



Tees Valley Combined Authority Cabinet

Friday 26 June 2026 at 10:15am

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 24 April 2026.
- 4. Mayoral Update**
To receive a verbal Mayoral update on key activity since the previous meeting of the Cabinet.

Governance Items

- 5. Governance & Appointments**
To receive an update report from the Chief Executive on the recruitment of the Chief Legal & Monitoring Officer & Director of Finance & Resources, subject to the outcome of the interview approve the permanent appointment of the Chief Legal & Monitoring Officer, and note the update on the recruitment of Independent Persons.
- 6. Organisation Improvement Plan Progress Report**
To receive a report from the Chief Executive in respect of progress in delivering the Organisational Improvement Plan.
- 7. Draft Annual Governance Statement 2025/26**
To receive a report from the Interim Monitoring Officer presenting the Draft Annual Governance Statement for approval.
- 8. South Tees Development Corporation Medium Term Financial Plan**

To receive a report from the Interim Director of Finance & Resources presenting the South Tees Development Corporation Medium Term Financial Plan to note.

9. South Tees Development Corporation Annual Report

To receive a report from the Chief Executive of the South Tees Development Corporation presenting the Annual Report to note.

10 Whistleblowing Policy

To receive a report from the Interim Monitoring Officer presenting the Whistleblowing Policy for approval.

Finance Items

11 Draft Revenue & Capital Outturn 2025/26

To receive a report from the Interim Director of Finance & Resources presenting the draft revenue and capital outturn 2025/26 for approval.

12 Treasury Management Outturn 2025/26

To receive a report from the Interim Director of Finance & Resources presenting the Treasury Management Outturn 2025/26 for approval.

Policy Items

13 Approval of Local Growth Plan and Investment Pipeline

To receive a report from the Director of Business Solutions seeking approval of the Local Growth Plan and agreement that it can be published.

14 Skills Programme Update

To receive a report from the Director of Business Solutions seeking approval of the Local Skills Improvement Plan and to provide an update on skills programme activity.

Appendices to this report are not for publication by virtue of paragraph 3 of schedule 12A of the Local Government Act 1972

15 Delegated Decisions

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

Date and time of the next meeting – Friday 31st July 2026 at 10:00am

Members of the Public – Rights to Attend Meeting

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

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

Membership

The Tees Valley Combined Authority comprises of the following membership:

Mayor Ben Houchen	Chair, Tees Valley Combined Authority
Councillor Stephen Harker	Leader, Darlington Borough Council
Councillor Graham Harrison	Leader, Hartlepool Borough Council
Mayor Chris Cooke	Mayor, Middlesbrough Council
Councillor Alec Brown	Leader, Redcar & Cleveland Borough Council
Councillor Lisa Evans	Leader, Stockton-on-Tees Borough Council
Matthew Ord	Chair, Tees Valley Business Board



Tees Valley Combined Authority Declaration of Interests Procedures

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

Personal Interests

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

Declarations of interest relating to the Councils' commercial role

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



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

Procedures for Declaring Interests

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

Register of Interests

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

Declaration of Interests at Meetings

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

Sensitive Information

Anything is possible



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, 24 April 2026 at 10.00am

Teesside Airport Business Suite, Teesside International Airport, Darlington

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

<u>ATTENDEES</u>	
Members	
Mayor Ben Houchen (Chair)	Tees Valley Mayor
Councillor Stephen Harker	Leader, Darlington Borough Council
Councillor Pamela Hargreaves	Leader, Hartlepool Borough Council
Mayor Chris Cooke	Mayor of Middlesbrough, Middlesbrough Council
Councillor Alec Brown	Leader, Redcar and Cleveland Borough Council
Councillor Lisa Evans	Leader, Stockton-on-Tees Borough Council
Officers	
Tom Bryant	Chief Executive, Tees Valley Combined Authority
Sarah Brackenborough	Director of Operations, Tees Valley Combined Authority
Jo Moore	Interim Director of Finance & Resources, Tees Valley Combined Authority (joined on Teams)
Craig Peacock	Director of Inward Investment & Marketing, Tees Valley Combined Authority
Sarah Walker	Director of Business Solutions, Tees Valley Combined Authority
Jeanette McGarry	Interim Monitoring Officer, Tees Valley Combined Authority
Trevor Watson	Executive Director: Economy & Public Protection, Darlington Borough Council
Denise McGuckin	Managing Director, Hartlepool Borough Council
Matt Wilton	Managing Director, Hartlepool Borough Council
Erik Scollay	Chief Executive, Middlesbrough Council

Brian Archer	Chief Executive, Redcar & Cleveland Borough Council
Ged Morton	Corporate Services Director, Stockton Borough Council
Jacqui Banks	Business Solutions Manager – Skills, TVCA
Sally Henry	Governance Officer, TVCA
Jodie Townsend	Governance consultant (joined on Teams)
Also in attendance	
Councillor Ian Blades	Chair, Overview & Scrutiny Committee

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](#).

	<u>CHAIR'S OPENING REMARKS</u> The Chair opened the meeting and welcomed everyone in attendance.
TVCA 90/25	APOLOGIES FOR ABSENCE Apologies for absence were submitted by Mike Greene and Rose Rouse.
TVCA 91/25	DECLARATIONS OF INTEREST The interim Monitoring Officer and the interim Director of Finance & Resources declared an interest in the Governance & Appointment item. All Leaders declared a non-pecuniary interest in the "Skills Programme – Approval of Adult Skills Grant Funded Provider Allocations & Approval of The Process for Awarding The Post-16 Capital Skills Allocations to Providers" item.
TVCA 92/25	MINUTES RESOLVED that the minutes of the meeting held on 20 th March 2026 were confirmed as an accurate record.

TVCA 93/25	TEES VALLEY MAYOR'S UPDATE The Mayor advised Cabinet members that he had nothing further to update them on which was not covered elsewhere on the agenda. Members were however given an opportunity ask questions. No questions were asked.
TVCA 94/25	GOVERNANCE & APPOINTMENTS Jeanette McGarry and Jo Moore left the meeting at this point. Cabinet received a report from the Chief Executive which provided an update on the recruitment process for the Chief Legal & Monitoring Officer and the Director of Finance & Resources and, given that none of the candidates were considered appointable, sought approval to extend the current interim arrangements. It also sought approval for the proposed new members of the Business Board and Independent Remuneration Panel. Cabinet were also asked to note the resignation of two independent members of the Middlesbrough Development Corporation Board, which is currently under review, and note the recruitment of up to three Independent Persons. Cabinet were invited to A. <u>NOTE</u> the update on the recruitment process for the Chief Legal & Monitoring Officer and the Finance & Resources Director. B. <u>APPROVE</u> the extension of Jo Moore as Interim Director of Finance & Resources and Jeanette McGarry as Interim Monitoring Officer through to the end of September 2026. C. <u>APPROVE</u> the proposed new members of the Business Board; D. <u>APPROVE</u> the proposed membership of the Independent Remuneration Panel (IRP), including the Chair appointment. E. <u>NOTE</u> the resignation of two independent members of the Middlesbrough Development Corporation Board.

	F. <u>NOTE</u> the recruitment of up to three Independent Persons. Members were given the opportunity to comment or ask questions. Councillor Hargreaves supported the decision not to appoint to the vacancies at the last round of interviews as she noted it is important to ensure the correct people are appointed to the roles of Monitoring Officer and Director of Finance & Resources. The Chair concurred and commented it is vital to extend the contracts of the current interim post holders until permanent appointments can be made. Mayor Cooke asked if Cabinet members can be kept updated with the recruitment process and was advised that members will receive informal updates and an update paper will be presented to Cabinet in June. The Chief Executive advised that both interim appointments are committed to staying, providing time for permanent replacements to be appointed. RESOLVED that Cabinet:- A. <u>NOTED</u> the update on the recruitment process for the Chief Legal & Monitoring Officer and the Finance & Resources Director. B. <u>APPROVED</u> the extension of Jo Moore as Interim Director of Finance & Resources and Jeanette McGarry as Interim Monitoring Officer through to the end of September 2026. C. <u>APPROVED</u> the proposed new members of the Business Board. D. <u>APPROVED</u> the proposed membership of the Independent Remuneration Panel (IRP), including the Chair appointment. E. <u>NOTED</u> the resignation of two independent members of the Middlesbrough Development Corporation Board. F. <u>NOTED</u> the recruitment of up to three Independent Persons. Jeanette McGarry and Jo Moore returned to the meeting at this point.
TVCA	GOVERNANCE REVIEW

95/25	Cabinet received a report, which was presented by Jodie Townsend, and provided details on the ongoing review of governance arrangements and presented recommendations resulting from that review. The report also explained how Tees Valley Combined Authority (TVCA) plans to improve the way it is governed and make decisions. It outlined the changes being proposed, such as creating a new Investment Committee, and set out why these changes are needed, what they will achieve, and how they support the Combined Authority's wider improvement. Cabinet were invited to:- A. NOTE the ongoing review of governance arrangements and the timetable set out in Appendix A of the report. B. APPROVE the establishment of an Investment Committee and its terms of reference as set out in Appendix B. Members were given the opportunity to comment or ask questions. No comments or questions were raised. RESOLVED that Cabinet:- A. NOTED the ongoing review of governance arrangements and the timetable set out in Appendix A of the report. B. APPROVED the establishment of an Investment Committee and its terms of reference as set out in Appendix B.
TVCA 96/25	SINGLE ASSURANCE FRAMEWORK Cabinet received a report, which presented for consideration the draft Single Assurance Framework (SAF). The report, which was presented by Jodie Townsend, set out the benefits of a SAF and why it is needed. He advised that it will put TVCA on a footing for devolution compliance and is fundamental to governance improvement. If approved by government, it can be taken that government are aware of the improvements we have implemented. Cabinet was asked to consider the report and approve that it be submitted to Government for clearance, which is required prior to the Combined Authority adopting and then implementing the Single Assurance Framework.

	Cabinet were asked to consider that by providing approval for submission to Government they are providing a commitment to adopt and implement the Single Assurance Framework, although formal adoption will require a subsequent Cabinet decision to be taken following approval by the required Government Departments. Cabinet were invited to:- A. <u>Consider</u> the report and the draft Single Assurance Framework and approve its submission to Government for clearance consideration. Members were given the opportunity to comment or ask questions. No comments or questions were raised. RESOLVED that Cabinet:- <u>Considered</u> the report and the draft Single Assurance Framework and approve its submission to Government for clearance consideration.
TVCA 97/25	LOCAL GROWTH PLAN UPDATE AND APPROVAL OF LOCAL GROWTH FUND PRIORITY ALLOCATION. Cabinet were provided with an update on the Local Growth Plan and asked to note progress, next steps and timescales. They were advised that the full Plan will be brought back to a future meeting for adoption. Cabinet were also provided an update on the Tees Valley Investment Pipeline and asked to note progress, next steps and timescales. They were also advised that the Pipeline will be brought back to a future meeting for adoption. Cabinet was also provided an update on the development of a proposal for the Local Growth Fund and their approval was sought to allocate funds to support Business Growth. Cabinet were recommended to:- A. <u>NOTE</u> the plan and timeline for the Tees Valley Local Growth Plan;

	B. <u>NOTE</u> the progress in the development of a Tees Valley Investment Pipeline; C. <u>APPROVE</u> the prioritisation of the £34m Local Growth Fund to support Business Growth. D. <u>APPROVE</u> delegation to complete and submit the Local Growth Fund Investment Plan and Outcomes Framework to MHCLG to the TVCA Director of Business Solutions in consultation with the TVCA Statutory Officers, the Tees Valley Mayor and Portfolio Holder. E. <u>NOTE</u> that all activity and financial commitments will be subject to proportionate Business Cases in line with the Combined Authority's Assurance Framework and these will be reported to Cabinet for approval in June 2026. Members were given the opportunity to comment or ask questions. Mayor Cooke enquired when Cabinet will receive a view from Government and was advised that they have been very supportive of the process to date and an update will be brought to June Cabinet. RESOLVED that Cabinet:- A. <u>NOTED</u> the plan and timeline for the Tees Valley Local Growth Plan; B. <u>NOTED</u> the progress in the development of a Tees Valley Investment Pipeline; C. <u>APPROVED</u> the prioritisation of the £34m Local Growth Fund to support Business Growth. D. <u>APPROVED</u> delegation to complete and submit the Local Growth Fund Investment Plan and Outcomes Framework to MHCLG to the TVCA Director of Business Solutions in consultation with the TVCA Statutory Officers, the Tees Valley Mayor and Portfolio Holder. E. <u>NOTED</u> that all activity and financial commitments will be subject to proportionate Business Cases in line with the Combined Authority's Assurance Framework and these will be reported to Cabinet for approval in June 2026.
TVCA 98/25	SKILLS PROGRAMME – APPROVAL OF ADULT SKILLS GRANT FUNDED PROVIDER ALLOCATIONS & APPROVAL OF THE PROCESS FOR

AWARDING THE POST-16 CAPITAL SKILLS ALLOCATIONS TO PROVIDERS.

Cabinet were asked for their approval for the Adult Skills Fund grant allocations and Post-16 Capital and CTEC capital arrangements. Cabinet were also provided an update on the adult skills procurement process and the development of LSIP 2.

Cabinet were recommended to:-

- A. **APPROVE** the recommended allocations for the Grant Funded Providers for the 2026/27-2028/29 academic years, as set out in **Appendix 1** of the report.
- B. **APPROVE** the recommended allocations for the Post 16 Capacity Capital funding and Construction Technical Excellence College (CTEC) Capital funding as set out in **Appendix 2 and 3** of the report.
- C. **DELEGATE** the process for allocating the remainder of the CTEC (Project Based) capital funding from DfE in the 2026/27 financial year to the Combined Authority Chief Executive in consultation with the Combined Authority Monitoring Officer and the Section 73 Officer), the Tees Valley Mayor and Portfolio lead.
- D. **NOTE** the update on the Local Skills Improvement Plan (2026-29).

