engagement**

151. A draft version of this report has been discussed with the constituent local authority statutory officers on the 14 January and Informal Cabinet on the 16 January 2026.

**Cabinet is requested to consider the following identified implications:**

## **Financial Implications**

152. The financial implications are addressed in the body of the report.

## **Legal Implications**

153. The Combined Authority is required to agree a balanced budget annually and to monitor that budget throughout the year. In addition, there is a fiduciary duty not to waste public resources, to secure value for money and ensure that good financial governance arrangements are in place. Further, Section 25 of the Local Government Act 2003 places requirements on the Chief Finance Officer (in TVCA's case, the S.73 Officer) to comment within this report on the robustness and adequacy of the reserves.

## **Equality & Diversity Implications**

154. The draft budget 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 policy, programmes and projects developed in 2026/27 will be subject to Equality Impact Assessments during the development phase.

## **Other Significant Implications**

155.	Risk Improvement	<b>X</b>	Assurance Framework Procurement Environment	HR & IT
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156. The key financial risks are detailed in the body of the report.

## Appendix 1 - TVCA MTFP 2026/27 to 2029/30-by Directorate

Budget 2025/26 £'000	MAYOR Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
263	Employees	452	464	476	489
-	Premises	-	-	-	-
9	Transport	13	13	13	13
-	Supplies and Services	1	1	1	1
-	Corporate Support Recharges	20	21	21	21
-	Third Party Payments	-	-	-	-
-	Central Costs	-	-	-	-
272	Total Expenditure	486	499	511	524
-	Charges	-	-	-	-
(1,500)	Grant	-	-	-	-
-	Recharges	-	-	-	-
-	Contributions CSR	-	-	-	-
-	Contributions Summary	-	-	-	-
-	Bank Interest	-	-	-	-
-	Interest From Investments	-	-	-	-
-	Rents	-	-	-	-
(1,500)	Total Income	-	-	-	-
(1,228)	Net Expenditure (Income)	486	499	511	524
-	Contribution from Reserves	-	-	-	-
-	Contribution To Reserves	-	-	-	-
(1,228)	Net Expenditure after Contribution to/(From) Reserves	486	499	511	524

Budget 2025/26 £'000	Chief Executive Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
1,439	Employees	1,350	1,386	1,422	1,460
-	Premises	-	-	-	-
3	Transport	5	5	5	5
(711)	Supplies and Services	1	1	1	1
-	Third Party Payments	-	-	-	-
-	Corporate Support Recharges	-	-	-	-
-	Central Costs	-	-	-	-
731	Total Expenditure	1,355	1,391	1,427	1,465
-	Charges	-	-	-	-
-	Grant	-	-	-	-
-	Recharges	-	-	-	-
-	Contributions CSR	(1,261)	(1,299)	(1,325)	(1,351)
-	Contributions Summary	-	-	-	-
-	Bank Interest	-	-	-	-
-	Interest From Investments	-	-	-	-
-	Rents	-	-	-	-
-	Total Income	(1,261)	(1,299)	(1,325)	(1,351)
731	Net Expenditure (Income)	94	92	103	114
-	Contribution from Reserves	-	-	-	-
-	Contribution To Reserves	-	-	-	-
731	Net Expenditure after Contribution to/(From) Reserves	94	92	103	114

Budget 2025/26 £'000	Legal and Governance Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
1,665	Employees	2,345	1,992	2,040	2,090
-	Premises	-	-	-	-
-	Transport	-	-	-	-
3	Supplies and Services	303	303	303	303
-	Third Party Payments	-	-	-	-
-	Corporate Support Recharges	-	-	-	-
-	Central Costs	-	-	-	-
1,668	Total Expenditure	2,648	2,295	2,343	2,393
-	Charges	-	-	-	-
-	Grant	-	-	-	-
-	Recharges	-	-	-	-
-	Contributions CSR	(2,773)	(2,420)	(2,469)	(2,518)
-	Contributions Summary	(300)	(300)	(300)	(300)
-	Bank Interest	-	-	-	-
-	Interest From Investments	-	-	-	-
-	Rents	-	-	-	-
-	Total Income	(3,073)	(2,720)	(2,769)	(2,818)
1,668	Net Expenditure (Income)	(425)	(425)	(425)	(425)
-	Contribution from Reserves	-	-	-	-
-	Contribution To Reserves	-	-	-	-
1,668	Net Expenditure after Contribution to/(From) Reserves	(425)	(425)	(425)	(425)