The Director of Business Solutions provided Cabinet members with a brief overview of the report.

Members were given the opportunity to comment or ask questions.

Councillor Evans expressed her thanks to the team at TVCA for all the work that has gone into this. There have been workshops and a collective agreement was reached by all stakeholders. This should be recognised as best practice.

Mayor Cooke asked that the population data is kept under regular review as there is a rising number of young people.

This was acknowledged and he was advised that it is under review.

Councillor Hargreaves endorsed the approach taken and the comments from Councillor Evans. All the delivery partners worked together as a sector which has made Cabinet's endorsement of the programme easier.

	The Chair thanked Councillor Evans for all her work. RESOLVED that Cabinet:- A. APPROVED the recommended allocations for the Grant Funded Providers for the 2026/27-2028/29 academic years, as set out in Appendix 1 of the report. B. APPROVED the recommended allocations for the Post 16 Capacity Capital funding and Construction Technical Excellence College (CTEC) Capital funding as set out in Appendix 2 and 3 of the report. C. DELEGATED the process for allocating the remainder of the CTEC (Project Based) capital funding from DfE in the 2026/27 financial year to the Combined Authority Chief Executive in consultation with the Combined Authority Monitoring Officer and the Section 73 Officer), the Tees Valley Mayor and Portfolio lead. D. NOTED the update on the Local Skills Improvement Plan (2026-29).
TVCA 99/25	YOUTH GUARANTEE TRAILBLAZER YEAR 2 APPROVAL Cabinet was presented with a report from the Director of Business Solutions, which advised that the Youth Guarantee Trailblazer was originally launched as a one-year pilot. The Department for Work and Pensions (DWP) has now confirmed funding for a second year to build on the insights and learning from Year 1. It is a nationally funded DWP initiative being delivered locally by Mayoral Combined Authorities to test innovative, place-based approaches to supporting young people into employment, education and training. The report asked Cabinet for a decision for Tees Valley Combined Authority to continue as accountable body for the Youth Guarantee Trailblazer for Year 2 of the programme (Apr 26 – Mar 27). The Year 2 delivery has been accepted by DWP, and funding has been confirmed by a Grant Funding Agreement received 24 March 2026. Cabinet were invited to:- A. APPROVE Year 2 of the Youth Guarantee Trailblazer and accept £5m from the Department for Work and Pensions (DWP) into the Investment Plan for the period April 2026 – March 2027. B. APPROVE continuation of the Year 1 delivery model with Stockton Borough Council acting as Programme Manager on behalf of the

	Combined Authority and all five Local Authorities delivering locally, supported by enhanced programme management support from TVCA C. DELEGATE authority to the TVCA Chief Executive, in consultation with the Section 73 Officer and Monitoring Officer, to approve any future extension of the Youth Guarantee Trailblazer Pilot programme, subject to confirmation of funding from DWP. D. NOTE The advanced delegated decision that was taken in March 2026 to mitigate the risk of any pause in programme delivery. The Director of Business Solutions provided Cabinet members with a brief overview of the report. Members were given the opportunity to comment or ask questions. There were no questions or comments. RESOLVED that Cabinet:- A. APPROVED Year 2 of the Youth Guarantee Trailblazer and accept £5m from the Department for Work and Pensions (DWP) into the Investment Plan for the period April 2026 – March 2027. B. APPROVED continuation of the Year 1 delivery model with Stockton Borough Council acting as Programme Manager on behalf of the Combined Authority and all five Local Authorities delivering locally, supported by enhanced programme management support from TVCA C. DELEGATED authority to the TVCA Chief Executive, in consultation with the Section 73 Officer and Monitoring Officer, to approve any future extension of the Youth Guarantee Trailblazer Pilot programme, subject to confirmation of funding from DWP. D. NOTED the advanced delegated decision that was taken in March 2026 to mitigate the risk of any pause in programme delivery.
TVCA 100/25	DELEGATED DECISIONS

	Cabinet was presented with a report from the Interim Monitoring Officer, which advised of all the Delegated Decisions made since Cabinet last met on 20th March 2026. Cabinet was invited to <u>NOTE</u> the Delegated Decisions. Members were given the opportunity to comment or ask questions. There were no questions or comments. RESOLVED that Cabinet noted the Delegated Decisions made since Cabinet last met on 20th March 2026.
	<u>CHAIRS CLOSING COMMENTS.</u> The Chair welcomed Matt Wilton to his first TVCA Cabinet meeting. The Chair then expressed his thanks to Denise McGuckin for her contribution to TVCA over the years and noted that she will be missed. DATE AND TIME OF FUTURE MEETINGS • Friday 26th June 2026 at 10:00am.

Cabinet

Tees Valley Combined Authority

Date	26 June 2026	
Agenda Item	5	
Report Title	Governance and Appointments	
Accountable Cabinet Member	Ben Houchen Tees Valley Mayor	
Accountable Chief Officer	Tom Bryant Chief Executive	
Accountable Employee	Tom Bryant Chief Executive Jeanette McGarry Interim Monitoring Officer	
Report considered by	Pre-Cabinet process A draft version of this report was circulated in advance of an Informal Cabinet meeting on the 12 June 2026.	
Key Decision	Yes	No X
Public Report	Yes X	No
Voting arrangements		In accordance with the Constitution.
Recommendation(s)		
The Combined Authority Cabinet is recommended to:		
A	NOTE the update on the recruitment process for the Chief Legal & Monitoring Officer and the Finance & Resources Director.	
B	Subject to the outcome of the interview for the Chief Legal & Monitoring Officer: APPROVE the permanent appointment of the Chief Legal & Monitoring Officer (if deemed appointable, the details of the successful candidate will	

	be shared informally with the Cabinet as soon as possible and reported formally at the Cabinet meeting).
C	NOTE the progress on the recruitment of Independent Persons.

Purpose

1. The report presents an update on the recruitment of the Chief Legal & Monitoring Officer and the Finance & Resources Director, and progress on the recruitment of Independent Persons.

Executive Summary

2. On the 24 April 2026 Cabinet were updated on the recruitment process for the Chief Legal & Monitoring Officer and the Finance & Resources Director. Despite a rigorous and extensive process none of the candidates were considered appointable. Cabinet therefore approved the extension of Jo Moore as Interim Director of Finance & Resources and Jeanette McGarry as Interim Monitoring Officer through to the end of September 2026.
3. The Chief Executive and HR Team have continued to identify potential candidates, through the existing arrangement with Tile Hill, a new arrangement with Penna, who have a partnership with the Chartered Institute of Public Finance and Accountancy (CIPFA), and various informal networks.
4. In terms of the Chief Legal & Monitoring Officer, a candidate has been identified and will be interviewed on the 18 June 2026. If the interview panel deems this candidate appointable and if they accept the conditional offer of employment, the Cabinet will be asked to approve the appointment at this meeting. The details of the candidate will be shared in confidence with the Cabinet pending pre-employment due diligence. The name will be reported formally to the Cabinet at its meeting.
5. Furthermore, Cabinet is asked to note the progress on recruitment of Independent Persons.

Chief Legal & Monitoring Officer and Director of Finance & Resources update

6. The Chief Executive and HR Team have continued to identify potential candidates, through the existing arrangement with Tile Hill, a new arrangement with Penna, who have a partnership with the Chartered Institute of Public Finance and Accountancy (CIPFA), and various informal networks.
7. In terms of the Chief Legal & Monitoring Officer, a candidate has been identified and will be interviewed on 18 June 2026. The interview process will include an internal panel, a stakeholder panel and the appointment panel (consisting of the Tees Valley

Mayor, the TVCA Chief Executive, the Cabinet Member for Education, Employment and Skills and the Chief Executive of Hartlepool Borough Council). This reflects the same rigorous process as previously applied. Due to the publication deadline for these Cabinet papers, it is not possible to share the candidate details at agenda publication, but should the candidate be deemed appointable, and on condition of the required due diligence being completed, the Cabinet will be asked to approve their appointment at the meeting.

8. The partnership between Penna and CIPFA provides access to finance professionals across the UK. The search by Penna is focussed on individuals within a reasonable commuting distance of the TVCA offices. Rather than running another external campaign, Penna is utilising its networks to identify potential candidates and then facilitating informal engagement with the TVCA Chief Executive and Interim Director of Finance & Resources. Following on from this informal engagement, the intention is for Penna to provide CVs of potential candidates by mid-June, with internal, stakeholder and appointment panel interviews following as appropriate thereafter.
9. A further update on the process for the Finance & Resources Director will be provided to Cabinet at its meeting on 31 July 2026.

Recruitment of Independent Persons

10. The Localism Act 2011 requires that local authorities must appoint one or more Independent Persons to assist the Monitoring Officer with any Code of Conduct Complaints, investigating any alleged Elected Member misconduct, any potential dismissal of Statutory Officers and in promoting high ethical standards.
11. Recruitment for up to three Independent Persons has commenced and TVCA received a strong pool of seven applicants. Officers are currently interviewing candidates, some of whom may also be interested in becoming a member of one of the Audit and Governance Committees.

Partnership & Engagement

12. A draft version of this report was circulated in advance and discussed at an informal Cabinet meeting on 12 June 2026.

Appendices

13. **None**

Cabinet is requested to consider the following identified implications:

Financial Implications

14.	The salary costs of the Chief Legal & Monitoring Officer are affordable within the approved budget 2026/27. The Independent Persons will be paid an annual retainer of £2,000. The costs can be funded from the Legal & Governance Directorate Budget.					
Legal Implications						
15.	The TVCA Constitution 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.					
16.	The Localism Act 2011 requires that local authorities must appoint one or more Independent Persons to assist the Monitoring Officer with any Code of Conduct Complaints, investigating any alleged Elected Member misconduct, any potential dismissal of Statutory Officers and in promoting high ethical standards.					
Equality & Diversity Implications						
17.	There is no expected impact on Equality and Diversity within this report.					
Other Significant Implications (Tick other implications provided and provide detail in box below)						
Risk	<table><tr><td>X</td><td>Assurance Framework</td><td></td><td>Procurement</td><td></td></tr></table>	X	Assurance Framework		Procurement	
X	Assurance Framework		Procurement			
Improvement	<table><tr><td>X</td><td>Environment</td><td></td><td>HR & IT</td><td>X</td></tr></table>	X	Environment		HR & IT	X
X	Environment		HR & IT	X		
18.	Risk The failure to recruit a permanent Chief Legal & Monitoring Officer or Finance & Resources Director clearly presents a risk in terms of the on-going stability of the organisation. The extension of the existing interim arrangements mitigates this risk in the short-term. The Chief Executive is continuing to explore other opportunities to try and identify potential permanent candidates. TVCA is required to appoint Independent Persons to support the Monitoring Officer and to assist with ensuring high ethical standards.					
19.	Improvement The proposal around extending the interim arrangements and continuing to try and identify permanent candidates is 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).					
20.	HR					

The Assistant Director, People & Operations has supported the proposal in this report and continues to be actively involved in the permanent recruitment process, ensuring that it is undertaken in accordance with policy and legislation.

Cabinet

Tees Valley Combined Authority

Date			26 June 2026		
Agenda Item			6		
Report Title			Organisational Improvement Plan Progress Report		
Accountable Cabinet Member			Tees Valley Mayor Ben Houchen Chair of Cabinet		
Accountable Chief Officer			Tom Bryant TVCA Chief Executive		
Accountable Employee			Sarah Brackenborough Director of Operations		
Report considered by			Pre-Cabinet process A draft version of this report was circulated in advance of an Informal Cabinet meeting on the 12 June 2026.		
Key Decision			Yes	No X	A progress update is provided and therefore does not require a decision at this stage.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.		
Voting arrangements			Not applicable for this report		
Recommendation(s)					
The Combined Authority Cabinet is recommended to:					
A	Note progress in relation to the Organisational Improvement Plan.				
B	Approve the continuation of the Independent Advisory Board, in line with the detail set out in paragraph 49 and 50 of this report.				

C **Note** the intention to develop a continuous improvement strategy

Purpose

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

Executive Summary

2. This report provides the next formal update since the report presented to TVCA Cabinet on 20 March 2026, covering organisational improvement activity during the period March to May 2026. It highlights key progress against the best value guidance themes set out in the plan and provides assurance on how improvement activity is strengthening governance, finance, organisational capability and organisational resilience.
3. The BVN sets out that the Authority's progress in relation to compliance with the Best Value Duty will be reviewed after twelve months. The Authority received a letter dated 22 April 2026, **Appendix 1**, which confirmed that Ministers are currently considering appropriate next steps based on the available evidence.
4. This report provides updates in relation to progress on matters identified within the Organisation Improvement Plan, supplemented by a detailed updated monthly progress report for May 2026, attached at **Appendix 2**.
5. This report summarises engagement with the Independent Advisory Board (IAB) and the Ministry of Housing, Communities and Local Government (MHCLG) during the same period.

Progress summary

6. Context

In February 2026, the Authority published a self-assessment providing a full update on organisational improvement activity between June 2025 and February 2026. A further update was then presented to TVCA Cabinet on 20 March 2026.

7. The self-assessment report covered progress against actions within the Organisational Improvement Plan, alongside wider activity that supports the organisation's strategic priorities and continuous improvement. This report builds directly on the position presented to Cabinet on 20 March 2026 and focuses on progress since that point.