Budget 2025/26 £'000	Infrastructure Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
3,627	Employees	3,606	3,689	3,775	3,863
-	Premises	-	-	-	-
7	Transport	8	8	8	8
26,428	Supplies and Services	32,065	32,065	32,065	32,065
-	Third Party Payments	-	-	-	-
-	Corporate Support Recharges	-	-	-	-
-	Central Costs	-	-	-	-
30,062	Total Expenditure	35,679	35,762	35,848	35,936
-	Charges	-	-	-	-
(17,164)	Grant	(20,335)	(20,335)	(20,335)	(20,335)
-	Recharges	-	-	-	-
-	Contributions CSR	(209)	(238)	(259)	(279)
(12,786)	Contributions Summary	(15,136)	(15,189)	(15,255)	(15,322)
-	Bank Interest	-	-	-	-
-	Interest From Investments	-	-	-	-
-	Rents	-	-	-	-
(29,950)	Total Income	(35,679)	(35,762)	(35,848)	(35,936)
112	Net Expenditure (Income)	-	-	-	-
-	Contribution from Reserves	-	-	-	-
-	Contribution To Reserves	-	-	-	-
112	Net Expenditure after Contribution to/(From) Reserves	-	-	-	-

Budget 2025/26 £'000	Operations Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
1,872	Employees	1,986	2,033	2,081	2,130
-	Premises	-	-	-	-
4	Transport	6	6	6	6
(284)	Supplies and Services	1,273	559	574	589
-	Third Party Payments	-	-	-	-
-	Corporate Support Recharges	-	-	-	-
-	Central Costs	-	-	-	-
1,592	Total Expenditure	3,265	2,598	2,661	2,725
-	Charges	(100)	(100)	(100)	(100)
-	Grant	-	-	-	-
-	Recharges	-	-	-	-
-	Contributions CSR	(3,165)	(2,498)	(2,561)	(2,625)
-	Contributions Summary	-	-	-	-
-	Bank Interest	-	-	-	-
-	Interest From Investments	-	-	-	-
-	Rents	-	-	-	-
-	Total Income	(3,265)	(2,598)	(2,661)	(2,725)
1,592	Net Expenditure (Income)	-	-	-	-
-	Contribution from Reserves	-	-	-	-
-	Contribution To Reserves	-	-	-	-
1,592	Net Expenditure after Contribution to/(From) Reserves	-	-	-	-

Budget 2025/26 £'000	Finance and Resources Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
773	Employees	1,343	996	1,019	1,042
-	Premises	-	-	-	-
1	Transport	1	1	1	1
1,297	Supplies and Services	850	863	873	884
-	Third Party Payments	-	-	-	-
-	Corporate Support Recharges	-	-	-	-
-	Central Costs	-	-	-	-
2,070	Total Expenditure	2,193	1,859	1,892	1,926
(100)	Charges	-	-	-	-
-	Grant	-	-	-	-
(1,129)	Recharges	(1,709)	(1,709)	(1,709)	(1,709)
-	Contributions CSR	2,345	2,416	2,465	2,515
(651)	Contributions Summary	(250)	(250)	(250)	(250)
-	Bank Interest	-	-	-	-
-	Interest From Investments	-	-	-	-
-	Rents	-	-	-	-
(1,880)	Total Income	386	153	196	239
190	Net Expenditure (Income)	2,579	2,013	2,088	2,165
-	Contribution from Reserves	-	-	-	-
-	Contribution To Reserves	-	-	-	-
190	Net Expenditure after Contribution to/(From) Reserves	2,285	2,013	2,088	2,165