8.	Key Messages • Progress has continued across all core themes during the period March to May 2026. • Strong momentum has been maintained on governance reform, including Cabinet approval of the new Single Assurance Framework for submission to government and continued development of the constitutional review. • Progress has continued on financial stabilisation, including approval of the TVCA budget for 2026/27, further progress on the external audit and development of a revised permanent finance structure. • Work remains ongoing to embed changes consistently across the organisation, particularly in relation to assurance, processes and interim and long-term capacity. • Focus remains on implementation, embedding, evidencing impact and continuous improvement
9.	Progress by Theme This section sets out recent progress, with reference to earlier activity where this supports a clear understanding of trajectory and delivery against the Plan. There remains clear interdependence between these themes and related actions.
10.	Partnerships Between February and May, partnership activity continued to focus on strengthening the foundations for a more collaborative approach to strategic long-term priority setting and planning.
11.	Informal engagement arrangements with Cabinet members are now well established and continue to support alignment on priorities ahead of formal decision-making. An informal engagement plan through to July 2026 has been shared with Cabinet members, with further work underway to support the development of key priorities and items on the formal forward plan through to December 2026.
12.	This refreshed approach is supporting earlier alignment on strategic priorities, a clearer route to decision-making for members, and a more mature and collectively owned approach to delivery.
13.	An example of this approach is the development of the devolved adult skills programme, where structured engagement and collaborative working supported collective agreement across partners ahead of Cabinet approval.
14.	External Communications During March, April and May, work to develop the external communications plan progressed through final drafting and internal engagement, with the draft

	communications strategy finalised and shared with the Executive Leadership Team in March and prepared for circulation to partners and Cabinet members following Independent Advisory Board feedback, received from Dame Amanda Milling. The implementation of the plan does not require Cabinet approval, however, to establish best practice the plan has been developed in partnership with Local Authority partners, facilitated by the Local Government Association (LGA) and will be shared with Cabinet members to ensure support, in advance of full implementation.
	Use of Resources
15.	Progress between February and May focused on strengthening financial assurance and stabilising the finance function. TVCA has worked to address outstanding matters in relation to the previous year (2023/24 and 2024/25) accounts and good progress has been made with the external auditor (EY). Throughout the period, there has been engagement with the Audit & Governance Committee on these matters. The finance team continue to implement improvements to process, systems and ways of working.
16.	Work to build a sustainable finance structure also advanced. Recruitment for the statutory Section 73 role did not result in an appointment, and interim arrangements were extended and reported to Cabinet in April to maintain continuity while next steps are agreed. Further updates on this are presented under item 5 of this agenda. A revised permanent finance structure has been developed, and recruitment will commence in June for the vacant roles.
17.	A significant programme of work continues to strengthen finance processes and procedures, particularly in reducing historical inefficiencies and improving system reliability. To date tangible improvements have been made, including better system integration, enhanced reporting capabilities, and more consistent use of standard financial processes. Between February – May finance process review work moved from assessment to implementation planning, with an emphasis on embedding improved budget-setting and documented processes across the organisation from April onwards. The next stage in this work is to continue the roll out of refreshed processes, with external support to provide challenge and assurance.
18.	Governance Governance improvements continued between February and May, with activity focused on the ongoing governance review, development of the new Single Assurance Framework (SAF), and strengthening decision-making practice, supported by Jodie Townsend in his capacity as consultant. This included targeted engagement with Cabinet members through one-to-one sessions followed by a collective workshop.
19.	Following the initial engagement and Cabinet consideration of design principles, a draft SAF was taken to a Cabinet workshop in early April and then presented to Cabinet on 24 April where approval was granted to submit to Government for comment.

20.	Work is now continuing on phase 2 of the governance review, with a further round of Cabinet member one-to-one sessions and a further collective workshop which took place during May and June to maintain Cabinet engagement on implementation. This is running in parallel with an established internal implementation working group, comprising a cross-section of key operational and delivery officers, to support alignment and ensure processes are mapped to the new SAF.
21.	In February, Audit & Governance Committee reviewed and supported proposed constitutional amendments, maintaining momentum on clarifying decision-making principles, officer delegations and scrutiny arrangements.
22.	Wider governance enablers also progressed, including review activity relating to the Member Code of Conduct, recruitment of Independent Persons, and continued review and refresh of policies and processes linked to transparency and information governance.
23.	The 2023/24 and 2024/25 Annual Governance Statements (AGS) for TVCA, Hartlepool Development Corporation, Middlesbrough Development Corporation and South Tees Development Corporation have been reviewed and updated following feedback from the external auditor and will be reported alongside the final statement of accounts. The draft TVCA 2025/26 AGS was presented to the informal Audit & Governance Committee for comment on 21 May, with the draft then presented to TVCA Cabinet on 26 June for approval (see separate agenda item). This work is intended to support improved assurance and a clearer articulation of governance improvement actions.
English Devolution and Community Empowerment Act 2026	
24.	Work is progressing in relation to the English Devolution Act, which received Royal Assent in May 2026. The TVCA Leadership Team has held a series of engagement sessions through their standing weekly meeting to build a shared understanding of the implications of the legislation and the new requirements for both the Combined Authority and the Mayor.
25.	Wider internal workshops have been undertaken to assess organisational readiness, identify required competencies, and support implementation. This has informed the development of an internal implementation plan, which prioritises actions required in the short term to meet immediate statutory and governance requirements, alongside medium and long term activity to ensure the organisation is fully prepared to operate effectively under the new arrangements, as and when they are phased in under the new Act.

26.	Culture	Culture and organisational development work during February to May continued to focus on strengthening internal engagement, and improving people processes that reinforce accountability and values.
27.		The existing Organisation Development road map continues to provide a structured route to embed new ways of working. This included sessions within the monthly Directors and Heads of Service meetings that focussed on the development of the organisations values and aims to formalise expected behaviours linked to the established values.
28.		The organisation strengthened performance management by compiling appraisal results for Directors in April and commissioned a review of the appraisal approach that will be undertaken by the LGA in advance of the next stage in the appraisal process which is expected to begin in September. This is alongside preparations for objective-setting training to improve consistency. Directors have established objectives for their Directorates which will filter through their team structures to ensure objectives align.
29.		Internal engagement mechanisms were refined, including adjustments to the staff forum to focus on high-impact topics and discussions and improved 'you said/we did' feedback. To support the ongoing development of internal engagement an internal engagement plan was refined to ensure the purpose and expected outcomes are understood.
30.		Practical steps to improve staff experience also continued, with induction sessions with the Chief Executive commencing in April, enhancements to induction content to reinforce governance and finance awareness, and further wellbeing and workspace initiatives delivered to support engagement. The staff survey for 2026 has also recently been completed and is being analysed with initial findings presented to staff at the June all staff briefing.
31.		Engagement with the Independent Advisory Board continued and included an informal meeting in February and a thematic deep dive on culture that was presented and considered in March. This has been supported by a refreshed action tracker and a clearer focus on impacts and evidence with a view to further showing continued organisational improvement and self-reflection.
32.	Continuous Improvement	Work to define and implement priority theme implementation plans continued, supporting continued implementation and pace aligned to dependencies. Alongside this, operating model development progressed through further review of policies and procedures, with benchmarking activity (including schemes of delegation) underway.

33.	TVCA remains committed to continuous improvement. Completed actions have been embedded within organisational operations strengthening core functions, processes and long-term resilience. Building on this progress, TVCA will develop and implement a continuous improvement strategy aligned with the Organisational Improvement Plan to ensure a systematic and sustainable approach to embedding continuous improvement across the organisation.
	Procurement and Commercial Strategy
34.	A refreshed Procurement and Commercial strategy was approved by TVCA Cabinet on 20 th March 2026.
35.	The purpose of this five-year Procurement Strategy is to set out a clear, collaborative, and forward-thinking approach that positions the Tees Valley Combined Authority (TVCA) as a leader in delivering best value through its procurement and commercial activities. The strategy will underpin the wider aims of TVCA's emerging Local Growth Plan (LGP) and ensure that procurement acts as a strategic enabler for regional transformation.
	Risk
36.	A report was presented to the TVCA Audit and Governance Committee on 20th February 2026 to update on the approach to risk management. To support effective oversight and assurance, the Authority is in the process of strengthening its risk management framework to provide differentiation between: • Principal strategic risks requiring Member and statutory officer oversight • Risks managed through senior management operational control • Risks managed at programme and grant delivery level.
37.	Further changes are being implemented to support a strengthened three-tier risk framework, aligned to best practice and HM Treasury Orange Book guidance. Internally, the Director team, together with the Head of Performance, Risk and Assurance, has been reviewing TVCA's approach against this framework.
	Internal Audit
38.	Internal Audit activity during 2025/26 experienced delays earlier in the year, resulting in delivery being behind the original programme at key points. However, through focused recovery actions and a revised approach, significant progress has been made to address this position. The programme, which covers TVCA and the development corporations, has now been recovered and is nearing completion. Most audits are at final draft or clarification stage, reflecting the substantial progress made within a compressed timeframe.

39.	The next steps are to close the remaining 2025/26 audits, finalise the Head of Internal Audit Opinion, and complete the procurement of a new Internal Audit provider.
40.	A draft audit plan for 2026/27 has already been discussed internally in preparation for the incoming internal auditor, and Directors have undertaken an internal strategic risk familiarisation workshop in advance of engaging with the new Internal Audit provider. This approach positions the organisation to maximise the effectiveness of the accelerated delivery period, support a smooth transition to the new provider, and maintain momentum towards further improving Internal Audit arrangements during 2026/27.
Independent Advisory Board (IAB) meeting update	
41.	This section provides an update on IAB meetings since the last Cabinet update on 20 March 2026.
42.	Since Cabinet approval, the IAB has held nine meetings. A scheduled forward plan for meetings and content was developed and is considered by the IAB and its Chair in advance of each meeting. Additional items are incorporated into the agenda and forward plan where required.
43.	At its meeting on 6 March 2026, the IAB received a deep dive on the theme of culture. As this theme is less readily evidenced through tangible measures alone, the deep dive included relevant examples and case studies to provide context for progress and key findings in relation to the following updates: • Strategic alignment of Culture and the Organisational Strategic Priorities that are an integral part of the transformative culture TVCA aims to embed, both internally and externally. • Insights from the 2025 Staff Survey results were provided which highlighted the areas that required the most intervention. Updates were provided in terms of insights identified, action taken and next steps in relation to the lowest scoring areas from the staff survey. • An assessment of progress to date was provided, coupled with measures and outcomes that highlighted the success measures to the organisation achieving its mid to long-term ambitions.
44.	At its meeting on 18 May 2026, agenda items included: • Financial Position • Workforce plan and capacity update • Overall Progress update The meeting focused primarily on the updated financial position, with the Board receiving both a written report and a verbal update. Following discussion, the Board requested additional information financial position, workforce plan and capacity update, which was discussed its next meeting on 12 June, in addition to full progress update for May 2026.

45.	The Board was also provided with an update, for information, on the Mayoral Development Corporation review process.
Independent Advisory Board Arrangements	
46.	At its meeting on 27 June 2025, Cabinet approved the establishment, role and remit of the Independent Advisory Board (IAB) in response to the Best Value Notice, for an initial period of 12 months.
47.	The IAB was established to provide independent challenge, oversight and advice to support the Authority in addressing the requirements of the Best Value Notice, strengthening governance, and embedding sustainable improvement. Details of which have been provided within this report and previous Organisational Improvement Cabinet reports.
48.	Since its establishment, the Independent Advisory Board has provided constructive challenge and expert advice across a range of areas, including governance, financial management, organisational capability and delivery of the improvement programme.
49.	As outlined in paragraph 3, TVCA is awaiting next steps in relation to the Best Value Notice. This report seeks Cabinet approval for the IAB to remain in place until the Authority receives confirmation on the next steps.
50.	Following the conclusion of its initial 12-month period, the Board's role and remit will be reviewed. The review will be undertaken in the context of the Authority awaiting confirmation on next steps in relation to the Best Value Notice, as set out in paragraph 3. A recommendation on future arrangements will be brought to Cabinet at the earliest opportunity.
51.	Continuing the IAB until next steps are received from MHCLG, reflects the original intent endorsed by Cabinet in June 2025 and provides a proportionate, time-limited approach while next steps are considered.
52.	Costs associated with the IAB are outlined within the finance implications section of this report.
53.	Whilst the IAB membership has broadly remained consistent there are some points to note. Helen Edwards – has now retired as Monitoring Officer of West Midlands Combined Authority and has remained part of the IAB under a revised arrangement. Sir Steve Bullock – former directly elected Mayor of the London Borough of Lewisham has been unable to attend the previous 2 IAB meetings due to personal reasons and has stepped down from the Board.

	Meetings with the Ministry of Housing, Communities and Local Government (MHCLG) Best Value Notice (BVN) Team
54.	There has been ongoing engagement between MHCLG and TVCA since the last update report to Cabinet. The meetings have included updates on: • Financial position • Senior appointments • Finance team structure • External Audit • Review of the Middlesbrough and Hartlepool Mayoral Development Corporation. • Governance review
55.	Updates were provided by relevant TVCA officers, including Jo Moore, Interim Director of Finance and Resources, Jeanette McGarry, Interim Monitoring Officer, and Sarah Brackenborough, Director of Operations.
56.	TVCA is awaiting confirmation of next steps from MHCLG in relation to the Best Value Notice.
Background	
57.	On 3 April 2025 Tees Valley Combined Authority (TVCA) was issued with a non-statutory Best Value Notice (BVN) by the Ministry of Housing, Communities and Local Government (MHCLG). The letter set out the requirement to produce a clear, overarching and holistic improvement plan, agreed by members of the authority by 3 July 2025.
58.	TVCA's external auditors (EY) wrote to TVCA Cabinet on the 15 April 2025 issuing three recommendations under Section 24, Schedule 7 (2) of the Local Audit and Accountability Act 2014. The TVCA response was approved at a meeting of the Cabinet on the 14 May 2025.
59.	A series of engagement workshops were undertaken with a wide range of partners, officers and members provided an understanding and basis for the development of an Organisational Improvement Plan, which was approved by the TVCA Cabinet at its meeting on 27 June 2025. Following Cabinet approval, the plans were submitted to MHCLG.
Partnership & Engagement	
60.	Significant external engagement was undertaken to inform development of the Organisational Improvement Plan, reflecting feedback from partners and stakeholders.
61.	Ongoing Partnership and Engagement

	Engagement has continued as implementation of the Plan has progressed, with the TVCA Chief Executive and Executive Leadership Team maintaining substantial engagement with senior regional stakeholders.
62.	In addition, the continuing programme of partnership and engagement activity includes: • A series of informal Cabinet workshops. • Strengthened portfolio holder arrangements. • Ongoing dialogue with officer groups. • Engagement, challenge and support from the IAB. • Engagement and support from the LGA.
63.	Work has also continued with the Local Government Association, which has undertaken a further series of engagement workshops with key partners and stakeholders.
64.	Consultation and communication remain central to delivery of the detailed actions, with members and staff continuing to be consulted and informed as work progresses. External challenge and validation also remain important features of the improvement journey through engagement with the IAB, the Local Government Association and others to provide support, challenge and assurance.
Appendices	
65.	Appendix 1 – Letter regarding Best Value Notice next steps Appendix 2 – Organisational Improvement Action Plan Update – May 2026.

Cabinet is requested to consider the following identified implications:

Financial Implications

66	Activity associated with the improvement programme, including governance reform, organisational development, and strengthened assurance arrangements, is being managed within the available budget of £0.750m as approved in the 2026/27 Budget. Ongoing financial discipline remains essential to ensure that funds are used to deliver maximum transformational results. Where additional capacity or specialist support is required (for example, interim statutory roles or external assurance), this is subject to appropriate approval and financial oversight.
67	Expenditure to date on staffing to lead the improvement is £93,940, and this cost is forecast to rise to £173,109 by the end of 2026/27. The programme co-ordinator

	for improvement is currently on a fixed term post to August, and a potential extension will increase the forecast above. Employee costs for improvement will be met from the transformation budget of £750,000.
68	This approach supports the Authority's objective of achieving financial resilience, while delivering its improvement programme and strategic priorities. As detailed in the Best Value Notice and Organisational Improvement Plan report presented to Cabinet at its meeting on 27 June 2025 under agenda item 6, the estimated total cost for the Board over an initial twelve-month period was £132,000. It was agreed that the total cost be split 50/50 with the LGA, and the TVCA element (£66,000) funded from the TVCA core budget.
69	The total cost of invoices paid to date by TVCA to IAB members, since the BVN was issued, is circa £50K. As detailed above the LGA grant has funded 50% of this cost, so the direct cost to TVCA has been circa £25K.

Legal Implications

70	The letter from MHCLG in April 2025 stated that ministers are concerned as to the authority's capacity to comply with its best value duty under the Local Government Act 1999 and have therefore decided to issue TVCA with this best value notice ("notice"). The notice is a formal notification that the department has concerns regarding the authority and requests that the authority engages with the department to provide assurance of improvement.
71	This notice is issued outside the statutory powers held by the Secretary of State under the Local Government Act 1999 to inspect or intervene in local authorities where there is evidence of best value failure and, separately, under Section 230 of the Local Government Act 1972 to request information from local authorities.
72	The majority of measures to move to Established Status and subsequently to achieve an integrated settlement are centred around governance, accountability and assurance. Developing and delivering robust governance, clear accountability, and rigorous assurance arrangements is a critical enabler to unlock additional devolved powers and resources.

Equality & Diversity Implications

73	The Organisational Improvement Plan itself does not directly impact on groups of people with protected characteristics.
74	However, TVCA considers the potential impact on groups of people with protected characteristics in the development of policy, programmes and projects. Any actions within the action plan that relate to policy, programmes and projects will be subject to assessment during the development phase.

Other Significant Implications

Risk	x	Assurance Framework		Procurement	
Improvement	x	Environment		HR & IT	
75.	A RACI Matrix, also known as a Responsibility Assignment Matrix, has been applied to each of the detailed actions within the Improvement Plan and regular progress meetings are now taking place with those responsible and accountable for their delivery to ensure early identification of risks.				
76.	The MHCLG letter recognises that embedding change across the organisation and ensuring that it is having the desired, long-term impacts is likely to take time and will require sustained effort from both officers and members at TVCA.				
77.	A continuous improvement strategy is being developed and implemented as outlined in paragraph 33.				



Ministry of Housing,
Communities &
Local Government

Tom Bryant
Chief Executive
Tees Valley Combined Authority
By email

James Blythe ACMA
*Deputy Director, Local
Government Stewardship
and Interventions*

**Ministry of Housing,
Communities &
Local Government**
2 Marsham Street
London
SW1P 4DF

www.gov.uk/mhclg

22 April 2026

Dear Tom,

As you know, the Department issued a non-statutory Best Value Notice ('the Notice') to Tees Valley Combined Authority on 3 April 2025 as a formal notification of our concerns regarding the Authority and requesting that the Authority engages with the Department to provide assurance of improvement. I am grateful to you and your senior team for the ongoing dialogue we have had over the last 12 months and recognise the hard work you've led in response to the issues identified in the Notice.

The Notice sets out that the Authority's progress will be reviewed after twelve months. The Notice remains in place until the Department confirms whether we deem it necessary to continue to seek assurance through such a Notice or not, or that further action is needed. The Department continues to require assurance of the Authority's compliance with the Best Value Duty and Ministers are currently considering appropriate next steps based on the available evidence.

A copy of this letter will be published on GOV.UK for transparency and I will be in touch in due course regarding next steps.

Yours sincerely,

James Blythe
Deputy Director, Local Government Stewardship and Interventions

Tees Valley Combined Authority Organisational Improvement Plan Update – May 2026

In response to the Best Value Notice issued to TVCA in April 2025, together with its partners, TVCA has created an Improvement Plan and ongoing Action Plan to address the matters set out within the notice and to ensure it has robust approaches across the five key themes of the plan:

Partnerships • Use of Resources • Governance • Culture • Continuous Improvement

In addition to the Best Value Notice, the ongoing action plan includes actions in relation to points raised by the External Auditor in the Statutory letter received in April 2025 which are addressed in the Use of Resources section of this update.

The table below shows a high-level summary of progress per theme, detailed updates per action are documented throughout the update, and supplemented by a report that is due to be presented to TVCA Cabinet on 26 June 2026.

Theme	Total actions	Complete	Complete – ongoing steps to embed	In progress – nearing completion	In progress	Not started	Progress overall
Partnerships	3	2	1	0	0	0	100%
Use of Resources	4	0	3	1	0	0	75%
Governance	18	8	3	5	2	0	61%
Culture	14	7	4	3	0	0	79%
Continuous Improvement	4	2	0	2	0	0	50%
Total % complete							69%

Note: The figures in the summary table are intended to provide a rounded indication of delivery status across each theme. The overall progress indicator reflects the balance of actions that are complete or complete with ongoing steps to embed. Almost complete and in progress actions are not included within the progress overall and should be read alongside the detailed narrative set out in this update. In progress - nearing completion refers to actions that are due to be complete in June, July or September 2026. It is anticipated that 97% of actions will be either complete or complete with ongoing steps to embed by the end of September 2026.

TVCA is committed to continuous improvement. Completed actions are embedded within wider organisational improvement implementation and organisational operations to further strengthen functions, processes and long-term organisational resilience.

To note, the action relating to undertaking a Peer Review in 18–24 months has been omitted from the summary table because it has been identified as an action for future consideration, with timing dependent on the next steps associated with the Best Value Notice.

Partnerships						
Actions complete						
Refocus the Chief Executives meetings into a Tees Valley Strategic Leadership Team, made up of the six chief executives (5 LAs and 1 CA, CEXs) supporting the delivery of priority workstreams						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
TB	Undertake a review of the TV CEXs meetings, priorities and Terms of Reference, implement changes from the review appropriately and reflect any changes in the governance structure and corporate calendar of the wider organisation and embed changes to processes.	- TV CEX meeting is now a standing item on TVCA ELT to ensure strategic alignment with TVCA key priorities - TV CEX continue to meet monthly with TVCA bringing Strategic Priorities for discussion. - TV CEXs meeting is part of the TVCA formal Cabinet cycle - Strategic forward plan discussed with CEX	- Ongoing - TVCA CEO to continue to work strategically with the TV CEXs group. - CEX and wider Governance arrangements are being discussed and considered as part of the Governance Review action which relates to the Single Assurance Framework and its implementation plan and refresh of the Constitution.		- Implementation of Tees Valley Strategic Leadership Team meetings - Positive feedback and demonstrable impact of the working arrangements received Impact - Collective leadership and strategic alignment - More coordinated and efficient delivery of priority workstreams - Earlier identification and resolution of cross-organisational risks	- CEX Agendas Potential impact indicators - Attendance and active participation of members - Progress against shared priority workstreams - Feedback from members, delivery partners, external reviewers
Implement a collaborative approach to strategic long-term priority setting and planning, working closely with the constituent local authorities, with meaningful political engagement at the outset and throughout the process.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
TB	- Implement a series of workshops for priority setting - Engage key partners and Members - Ensure the workshops fit with the corporate calendar.	12-month forward plan has been developed in collaboration with Cabinet. 12-month forward plan developed for Overview & Scrutiny Committee and Audit & Governance Committee. - Overview & Scrutiny Improvement Plan and Work Programme developed and approved by the Committee on 19 November 2025. - Audit & Governance Committee work programme and enhancement plan agreed by the committee on 27 November 2025. - Collaborative approach implemented to the development of strategic priorities in advance of Cabinet decisions, led by the portfolio holder and involving key stakeholders. Examples of positive feedback on the new collaborative approach from both portfolio holders and stakeholders, for instance the development of the new approach to adult skills provision and the development of the Get Tees Valley Working Plan, where the collaborative approach taken was described as an exemplar in local	Action complete – Forms part of Continuous Improvement and is an iterative process that will continue to embed the new way of working, to ensure robust strategic planning for all committees and informal engagement in advance of meetings linked to strategic priorities.		- Partners and key stakeholders understand long-term plans and provide positive/improved feedback on meaningful engagement. Impact - Strengthened alignment between TVCA and constituent LAs - Improved buy-in to agreed priorities - More effective use of collective resources	Potential impact indicators - Evidence of political involvement e.g. workshops, joint sessions - Formal agreement and commitment to shared priorities - Improved confidence from members and senior officers

		partnership delivery by the Department for Work and Pensions. •New committee report development process implemented, with pre-committee engagement				
Actions complete – ongoing steps to embed						
Implement a balanced external communications plan to ensure TVCA restores public confidence, promotes itself and manages challenge & external scrutiny, with a greater role for Cabinet portfolio holders.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
CP	- Engage Partners and Stakeholders to develop a plan - Work with Partners and Stakeholders to implement and embed plan	- Reinstated regular Heads of Communications meetings with TVCA and five local authorities - Terms of Reference for group established with rolling chair to maintain shared ownership - Increased visibility of Cabinet portfolio leads in press articles and media opportunities, plus MP engagement - Increased engagement and visibility led by ELT with the business community - Working with the Local Government Association Head of Communications Improvement - Agreed scope of support to be provided by LGA specialists - Development of strategy now in progress alongside LGA - LGA held interviews in December with local authority leaders and chief executives - Communications Strategy workshop held with TVCA and LA Heads of Communications on 14 January - Draft strategy shared with Dame Amanda Milling of the Independent Advisory Board for feedback 10 March 2026 - Draft strategy shared with TVCA Executive Leadership Team - May 2026: Business Board established - May 2026: Development of perceptions survey underway - May 2026: Draft external communications strategy shared with partners (LA leaders) 10 March 2026 - Draft strategy shared with TVCA Executive Leadership Team - May 2026: Business Board established - May 2026: Development of perceptions survey underway - May 2026 - Draft external comms strategy shared with partners (LA leaders)	- June 2026 – Expected full completion of new strategy, considering comments followed. - July 2026 – Implementation of strategy to commence		- Clear, easily accessible information for the public that meets with legislation and best practice Impact - Improvement in public perception and confidence - Strengthened leadership visibility and accountability for portfolio holders - Reduction in reactive communications	- Engagement plan - TOR of group - Examples of press releases which show increased visibility of Cabinet portfolio leads Potential impact indicators - Media sentiment analysis (positive v negative coverage) - Number of Fol requests - Public engagement metrics - Portfolio holder feedback