Budget 2025/26 £'000	Business Solutions Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
3,028	Employees	3,057	3,128	3,201	3,276
-	Premises	-	-	-	-
22	Transport	22	22	22	22
93,622	Supplies and Services	60,044	60,044	60,045	60,046
172	Third Party Payments	-	-	-	-
-	Corporate Support Recharges	-	-	-	-
-	Central Costs	-	-	-	-
96,844	Total Expenditure	63,123	63,194	63,268	63,344
-	Charges	-	-	-	-
(84,110)	Grant	(61,289)	(61,289)	(61,289)	(61,289)
-	Recharges	-	-	-	-
-	Contributions CSR	2,982	2,985	2,986	2,988
(1,727)	Contributions Summary	(2,319)	(2,393)	(2,468)	(2,545)
-	Bank Interest	-	-	-	-
-	Interest From Investments	-	-	-	-
-	Rents	-	-	-	-
(85,838)	Total Income	(60,626)	(60,698)	(60,771)	(60,847)
11,006	Net Expenditure (Income)	2,497	2,496	2,497	2,497
-	Contribution from Reserves	(2,497)	(2,497)	(2,497)	(2,497)
-	Contribution To Reserves	-	-	-	-
11,006	Net Expenditure after Contribution to/(From) Reserves	-	-	-	-

Budget 2025/26 £'000	Inward Investment and Marketing Type of Expenditure / Income	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000	Budget 2029/30 £'000
848	Employees	740	756	773	790
-	Premises	-	-	-	-
-	Transport	1	1	1	1
631	Supplies and Services	635	637	639	640
-	Third Party Payments	-	-	-	-
-	Corporate Support Recharges	-	-	-	-
-	Central Costs	-	-	-	-
1,479	Total Expenditure	1,375	1,393	1,412	1,431
-	Charges	-	-	-	-
-	Grant	-	-	-	-
-	Recharges	-	-	-	-
-	Contributions CSR	(722)	(744)	(758)	(774)
-	Contributions Summary	-	-	-	-
-	Bank Interest	-	-	-	-
-	Interest From Investments	-	-	-	-
-	Rents	-	-	-	-
-	Total Income	(722)	(744)	(758)	(774)
1,479	Net Expenditure (Income)	653	650	653	657
-	Contribution from Reserves	-	-	-	-
-	Contribution To Reserves	-	-	-	-
1,479	Net Expenditure after Contribution to/(From) Reserves	653	650	653	657

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## **Appendix 2 – proposed TVCA Budget 2026/27 consultation plan**

Approval by the Cabinet to consult on the budget proposals shall not be taken to predetermine their final approval, or the position of the Mayor or individual Cabinet members, with or without amendments, following consultation. As per the Tees Valley Combined Authority Constitution, Consultation shall take place on the draft Budget for such a period, and with such consultees as the Cabinet shall determine. Consultees shall include the Business Board, the Overview and Scrutiny Committee, representatives of the business community, higher and further education institutions, trade unions, and the Constituent Authorities.

Subject to the agreement of Cabinet the draft Budget will be published for public consultation during the period 2nd February to 3<sup>rd</sup> March. During this period, the draft Budget will be subject to scrutiny through the Combined Authority Overview and Scrutiny Committee and will also be considered at the respective meetings of the Tees Valley Directors of Finance and Resources, Tees Valley Management Group and Local Authority Chief Executives.

An initial workshop with Cabinet on the draft Budget was held on 7 November 2025, with further Cabinet engagement taking place on 16 January 2026. There will be further engagement with Cabinet in advance of the final budget being presented on the 20 March 2025.