Use of Resources						
Actions complete – ongoing steps to embed.						
Respond effectively and in a timely manner to address the recommendations and actions contained within the external auditor's statutory letter received on 15 April 2025						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
JM	- Capacity review – <i>addressed under workforce development actions</i> - Process review – <i>addressed under review of finance processes and procedures</i> - Clear timetable for production of its 2024/25 Statement of Accounts	- Close working relationship established with EY, including regular dialogue with senior officers to jointly resolve outstanding queries on material matters. 2024/25 published by the statutory deadline of 30 June 2025 - TVCA is working closely with EY to conclude the 2023/24 and 2024/25 external audit processes to enable signing of the accounts by the Interim Section 73 Officer and for EY to issue their disclaimed audit opinion. - All material matters and transactions have been subject to group discussion and agreement. - Two material matters discussed with CIPFA for assurance and clarification. - Significant progress has been made in reviewing and restating the TVCA 2023/24 and 2024/25 accounts, as well as the accounts for all other group entities. - Appropriate and robust working papers have been prepared to support the financial statements. - Public accounts inspection requirements are now understood and were fully complied with. - A capacity review was undertaken by the Interim Section 73 Officer. - The Interim Section 73 Officer commenced at the end of July 2025, prioritising capacity issues and the completion of prior-year accounts. - Additional suitably experienced interim resources have been deployed to resolve remaining 2024/25 matters. - A further experienced interim lead for 2025/26 year-end processes commenced in December. - A comprehensive, integrated workbook has been developed to underpin the production of the final accounts, and this workbook clearly tracks all adjustments made to the draft accounts published on 30 June 2025. It also includes control and integrity checks to ensure accuracy and consistency of amounts reflected in the accounts.	- June 2026 - Ensure that TVCA and the Development Corporations produce a high-quality set of accounts by the publication date for the draft accounts of 30 June 2026. - Ongoing - Work will continue at pace to work closely with the external auditor to satisfy their queries raised and to enable the audit process for 2023/24 and 2024/25 to be concluded as soon as practicable.		- All public inspection periods for the Annual Financial Statements (including narrative report) and Annual Governance Statement are complied with in line with legislation - All year-end statutory deadlines met for the production of Annual Financial Statements (including narrative report) and Annual Governance Statement to deliver before the backstop date Impact - Strengthened governance, financial management and internal controls - Improvement in auditor confidence and reduced risk of repeat findings in future audit cycles - Improved organisational credibility - Demonstrable commitment to improvement	Potential impact indicators - Actions are progressed within agreed timescales - Feedback from external auditor(s) - Clear senior ownership for recommendations and evidence of completed actions - No repeat findings in subsequent audit reports

		• Close engagement with and transparent reporting to the TVCA Audit & Governance Committee • February 2026 - TVCA submitted 7 of the 8 entities' accounts by the statutory backstop date of 27 February 2026. • May 2026: Progress update on conclusion of accounts for 2023/24 and 2024/25, and draft accounts for 2025/26 provided to A&G Committee				
Ensure that all actions from audit reports are addressed in an effective and timely manner and progress is reported to Audit & Governance (A&G) Committee and Cabinet.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
JM	• External Audit recommendations evidenced as complete with Auditors	• Close engagement and transparent reporting to the TVCA Audit & Governance Committee to ensure they are kept up to date with progress. • S73 officer improving relationships with External Auditors as described above. • The formal reporting to TVCA A&G and TVCA Cabinet will follow the approved plan. • This requires reports to be produced for circulation with these stakeholders for May, June, September and November. • Revised approach agreed to statutory backstop date of 27 February 2026. • Updates and progress will be reported to Cabinet & A&G Committee. • Training sessions held with A&G Members and meeting held with Chair pre-publication • May 2026: External audit progress update provided to A&G committee	Complete - This action is complete and will form part of continuous improvement. This action links to the Annual Governance Statement review action noted within the Governance section of this report.		External Audit recommendations evidenced as complete with Auditors. Impact • Strengthened assurance, accountability and control • Improved transparency • Improved oversight of risk management and improvement activity • Reduced risk of repeat findings and external challenge	Potential impact indicators • Actions are progressed within agreed timescales • Regular, clear progress reports presented to A&G and Cabinet • Clear senior ownership for audit actions and evidence of active management • Fewer repeat actions in subsequent audit reports
Develop and implement a workforce development strategy, to ensure a sustainable and high-performing finance function.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
JM	• Produce a baseline of Finance Team Capacity and Capability. Produce Terms of Reference for review of Finance team and approval by Cabinet. • Benchmarking analysis and review by Tees Valley Strategic Resources Group (FDs) for feedback. • SWOT analysis and local government finance workforce action plan key recommendations analysis performed to support review of the Finance Team.	• The Interim Finance & Resources Director was appointed in July 2025 and undertook an immediate review of the short-term requirements. • This review concluded that the existing team was small and flat in structure, with no separation of the three key elements of a full finance function: • financial management • financial accounting & reporting • treasury management • Additionally, the skillset and experience of team members were not necessarily aligned with activity being undertaken.	• Recruitment of permanent Finance & Resources Director (S73) officer • May 2026 onwards Transition from the interim finance arrangements and commence the recruitment of the vacant finance posts. • June 2026: Cabinet updated on progress in relation to recruitment of permanent FD.		The Finance team has a clear structure building on current capabilities to ensure an appropriately qualified team and a development pathway to a resilient high performing service.	

	• Formulation of Finance Team structure options and funding requirements as applicable and recommendations to TVCA Senior Leadership Team and stakeholder groups.	• August–September 2025 - An interim structure was established. • Interim resource has been secured to ensure that the team is fit for purpose in the short term. • Additional specialist support has been brought in where necessary, with resources added on a controlled, as-needed basis. • This interim structure has been designed to undertake the full financial review and implement the improvements needed. • Formulation of the finance team structure has been developed by the Interim Group Director of Finance and Resources with support from HR. • Staff are now assigned to one of the three functions noted above, improving clarity and accountability. • Dedicated resource aligned to finance processes and improvements. • November 2025 - Updated structure discussed with the Executive Leadership Team (ELT) • December 2025 - Shared with the IAB as part of the Use of Resources Deep Dive given on 8 December 2025. • Extension to contract agreed with interim Finance & Resources Director as the S73 recruitment process in Q1 2026 did not result in an appointment • Governance and appointments report made to Cabinet on 24 April 2026 to inform that no appointment could be made – details provided of extended interim arrangements • April 2026: Proposed structure and recruitment needs for the finance function presented to CEO and business case prepared for new structure • May 2026: Update on status of Director recruitment provided to IAB • May 2026: Proposed structure for finance team presented to IAB. • May 2026: LGA retention maturity model being adopted as part of workforce development plan			Impact • Finance function better equipped to meet organisational needs • Improved recruitment, retention and skills development • Reduced reliance on interim or ad-hoc capacity • Improved quality of financial advice to members and senior leaders	Potential impact indicators • Improved retention rates and reduced interim reliance in finance function • Evidence that finance staff have the right skills and competencies to support function • Improved feedback from senior officers, members and auditors on quality of financial advice • Identified succession plans for key finance roles and reduced single-point dependency risks • Fewer finance-related audit issues

Actions in progress – nearing completion						
Review all finance processes and procedures and implement any necessary changes to ensure exemplar finance best practice, capture changes within the Constitution and improve awareness and understanding across the organisation.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
JM	- Produce a baseline assessment of finance processes and procedures and 'gap analysis' where applicable to form the basis of future improvement plan. - Cabinet approval of finance process changes as required in line with Constitution. - Roll out of processes across the organisation (including all necessary awareness raising and training). - Implementation of the necessary system changes to reflect the new sub-scheme of delegation. - Roll out training for all new budget holders and individuals with delegations. Roll out training for document authorisation system.	- Review of finance processes undertaken and complete - This includes Budget monitoring, finance accounting monthly control process, - Treasury management and cash management. - Process owners assigned - Dedicated resource within the Finance team who has responsibility for documenting and tracking processes and improvements made. - The Local Government Association (LGA) have been engaged to provide additional support on key process improvement. - Process tracker developed, updated and shared with the IAB. - New budget setting process implemented for 2025/26. - April 2026 - A new budget timetable to be created and to be implemented for 2026/2027. - April 2026 onwards - Implement the programme of process improvements and ensure that they are embedded across the organisation. - May 2026: Internal working group in place to map and document all updated finance processes to support roll out across organisation - May 2026: Procurement process underway for external reviewer	- Continue to update and implement revised processes. - July 2026: External review of all finance processes and procedures to be undertaken to assess effectiveness, efficiency and robustness as well as alignment with CIPFA good practice and SOLACE principles of good governance - July – September 2026 - Constitution changes to be updated as part of the constitution review.		- Fully documented finance business processes and procedure documentation is widely available and understood by staff - Ownership and accountability is demonstrated through budget holder leadership for their respective areas of delegated authority. - Document authorisation processes are compliant, timely and accurate working to agreed service standards across the Group Impact - Improved consistency, control and compliance - Improved clarification of roles and responsibilities to reduce ambiguity and governance risk - Better financial discipline and more informed decision making among officers and members	Potential impact indicators - Updated finance processes and procedures are documented, approved and operational - Constitutional updates are complete and reflected in financial decision making and scheme of delegation - Reduction in finance-related audit issues - Feedback from auditors, officers and members in relation to understanding (and reduction in errors/escalations)

Governance						
Actions complete						
Undertake a comprehensive review of the TVCA Assurance Framework, taking into account best practice, working closely with the constituent local authorities and Cabinet, and implement any necessary changes to ensure it remains fit for purpose.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc/SB	Undertake an internal review of the Assurance Framework. Work with partners and Members to update. Seek Cabinet approval.	- The Assurance Framework has been identified as a priority area for improvement. - Best practice centres around the development of a Single Assurance Framework (SAF), which will enable Tees Valley Combined Authority to address issues, introduce a new approach and culture to approvals and drive standards. - An initial assessment of the existing Assurance Framework by the Interim Monitoring Officer in September 2025 concluded that the existing framework is in need of redesign, with opportunities to strengthen it. - A SAF provides opportunities to deal with the uniqueness and nuances of the Tees Valley set up of Mayoral Development Corporations. - Tees Valley Specific Design Principles have been developed. - Engaged with the Ministry of Housing, Communities & Local Government (MHCLG) to align design principles. - Cabinet has endorsed the approach and design principles for the development of a SAF on 12 December 2025 - Audit and Governance committee considered design principles on 20 February 2026. 1 April 2026: Presentation to Cabinet workshop 24 April 2026: Draft of SAF presented to Cabinet and approved for submission to government departments for clearance - April 2026: Draft SAF submitted to MHCLG for review following Cabinet endorsement - May 2026: Individual engagement sessions with Cabinet members included update and next steps for SAF. - May 2026: Internal working group established to ensure internal adoption of SAF.	- A phased approach to the implementation of the Constitution and governance review is in place with key milestones of April, June, July and September Cabinet meetings. The indicative timescale for the final SAF: 26 June 2026 presented to Cabinet - this timescale is subject to MHCLG internal processes for review and feedback 26 June 2026 - Internal implementation plan to support adoption of the approved SAF to be developed, ensuring alignment across the organisation and other actions in this plan, including the Constitution review.		Approval of updated Assurance Framework. Data is available providing evidence of effective assurance processes. Impact - Improved confidence that risks, controls and governance arrangements are identified, managed and monitored effectively - Reduced gaps, duplication and inconsistencies across the system - Enhanced clarity of roles and responsibilities - Strengthened links between risk management, audit, performance and decision making	- Delivery of Single Assurance Framework. - Approval of SAF by MHCLG and other government departments. - Completed annual reviews as required. Potential impact indicators - Revised Assurance Framework is approved - Demonstrable links between risk management, audit, performance reporting and governance processes - Evidence of engagement and agreement from Cabinet and constituent local authorities - Feedback from members, auditors and senior management in relation to confidence in assurance position

Review the Cabinet decision making process and implement any necessary changes to ensure meaningful political engagement at the outset, including presenting Members with thorough options appraisals, and throughout the process						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	Undertake a detailed review of Cabinet decision making process, engage partners and Members in this review, and make any necessary changes to the Constitution and internal processes	- Key to organisational improvement is ensuring that the TVCA governance framework remains fit for purpose by reflecting current legislation, operational requirements, and best practice. - It is good practice to amend the Constitution with the aim to clarify decision making processes, strengthen accountability and transparency, and support effective collaboration between the mayor, Cabinet, and stakeholders in delivering strategic priorities for Tees Valley. - Completed review of the existing Local Assurance Framework. - Tees Valley-specific design principles, which align with the approved Tees Valley strategic fit, have been developed and endorsed. - There has been engagement with the Ministry of Housing, Communities & Local Government (MHCLG). - On 12 December 2025 Cabinet considered and approved the decision making principles. - May 2026: Commencement of meetings for newly established Business Board which will help shape decisions	A phased approach to the implementation of the constitution and Governance review is in place with key milestones of April, June, July and September Cabinet meetings.		Clearly documented process from origin to decision. Impact - Improved quality and effectiveness of political engagement - Members are meaningfully involved from the outset - More informed, transparent and defensible decisions - Reduction in late challenge and delays - Stronger political ownership	Cabinet decision process flow. Established calendar / schedule Potential impact indicators - Cabinet reports include clear, proportionate options appraisals - Evidence of Cabinet involvement at early stages – not just at final decision point - Reduction in deferred, withdrawn or revisited Cabinet decisions - Feedback from Cabinet members in relation to clarity, usefulness and timeliness of information - Feedback from scrutiny, auditors or external reviewers in relation to the robustness of the Cabinet decision making process
Review the format and effectiveness of the existing Annual Governance Statement (AGS) in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) & the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Good Governance Framework and make any necessary changes						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	Review current format, engage partners and members as appropriate, taking into account best practice.	- The Annual Governance Statements (AGS) for TVCA, HDC, MDC and STDC for 2023/24 and 2024/25 have been reviewed and updated following feedback from the external auditor and will be reported with the final statement of accounts. - Updated draft templates are in place and are in line with CIPFA and SOLACE guidance. - A process is established which accords with the Best Value guidance. - April 2026 - All draft AGS complete - May 2026: Code of Governance table incorporated into 2025/26 AGS	Ongoing - AGS will be incorporated in continuous improvement and used as a tool for improvement going forward. June 2026 - Draft 2025/26 AGS will be presented to Cabinet on 26 June for approval to ensure this is set on track for future cycles. July 2026: 23/24 and 24/25 AGS to be presented to Cabinet on 17 July The aim of this work is to continue to support improved assurance		Production of annual governance statement which fairly reflects the position of governance across the authority with open and transparent acknowledgement where improvements need to be made, with appropriate actions to address. Impact Improved clarity, quality and credibility of TVCA's self-assessment of governance, risk and control	Approved and updated AGS' through Audit & Governance / Cabinet. Potential impact indicators - Revised AGS format demonstrably aligns with CIPFA/SOLACE Good Governance Framework - AGS provides clear narrative of governance

		• May 2026: Draft TVCA 2025/26 AGS presented to A&G Committee for comment.	and clearer articulation of governance improvement actions.		• Stronger senior and members ownership of governance issues, priorities and improvement actions • Strengthened internal and external assurance	strengths, weaknesses, risks and improvement actions • Clear senior ownership of governance issues and agreed actions within the AGS • Positive feedback from A&G committee on usefulness of AGS • Increased confidence from auditors or external reviewers in relation to the quality of governance self-assessment

Ensure committee reports are of sufficient quality and draw attention to the pertinent information, considering best practice and feedback from Cabinet and local authority officers.

Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	• Review structure and content of reports & deliver report writing training to identified staff. Deadline for reports clearly communicated with escalation process and action taken recorded.	• A full review of the reporting template and structure for Cabinet reports has been completed. • Report writing training has been delivered to some staff. • A new template and structure have now been rolled out. • Linking to the strategic forward plan, clear Cabinet cycles and reporting deadlines are now defined.	• Ongoing- Report writing training to continue to be rolled out to TVCA staff on an ongoing basis. • Ongoing - The framework around report approval continues to be strengthened.		Demonstrable audit trail of informed decision making. Testing of the process to ensure robustness. <u>Impact</u> • More effective and informed member decision making • Improved focus of committee discussions • Stronger challenge and reduction in need for clarification at meetings • Improved confidence in the robustness of decisions • More efficient meetings and better governance outcomes	This is in effect a blend of items in relation to governance activity. Process / step identification and reviews of TOR's within the wider governance framework will be supportive. <u>Potential impact indicators</u> • Committee reports consistently meet agreed quality standards • Improved feedback from Cabinet and committee members on clarity, relevance and usefulness of reports • Reduction in deferred decisions and/or requests for additional information • Increased confidence from members, senior officers and auditors in relation to the quality of information provided

Develop and implement an ongoing improvement plan with the Overview & Scrutiny (O&S) Committee to continue to make improvements to the effectiveness of the overview and scrutiny function, including a more strategic approach to work planning and improving the relationship with Cabinet and portfolio holders.

Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	• Work with O&S Committee to develop improvement plan (merging any actions under the previous Centre for Governance & Scrutiny review where appropriate), with identified aims, objectives and timescales.	• First listening workshop held 14 May 2025 • Development of improvement continues with ownership of improvement by O&S committee. • Committee has adopted new work	• Ongoing - continue to deliver and embed		O&S Committee have shaped and developed the plan, the effectiveness of which can be demonstrated in its work and results.	O&S papers, Oct 2025 onwards Approval of enhanced terms of reference, including the introduction of thematic leads aligned to portfolio areas.

	• Ensure improvement activity is appropriately included in the Committee's work plan.	programmes and have developed, agreed and adopted improvement plan in support of the Organisation Improvement Plan. • Second workshop held 14 Feb 2026 - notes provide evidence of improvement • April 2026 Engagement with CfGS re O&S Committee improvements			<u>Impact</u> • Strengthened effectiveness, independence and influence of the O&S committee • Scrutiny activity focused on areas of greatest impact/value/public interest • Earlier, constructive challenge is supported • Enhanced accountability, transparency and decision making	Adoption of formal improvement plan and revised approach to work programming. Approval of memorandum of understanding with the Audit & Governance Committee to strengthen role clarity, remit and coordination. Agreement of a 2-year work programme and update on the adoption of the Scrutiny Protocol, confirming over 80% of actions enacted and remaining actions on track. The evidence demonstrates sustained and structured progress in implementing the recommendation. Revised Terms of Reference approved in October 2025 strengthened the capacity of the Committee through the introduction of thematic leads operating in a shadow portfolio model. <u>Potential impact indicators</u> • Clear forward work programme is in place for O&S Committee • Evidence that O&S recommendations add value and influence policy development or service improvement • Evidence of engagement between O&S, Cabinet and portfolio holders – including timely responses scrutiny recommendations • Increased confidence from members, officers and external reviewers in relation to effectiveness of O&S function
Ensure that all TVCA statutory committees are appropriately supported and challenged to maximise effectiveness.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	• Review governance officer capacity. • Action log developed and maintained	• Reviews have taken place of the statutory committees. • Action logs have been developed and are	•Ongoing - Continue to appropriately support statutory committees		Review of effectiveness of each Committee.	

	and reported to each Committee meeting. • Review use of confidential items at statutory committees. • Implement staff training.	maintained. • There is an identified member of the TVCA Executive Leadership team who works alongside the Governance lead for each statutory committee as a Senior Responsible Officer.	• Ongoing - Ensure staff training is undertaken by relevant officers		Impact • Improved effectiveness, independence and contribution to governance and decision making • Strengthened oversight, assurance and accountability • Improved focus on core statutory responsibilities and areas of highest risk/impact	Potential impact indicators • Statutory committees receive high-quality officer support, clear reports, advice and follow-up • Evidence of informed, proportionate and constructive challenge by members • Committee agendas and discussions are demonstrably aligned to statutory responsibilities, priorities and key risks • Increased confidence from committee chairs, members, officers and auditors in the effectiveness of statutory committees
Review Cabinet portfolios and strengthen the role of portfolio holders , ensuring TVCA priorities reflect and deliver on local priorities where this is appropriate and can add value, including appropriate support from senior TVCA officers, and capture changes within the Constitution.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
TB	• Working with the LAs and Cabinet, agree how portfolio holders are identified and agreed, and how portfolio holders input into TVCA governance processes. Make any necessary changes to the TVCA Constitution and internal processes.	• The role of portfolio holders has been strengthened with the intention that each portfolio holder leads their area of responsibility, with support from senior officers. • Additional responsibilities have been included within the portfolios, for example finance and inward investment, which marks a step forward in terms of transparency and ownership. • There is also a need to ensure that Cabinet as a whole develops a deeper understanding of each portfolio. • The empowerment of portfolio holders has meant that they have led on the development of strategic priorities, for example through workshop sessions and engagement with staff across TVCA and the constituent local authorities. • Strengthening the role of portfolio holders has also been a major part of the development of TVCA's new External Communications Plan.	• Ongoing - Work with Cabinet to broaden portfolios to include more key areas of the organisation to increase visibility and provide clearer decision making. • Ongoing - Develop Cabinet's collective strength and shared leadership. • Ongoing - Linked to the wider governance review, the portfolio arrangements will continue to develop with the aim that portfolio holders present reports relating to their portfolio at Cabinet meetings.		Feedback from Cabinet members of shared ownership and contribution. Identifiable output in decision making and wider governance, which acknowledges the role and remit of portfolio holders. Impact • Improved political leadership, accountability and clarity of ownership for TVCA priorities • Better alignment between TVCA and local priorities – more join-up within policy development and delivery • Improved political engagement and decision making • Improved clarity of roles and responsibilities	• Defined portfolios within the constitution. • Agreed remits / responsibilities that align with authority priorities. Potential impact indicators • Clearly defined cabinet portfolios are reflected accurately in the Constitution • Demonstrable leadership and engagement from portfolio holders in relation to TVCA priorities • Appropriate senior officer support is in place • Increased confidence from members, officers and external reviewers in relation to effectiveness and clarity of portfolio arrangements.

Implement regular informal Cabinet meetings, both with and without officers present, Cabinet workshop sessions where appropriate and portfolio meetings with senior TVCA officers and senior local authority officers where appropriate.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
	Implement a cycle of Informal cabinet meetings, workshop sessions and portfolio meetings in the corporate calendar, which have an identified and timely link to the governance processes.	- The organisation has strengthened its governance framework through the enhancement of informal governance arrangements with Cabinet. - Introduction of informal Cabinet meetings with a purpose to discuss the forward plans, key decisions and review of draft Cabinet reports. - A series of dedicated Cabinet workshops to provide a valuable opportunity for Cabinet members to engage in open and constructive dialogue around the Authority's strategic direction, priorities, and the alignment of these within the budget-setting process. - The enhanced governance arrangements mark a significant step in fostering collective ownership of TVCA's vision and ensuring that future decisions are grounded in shared understanding and ambition. - Standing meetings have been established with Portfolio leads and TVCA Directors/Officers. - The pre-cabinet cycle includes meetings with the Tees Valley Chief Executives group and Tees Valley Management Group, in addition to meetings with Local Authority Monitoring Officers and Finance Directors. - A twelve-month Cabinet forward plan for 2026/27 has been developed collaboratively with Cabinet - This includes a programme of informal engagement that is now in place. - Ensuring that Cabinet is involved in the development of strategic priorities and has a sound understanding of the issues in advance of the formal Cabinet meetings. - April 2026: Drafted template for informal Cabinet workshops and meetings shared with Directors ahead of sharing with Cabinet - May 2026: Corporate calendar/forward plan which includes informal Cabinet meetings is in place for July 2026-June 2027 - May 2026: Internal road map for internal engagement continued development linked to key strategic priorities and the formal	Ongoing- continue to build upon this momentum through continued engagement, using future workshops to deepen strategic alignment, strengthen governance, and ensure that our resources are targeted where they can deliver the greatest impact for the region.		Production of corporate calendar, which is agreed and owned by TVCA, partners and Members. Evidence of additional engagement with Cabinet members, with all feedback addressed and reported back to Cabinet members. Impact - Strengthened collective political leadership - Space created for open discussion, early engagement and shared understanding - Improved quality of formal reports and decisions – reduction in late challenge and delays - More effective, transparent and timeline outcomes	- Schedule of meetings / informal meeting minutes. - Circulation of emails / minutes. Potential impact indicators - Regular informal Cabinet meetings/workshops/portfolio meetings are held and well-attended - Evidence that key issues and proposals are discussed at an early stage prior to formal Cabinet decision making - Fewer deferrals or requests for further information - Positive feedback from Cabinet members in relation to the value of informal engagement in supporting their role

		Cabinet forward plan to ensure timely Cabinet member engagement.				
Actions complete – ongoing steps to embed.						
Review the operation of all TVCA statutory committees , ensuring appropriate officer support, and implement any necessary changes to ensure that the responsibilities of each are addressed effectively and efficiently with robust work plans.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	Review legislative requirements and terms of reference for each Statutory Committee, engage partners and Committee members in the review, and update the constitution accordingly.	- Roles and responsibilities of key groups within the Cabinet cycle have been considered and articulated as part of the Cabinet decision making process, which were considered and approved by Cabinet on 12 December. - This is to provide further alignment with organisation objectives and fit with best practice approaches and governance opportunities. - Both Regulatory Committees have adopted new ways of working. Are adopting new work programmes and have developed improvement plans in support of the Organisation Improvement Plan. - Senior Responsible Officer lead from Executive Leadership team allocated to all statutory and non-statutory committees - Review undertaken of existing groups ongoing next steps in relation to updated committees following English Devolution Empowerment Act 2026	July 2026 – Follow up review to be complete following adoption of SAF review as detailed on pages 8 & 9, and the English Devolution Empowerment Act 2026		Revised Terms of References produced. Evidence of training and feedback from Committee members. Changes reflected in governance processes and Constitution. Impact - Committees clear on purpose, responsibilities and contributions - Improved quality, timeliness and effectiveness of committee business and advice to members - Ability for committees to use time effectively and dedicate pro-active focus to areas of greatest priority - More effective scrutiny and decision making	- Streamlined consistent TORs for Committees. - Standardised TORs for advisory groups [templates] Potential impact indicators - Committees have clearly defined roles, responsibilities and terms of reference - Officer support is in place with effective agenda planning, reporting and follow-up - Forward work plans in place - Feedback from members, auditors and external reviewers in relation to improved confidence in the impact of committees
Implement a new Member induction process and ongoing programme of development , learning from best practice, for members of all TVCA statutory committees to ensure that they are familiar with TVCA, their roles & responsibilities and the expectations of their position.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	Request feedback from Members and stakeholders on the current induction process. Develop Member induction process for Cabinet and all Statutory Committees.	- A collaborative approach is being developed to discuss roles and responsibilities. - May 2026: Member induction process has been reviewed from a statutory perspective and in consultation with LAs. - May 2026: Training matrix has been developed as part of the new member induction process	- June 2026 - New member induction to be rolled out - Ongoing - ongoing programme of development to be established. - June/July 2026: Training for new Members with external provider, extended to existing Members.		All new committee members complete the induction within an agreed timeframe following appointment. An ongoing programme is implemented. Impact Improved Member understanding of TVCA, their roles and responsibilities and	Member / Officer statutory training matrix to address legislative / constitutional requirements. Potential impact indicators - High completion rates for member induction - Evidence of ongoing development by Members

					expectations of membership • More effective participation in statutory committees • Improved quality of challenge, scrutiny and decision making • Shared baseline of knowledge – reduces reliance on informal briefings and individual experience • Increased confidence in the capability and effectiveness of members serving on statutory committees	• Feedback from members in relation to improved understanding of roles, responsibilities and expectations • Evidence of improved quality of debate, challenge and decision making in statutory committee meetings
Ensure that TVCA continues to embed the organisational response to all recommendations from the independent Tees Valley review and reports produced by the Centre for Governance and Scrutiny (CfGS) and the Chartered Institute of Public Finance and Accountancy (CIPFA).						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
	• Establish baseline and progress against recommendations and develop action plan to address outstanding actions. Develop and implement continuous improvement actions.	• TVCA remains conscious of previous recommendations from the Tees Valley Review and those from reports produced by the Centre for Governance and Scrutiny and the Chartered Institute of Public Finance and Accountability. These recommendations have been incorporated into the Organisational Improvement Plan and effective implementation is closely monitored.	Ongoing- Continue to demonstrate progress and embed actions.		Demonstrable progress towards embedded actions. <u>Impact</u> • Reinforcement of commitment to learning improvement and good governance • Strengthened governance, transparency and accountability • Reduced risk of recurring issues and/or external challenge • More resilient systems, behaviours and decision making	Secondary reviews by CFGS / CIPFA to provide concluding remarks against recommendations. <u>Potential impact indicators</u> • Regular reporting to Cabinet and relevant committees on progress, impact and any residual gaps
Actions in progress – nearing completion						
Review all governance processes and procedures and implement any necessary changes to ensure exemplar governance and decision making best practice, capture changes within the Constitution and improve awareness and understanding across the organisation.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	• Undertake internal review of processes, sub-divide to directorate/teams, identify changes to be made.	• Initial review of governance processes and procedures undertaken. • Following this review, items that required immediate attention were prioritised.	A phased approach to the implementation of the Constitution and governance review is in place with key milestones of April, June,		Clear, demonstrable and effective governance processes demonstrated through positive feedback	Evidence will be more generally holistic in approach. As it will encompass several areas of review.

	- Identify stakeholders and consultees and decision making needed i.e. from Cabinet. - Incorporate review by formalising each process into TVCA governance structure.	- At its meeting on 12 December, Cabinet considered governance items as detailed below: - Approved the development of a Single Assurance Framework which will replace the existing Local Assurance Framework. - Approved the establishment of an Independent Remuneration Panel - Approved in principle the Public Code of Conduct - Approved Decision making Principles - Specific details are noted throughout this document. - Immediate priority items will result in updates to the Constitution when required. - A full Constitution review is underway – as detailed above. - At its meeting on 20 February 2026, Audit & Governance Committee reviewed, made no amendments, and supported the recommendation to Cabinet to approve the Public Code of Conduct. - Audit & Governance Committee to consider SAF design principles on 20 February 2026. - April 2026: Review of process and documentation relating to Mayoral Decision Notices, including benchmarking with other CAs. - April 2026: Benchmarking of MCA schemes of delegation carried out - Setting up of investment committee and membership of Business Board agreed at Cabinet meeting of 24 April 2026 - May 2026: Updated whistleblowing policy presented to A&G Committee (in- quorate meeting) and given informal approval. Approach to review of whistleblowing linked to internal auditor recommendations. - May 2026: Communications plan developed to improve organisational awareness and understanding of whistleblowing in response to staff survey results.	July and September Cabinet meetings. 27 June 2026 - Review of Mayoral Decision making process and notices. 30 July 2026 - Internal process review to be complete Ongoing - Internal governance group to drive development of content is progressing this work and ensuring alignment across the organisation and other actions. Linked to the organisational operating model.		from Members, partners and stakeholders and understanding of key processes by TVCA staff. <u>Impact</u> - Improved quality, consistency and transparency of decision making - Improved clarification of roles, responsibilities and decision routes will reduce governance risk - Better compliance, more timely decisions and stronger accountability	<u>Potential impact indicators</u> - Updated governance processes and procedures are documented, approved and operational - Changes to governance arrangements are reflected in the Constitution and Scheme of Delegation - Fewer delays, challenges or escalations from unclear governance arrangements - Feedback from auditors, officers and members in relation to understanding (and reduction in errors/escalations) - Feedback from members, auditors and external reviewers in relation to confidence in governance arrangements

Review the non-statutory officer advisory group governance structure, in collaboration with the constituent local authorities and other key stakeholders and implement any necessary changes to ensure efficiency and effectiveness.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	Review what exists, what they do and how they contribute to overall governance across the authority, engaging with key partners and stakeholders in the review.	- Scoping is including examination of best practice advisory board/ committee structures within CAs as well as the specific functions, membership, opportunity and organisational alignment required within the TVCA governance framework. - Senior Responsible Officer lead from Executive Leadership team allocated to all statutory and non-statutory committees - Review undertaken - May 2026: Engagement sessions continued which included focus on informal governance arrangements i.e. non-statutory committees/advisory groups	July 2026 – Follow up review to be complete following adoption of SAF review and the English Devolution Empowerment Act 2026.		Coherent committee and non-statutory advisory group structure that supports the authority and work of Cabinet. Demonstrated in Committee effectiveness reviews. Impact - Groups clear on purpose, accountability and value - Groups operate efficiently and support formal decision making and assurance arrangements - Strengthened shared ownership and consistency in advisory structures - Improved quality and timeliness of advice provided to senior officers and members - Better strategic coordination	From the details of the above area, we need to understand the terms of reference to better decide where they exist. This part will be reviewed inside of the SAF implementation work / delivery of portfolio changes. Potential impact indicators - Groups have clearly defined roles remits and reporting lines - Reduction in duplication of meetings, groups or agendas - Feedback from senior leaders or members on improved quality of advice received from groups - Evidence of effective engagement with constituent local authorities
Undertake a comprehensive review of the TVCA Constitution, including Scheme of Delegation, working closely with the constituent local authorities and Cabinet, to ensure it is fit for purpose.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	Complete internal review of the Constitution, engage members and partners in the review and formalise revised version at a future Cabinet meeting.	- Delivering a new and enhanced Constitution is central to the long-term improvement aspirations of TVCA. - An internal review of the Constitution has taken place. - Various sections of the Constitution have been considered and prioritised. - On 12 December 2025 a report presented to Cabinet outlined immediate organisational improvement requirement that requires clarity on: - Decision making principles and how they should be applied - The definition of a key-decision - The scrutiny call-in process - Officer delegations - Contract Procedure Rules - Managing unreasonable public behaviour with regard to Freedom of Information	A phased approach to the implementation of the Constitution and governance review is in place with key milestones of April, June, July and September Cabinet meetings.		Revised Constitution is agreed at TVCA Cabinet. TVCA has clear, demonstrable and effective governance processes Impact - Clearer, more robust governance framework ensuring decision making arrangements are transparent, lawful and fit-for-purpose - Strengthened shared ownership, consistency and confidence in governance arrangements - Improved accountability	Reviewed constitutions. Potential impact indicators - Revised Constitution and Scheme of Delegation are formally approved - Fewer delays, challenges or escalations from unclear governance arrangements - Feedback from members and senior officials in relation to improved understanding - Feedback from members, auditors and external reviewers in relation to

		requests and complaints. •The immediate focus of constitutional update is on decision making, specifically in ensuring that clarity exists in regard to how decisions should be taken and held to account. •Proposed some immediate enhancements to the existing Constitution to address identified priority areas relating to the Organisational Improvement Plan. •A structure for a revised Constitution developed and shared with Cabinet on 12 December 2025. •On 12 December Cabinet considered and approved the decision making principles. •On 12 December Cabinet approved in principle the Public Code of Conduct – subject to review by the Audit and Governance Committee • Audit & Governance Committee reviewed the proposed Constitutional amendments at its meeting on 20 February • March 2026 – onwards - A programme of work is in place, led by Jodie Townsend, to support the development and implementation of a revised TVCA constitution. In March this included 1-to-1 sessions held with Cabinet members. • May 2026: Jodie Townsend continued to progress this work in relation to the wider Governance review. • May 2026: Individual engagement sessions with Cabinet members re ongoing review of TVCA governance which included Constitution review/redraft. • May 2026: Internal policy and process review continuing which aligns to updated constitution.			• More efficient decision making	confidence in the governance framework
Undertake a comprehensive review of the Code of Conduct for Officers and Members and implement any necessary changes to ensure it is fit for purpose and aligns with best practice.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	• Review current Code of Conduct, secure Cabinet sign off and implement changes.	•Scoping has taken place •Review will include assessment of language, clarity and accessibility; ethical standards; compliance; supporting protocols and process; required training and awareness; links to reporting and whistleblowing; examination of enforcement and available sanctions; clarity on process and opportunities for use of Independent Persons. • April 2026: Review of code of conduct and best practice carried out	• 26 June Cabinet – ratification of independent persons • June 2026: Refreshed Code of Conduct to go to A&G Committee • July 2026: Refreshed Code of Conduct to go to Cabinet as a stand-alone item		Revised Code of Conduct that aligns to best practice approved by Cabinet and included in member induction processes. Impact • Strengthened ethical standards, behaviours and accountability	Revised code embedded into the constitution. Return forms from members with signed Code of Conduct. Potential impact indicators • Revised Code of Conduct formally approved • Feedback from officers and members in relation to

		• April/May 2026 - Recruitment of 3 independent persons underway • May 2026: Code of Conduct benchmarking analysis carried out against other Combined Authorities • May 2026: Updated form for complaints on website • May 2026: Recruitment of independent persons closed.	• July 2026: Publish refreshed Code of Conduct on website • May – July 2026: Include training on Code of Conduct for Members as part of the member induction process • June 2026: Interviews for independent persons.		• Improved clarity on expected behaviours, roles and responsibilities – reducing risk of misconduct or misunderstanding • Earlier resolution of issues • Reinforcement of positive, organisational culture • Enhanced confidence in governance arrangements and decision making	improved understanding or expected standards and how to raise concerns • Evidence of positive behavioural standards being reinforced through leadership, training and practice • Feedback from scrutiny, auditors or external reviewers in relation to the robustness of the Cabinet decision making process.
Review the TVCA Publication Scheme and make any necessary changes, to make the maximum amount of information readily available to the public.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
JMc	• Assess what is currently published against what we are able to share publicly.	• Publication Scheme is linked to a wider review of polices linked to data and data protection, this work is in progress • March 2026 - Interim Information Governance Manager commenced role • May 2026: Recommendations from data protection/IT audit have been actioned and are scheduled for sign off in July/August	• April 2026 – Review of information governance policies to be complete. • May 2026 - Onwards - Prioritisation and implementation of refreshed polices following review, linked to wider review of Governance processes.	• June 2026: Review of policies to be complete – this is due to a change in staffing – New Interim Head of Governance appointed in May 2026 who is now continuing to undertake this work.	Revised publication scheme linked to legislative requirements, which is regularly updated and enhanced, with scheduled reviews. Impact • Information more easily and proactively available to the public • Improved transparency and openness • Reduction in need for reactive disclosures and Fol requests • Improved levels of public trust and confidence	Clear publication scheme that is public facing and plain English. Potential impact indicators • Revised Publication Scheme is approved and published • Increased volume and breadth of information proactively published • Reduction in routine Fol requests • Reduction in repeat enquiries for information already held by TVCA • Feedback from public indicates improved confidence in TVCA's approach to transparency

		continuing with alternative platform providers. Publish forward plan and agendas on the website. • Procurement process for appropriate systems has commenced. Suppliers have responded and submissions are being reviewed.	improvements. • July 2026 – September 2026 – internal training and roll out of systems with a view to being implemented for September Cabinet Cycle.		- Improved efficiency, accuracy and timeliness of committee administration and decision making - Strengthened compliance with legislative, constitutional and procedural requirements – reducing governance and legal risks - Workloads managed more effectively - Improved coordination across committees	- Reduced time spent on management of agendas, reports and minutes - Clear, up-to-date forward plans are available - Improved feedback on robustness of committee administration and record keeping
Culture						
Actions complete						
Initiate and undertake a programme of Organisational Development (OD), with an external partner to provide support and challenge.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
SB/CW	- Procure O&D partner to support the OD development - Develop the programme of OD for consideration and agreement by TVCA Senior Leadership Team.	- OD Partner Procured - April 2025 - A series of workshops have been held with the Senior Leadership team - May 2025 - December 2025 - TVCA is working in partnership with the Local Government Association (LGA) to complement the OD partner work - December 2025 - TVCA are accessing training and guidance on organisational development via the LGA - December 2025 - Directors undertook 90 day plan exercises with the CEO - Concluded December 2025 - The 6m appraisal cycle was commenced with clear direction to Head of Service to cascade to their managers that appraisal objectives should relate to Directors 90 day plans. - April 2026 - Change management processes commenced - Initial analysis of TVCA's OD Plan has been carried out - May 2026: new TVCA Social Charter has been drafted.	- June/July 2026: TVCA Social Charter update to be included within the all staff briefing. - July 2026-onwards: Implementation and embedding of the Social Charter to continue. - April-September 2026: initiatives continue to be undertaken and implemented		OD Programme is developed and agreed with clear steps for implementation over the short, medium and long term. Impact - Development of a more resilient, open and high-performing organisational culture - Engagement with external partner provides independent support and constructive challenge – helps to surface underlying issues, test assumptions and accelerate change - Strengthened leadership behaviours, ways of working and relationships	Potential impact indicators - OD programme is in place with defined objectives and milestones - Evidence of improvements in leadership behaviours, openness and collaboration - Improved feedback from staff in relation to trust, communication and culture
Develop and implement a professional development plan for the Chief Executive (CEX) and all Directors to ensure continued development and establish a high performing senior leadership team.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
SB/CW	Develop Organisational Development (OD) road map, which details a 12-month rolling programme of OD	Feb 2026 - Workforce development roadmap designed and agreed with TVCA and the LGA.	Ongoing – continuation of personal development plans		Personal Development Plans in place for the CEX and Directors.	Potential impact indicators