When the consultation period opens, the public will be informed of their ability to provide feedback via a dedicated webpage on the TVCA website and written feedback to the office address. This will be publicised via social media posts running throughout the period, and on the Consultation page on the TVCA website.

The comments received regarding the draft Budget will be considered and, where applicable, reflected in a revised Budget proposal from the Mayor due to be presented at Cabinet in March 2026.

## Appendix 3 TVCA - Lending Interest Receivable Schedule

	Opening Balance (Loan Outstanding) April 2026 £'000	Interest Forecast 2026/27 £'000	Interest Forecast 2027/28 £'000	Interest Forecast 2028/29 £'000	Interest Forecast 2029/30 £'000
STDC Purchase CPO Land	51,526	1,803	1,872	1,927	1,999
STDC Remediation 22/23	85,925	3,438	3,585	3,706	3,860
STDC Remediation 23/24	77,030	3,597	3,776	3,931	4,125
STDC Heavy Lift	7,115	329	346	360	407
STDC NZT 24/25	12,341	586	616	642	674
STDC Remediation 24/25	49,496	2,351	2,469	2,573	2,702
STDC Quay	108,222	2,146	2,117	2,088	2,057
TeesAMP-Loan	2,138	30	25	20	16
Feethams - Loan	3,230	-	-	-	-
Liberty – Loan	2,470	117	47	-	-
Waste Loan 1	2,259	26	26	26	27
Waste Loan 2	531	14	14	15	15
Waste Loan 3	659	31	33	34	36
Waste Loan 4	96	5	27	30	33
Waste Loan 5	385	16	17	18	19
Goosepool TIAL Purchase	57,724	3,008	3,171	3,323	3,503
Airport TIAL Opex & Capex	72,956	1,763	1,809	1,845	1,894
Airport Southside	27,216	1,418	1,495	1,567	1,651
		<b>20,678</b>	<b>21,445</b>	<b>22,105</b>	<b>23,024</b>

## Appendix 4 Revenue Reserves Summary 2026/27

Revenue Reserve Description	Balance as at 01/04/2026	Forecast (Use)/ Contribution	Balance as at 31/3/2027
	£'000	£'000	£'000
General Fund	1,058	-	1,058
<b>General Fund Total</b>	<b>1,058</b>	<b>-</b>	<b>1,058</b>
<b>Earmarked reserves – non-ringfenced</b>			
Adult Education Budget	5,659	(2,497)	3,162
Kickstart	238	-	238
Concessionary Fares - Ring fenced	470	-	470
DECC City Deal CCS Project	51	-	51
Low Carbon Action Plan	41	-	41
One Public Estate	54	-	54
SSI Apprentices	453	-	453
SSI Flexible Fund	1,507	-	1,507
SSI Jobs Investment Scheme	231	-	231
SSI Business Start Up	30	-	30
SSI Devolved Pot	1,334	-	1,334
Beis Net Zero Hub (Rev)	1,614	-	1,614
Levi Capability Fund (Rev)	555	-	555
Consolidated Active Travel Fund	1,371	-	1,371
<b>Earmarked Grant Reserves - Ringfenced Total</b>	<b>13,608</b>	<b>(2,497)</b>	<b>11,111</b>
ICTS DfT (2021/22)	3,232	-	3,232
CRSTS (2022/23 - forward)	4,951	-	4,951
Seah Lease - Ring fenced Reserve	3,396	1,028	4,424
Mayoral Election Costs Reserve	-	500	500
Business Rate Growth	2,856	-	2,856
Devolution - Unallocated	9,050	-	9,050
Operating Surplus Reserve	190	2,549	2,739
<b>Earmarked reserves – non-ringfenced Total</b>	<b>23,674</b>	<b>4,077</b>	<b>27,751</b>
<b>Total Revenue Reserves</b>	<b>38,340</b>	<b>1,580</b>	<b>39,920</b>

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