	workshops, mentoring, coaching, and supplementary interventions.	• April 2026: Implementation of initiatives identified in roadmap is underway e.g. mentoring, coaching, workshops, leadership days			Impact • Strong, visible and effective leadership • Strengthened collective leadership behaviours, decision making and accountability • Reinforcement of positive organisational culture, resilience and readiness to manage change • Improved organisational performance, confidence and stability	• PD plans in place for CEX and Directors • Evidence of active maintenance and review of PD plans • Demonstrable leadership behaviours modelling openness, accountability and continuous improvement • Improved confidence in capabilities of senior leadership team
Implement an internal communications plan to improve employee engagement and voice, through ongoing engagement and learning activity and to embed the actions within the Organisational Improvement Plan across the organisation.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
CP	Develop and embed an internal communications plan, which is shared with all staff. Continually monitor plan to ensure effectiveness.	Improved internal engagement through introduction of: • All staff briefings – from April 2025 – ongoing • Staff forum – from March 2025 – ongoing • Lunch and Learn session from March 2025 – ongoing. • Regular video updates from the Chief Executive – April 2025 - ongoing • Updates from Director of Operations – June 2025 • Reception display board notifications – July 2025 • Engaged with the staff forum on internal communications plan – September 2025 • Engaged with staff forum on improvements to intranet - June 2025 • The 2025 staff survey had a cross section of staff attending staff focus group sessions to understand the four weakest scoring areas. • Actions were created and have been delivered. This includes work with the communications team on an internal communication strategy. • April 2026: format of staff forum adjusted to allow focus on high-impact areas. Rolling Q&A document also in place and updated monthly for review by all staff. • May 2026: all-staff meeting to facilitate input into Local Growth Plan prior to publication	• Ongoing – Internal comms plan to continue embedding and adapting • Ongoing – Improvement related activity updates included within the internal communication methods.		Communications plan is agreed and staff are reporting positive feedback (through regular feedback requests) on communication and visibility. Impact • Strengthened employee engagement • Improved staff understanding of organisational priorities and their role in delivery of the Organisational Improvement plan • Better ownership of change • Improved morale, alignment and delivery	Potential impact indicators • Improved staff feedback on opportunities to be informed and engaged • Regular, clear and accessible communications are in place • Evidence of two-way engagement • Evidence that improvement actions are reflected in everyday practice

Improve relationships between senior management and all staff through improved communication, visibility, engagement activity, openness to receiving feedback/challenge and demonstrating that the organisation is responsive to staff.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
SB/CW	Regular staff updates via TVCA intranet - request feedback from staff - ongoing staff surveys - Discussion at all staff meetings on progress of embedding change.	- September 2025 - Staff focus group sessions identified the need for continued transparent communications, with a marked improvement noted. - November 2025 - A staff forum request was delivered for more visible and accessible executive level leadership comms, including written recap of CEX update. - Staff want better cross-team understanding and this will be achieved through lunch and learns, intranet development on what teams do. - Comms team is now working to improve internal knowledge on organisational>Directorate> team objectives and deliverables. - The Implementation of the communication methods detailed above aim to support relationship building. - Organisational Priorities meetings between Directors and Heads of Service implemented - You said/We Did staff forum feedback from People Team update during February 2026 All Staff Briefing - April 2026 – Induction sessions with CEX for new starters commenced. - April 2026 – review of exit interview process for staff leavers undertaken and changes implemented - May 2026 – annual staff survey issued to all staff	Ongoing - continued implementation of strengthened internal communications.		Evidence shared on TVCA intranet - staff confirm they are informed through regular feedback requests. Impact - Strengthened trust, engagement and morale amongst staff - Improved mutual understanding and reduction in perceived distance between leadership and the wider workforce - More positive organisational culture - Stronger collaboration, retention and organisational performance	Potential impact indicators - Increased visibility of senior staff through regular engagement activity, briefings and presence - Improved staff feedback on opportunities to raise views, challenge constructively and influence change - Evidence that staff feedback is acted upon - Feedback from staff in relation to perception of trust, openness and approachability of leadership
Ensure that the TVCA values (open, empathetic, collaborative & focussed) are embedded through everyday activity, organisational development and the appraisal process.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
SB/CW	Design and implement a recordable system to give positive feedback where TVCA's values are lived out and demonstrated	- Intranet shoutout feature has now been updated to link achievement to the values demonstrated by colleagues - TVCA values are embedded in job adverts by way of candidates needing to align their	Ongoing: Continue to embed values within the organisation.		Clear data showing increasing evidence of TVCA staff living our values. Impact	Potential impact indicators

		profile to the values. • In selection processes, interviews now have a set matrix and managers are provided with a bank of questions to assess technical skills, role competencies and TVCA value alignment. • A new induction video has been created that focuses on TVCA's values as the theme Office graphics/wall decals are installed displaying our values also the reception TV screen and intranet. • May 2026: latest staff survey is structured around the four core TVCA values			• Strengthened shared culture and ways of working • Improved trust, accountability and consistency • Improved engagement and performance	• Evidence that values are reflected in everyday behaviours • Consistent demonstration from leaders of TVCA values in their leadership approach • Appraisal process explicitly references and assesses how individuals demonstrate TVCA values • Improved staff perceptions of openness, empathy, collaboration and focus
Create a healthier work environment by engaging with staff through the staff survey and staff forum and making changes/delivering activities that will influence staff satisfaction in terms of wellbeing and engagement.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
	• Establish Staff Forum • Staff surveys acted upon • Create 12-month calendar of Lunchtime Learns • Provide multi-purpose space for staff	• Staff Forum up and running, improvement an ongoing agenda item • Focused staff survey workshops • Wellbeing room created • Lunchtime Learn programme established • Collaborative team working space in place • April 2026: Outdoor area opened to staff • April 2026: Work underway with OD partner on a leadership charter to support internal culture and engagement • May 2026: Annual staff survey issued to all staff	• October 2026- Ongoing - Bi-monthly pulse surveys in tandem with key actions on any lower scoring areas		• Staff agree their wellbeing is valued and can see improvements Impact • Strengthened evidence base for understanding wellbeing, engagement and areas of concern* Improved trust, morale and confidence • Improved wellbeing, engagement and retention – positively influencing performance and resilience	Potential impact indicators • Improved participation in staff surveys and staff forums • Evidence that staff feedback is acted upon • Increased confidence among staff that views can be raised safely and constructively and that leadership is receptive • Reduced staff turnover, absence or stress-related issues
Review TVCA staff induction process to improve organisational awareness and understanding of governance and finance processes.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
	Review existing induction content and work with governance, procurement & finance teams to build fit for purpose induction content.	• Induction content to cover Governance and Procurement is created and Finance contribution will complete this requirement. • To support understanding of developing finance processes and procedures finance are also developing good relationships with Heads of Service and Budget managers.	• Ongoing: Induction process forms part of the operating model and continuous improvement strategy.		New induction process rolled out to staff. Impact • Improved organisational awareness and	Potential impact indicators • Induction includes clear content on governance

		• CEX quarterly meet and greets to commence from April 2026 for all new starters. • The Tees Valley bus tour, part of the induction process, has been widened to include existing staff. Staff members also deliver the content for the bus tours. • Each team will complete a lunch and learn on who they are and what they do and the intranet will have staff grouped by Directorate/team with a written overview of what they do as a ready artefact for staff to access. • Full lunch and learn programme developed. • A new values-linked induction video has been created • An induction feedback survey is issued to all new starters post-induction to continually improve this key activity • April 2026 – Induction sessions with CEX for new starters commenced. • April 2026 – Staff induction has been overhauled to clarify TVCA purpose, mission and strategic objectives to new starters and includes specific reference to finance, governance and an overview of procurement			understanding of governance and finance processed from the outset of employment • Earlier confidence, compliance and effective decision making from staff • Reduction in risk from misunderstandings, informal practice or ad-hoc guidance	structures, decision making and finance processes • Feedback from staff in relation to confidence and understanding • Reduced instances of non-compliance • Increased confidence from senior officers, finance and governance teams that staff have appropriate baseline knowledge
Actions complete – ongoing steps to embed.						
Embed appraisal process that ensures individual accountability through clear objective setting, which is aligned to team and organisational priorities and robust performance management.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
SB/CW	Run training sessions for appraising managers on effective objective setting to ensure consistency. Create a process that overlays the appraisal incremental time points (6month and annual) whereby objectives review is more fluid to create accountability.	• Reviews have concluded to understand the capability, capacity, skills including gaps competencies and leadership against the priorities, budget; essentially a SWOT or PESTLE analysis. • The LGA have been engaged and have supplied a workforce development plan roadmap. This includes where they can support. This will be a long-term piece of work. • Budgets have been set for each Directorate which will underpin the structure. • April 2026: Appraisal results compiled by Directorate for Directors • April 2026: LGA undertaking a review of the appraisal process • March 2026, October 2026 and ongoing - Directors will receive a compilation of the objectives set for all in their Directorate including rankings of performance.	• July/August 2026: Outcome of LGA review of appraisal process • September 2026 - Updated appraisal cycle commencing 01/09/26 will be supported in advance by the above.		Appraisal process is embedded. Objectives are demonstrably achieved or action is taken to address this. Impact • Strengthened individual accountability • More effective performance management • Earlier identification of performance issues and development needs – enabling timely support, challenge and improvement • Improved performance, engagement and fairness	Potential impact indicators • Objectives are set and are aligned to team plans and organisational priorities • Consistent completion of appraisals • Improved identification and management of performance issues and development needs * Feedback from managers in relation to increased confidence in setting objectives and managing performance

		• May 2026 - Objective setting training to be incorporated into implementation of workforce development strategy				
Develop and implement a workforce development strategy, to ensure a sustainable and high performing FINANCE function.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
SB/CW	Create baseline assessments of workforce - identify skills gaps - creation of team and individual development plans. Develop a draft strategy for consideration and agreement by TVCA Senior Leadership Team. Set out the steps for implementation over the short medium and long term.	The Interim Finance & Resources Director was appointed in July 2025 and undertook an immediate review of the short-term requirements. • This review concluded that the existing team was small and flat in structure, with no separation of the three key elements of a full finance function: • financial management • financial accounting & reporting • treasury management • Additionally, the skillset and experience of team members were not necessarily aligned with activity being undertaken. • August - September 2025 - An interim structure was established. • Interim resource has been secured to ensure that the team is fit for purpose in the short-term. • Additional specialist support has been brought in where necessary, with resources added on a controlled, as needed basis. • This interim structure has been designed to undertake the full financial review and implement the improvements needed. • Formulation of Finance team structure has been developed by the Interim Group Director of Finance and Resources with support from HR. • Staff are now assigned to one of the three functions noted above, improving clarity and accountability. • Additional specialist support has been brought in where necessary, with resources added on a controlled, as needed basis. • Dedicated resource aligned to finance processes and improvements. • November 2025 - Updated structure discussed with the Executive Leadership Team (ELT) • December 2025 - Shared with the IAB as part of the Use of Resources Deep Dive given on 8 December 2025. • March 2026: recruitment process for S73 Officer did not result in an appointment. Contract extension agreed with interim Finance & Resources Director.	• Recruitment of permanent Finance & Resources Director (S73) officer • May 2026 onwards - transition from the interim finance arrangements and commence the recruitment of the vacant finance posts. • June 2026: Cabinet updated on progress in relation to recruitment of permanent FD.		Production of a workforce development strategy which is clear on the steps to achieve a high performing workforce. Staff Utilise staff surveys to monitor impact. Impact • Finance function better equipped to meet organisational needs • Improved recruitment, retention and skills development • Reduced reliance on interim or ad-hoc capacity • Improved quality of financial advice to members and senior leaders	Potential impact indicators • Improved retention rates and reduced interim reliance in finance function • Evidence that finance staff have the right skills and competencies to support function • Improved feedback from senior officers, members and auditors on quality of financial advice • Identified succession plans for key finance roles and reduced single-point dependency risks • Fewer finance-related audit issues

		• Governance and appointments report made to Cabinet on 24th April 2026 to inform that no appointment could be made – details provided of extended interim arrangements • April 2026: Proposed structure and recruitment needs for finance function presented to CEO and business case prepared for new structure • May 2026: Update on status of Director recruitment provided to IAB • May 2026: Proposed structure for finance team presented to IAB. • May 2026: LGA retention maturity model being adopted as part of workforce development plan				
Develop and implement a workforce development strategy, to ensure a sustainable and high-performing GOVERNANCE function.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
SB/CW	Create baseline assessments of workforce - identify skills gaps - creation of team and individual development plans. Develop a draft strategy for consideration and agreement by TVCA Senior Leadership Team. Set out the steps for implementation over the short medium and long term.	• Interim legal & governance team structure implemented. • Additional Interim resources brought in both legal and governance to strengthen the existing structure, improving the level of internal expertise and reducing reliance on external legal support. • New approach to Information Governance implemented with dedicated team. • Recruitment process to recruit permanent Chief Legal & Monitoring Officer underway. • March 2026: recruitment process for permanent Chief Legal & Monitoring Officer did not result in an appointment. Contract extension agreed with Interim Monitoring Officer. • April 2026: governance team development session delivered by OD partner • March 2026 - Conclusion of interview process for permanent Monitoring Officer. • April 2026 - Appointment to be ratified by Cabinet 24 April 2026. • May 2026: Interim Head of Governance in post • May 2026: Update on status of Director recruitment provided to IAB • May 2026: Contingency plan actioned in relation to next steps to recruit permanent MO.	• Recruitment of Permanent Legal & Monitoring Officer • June 2026: Cabinet updated on progress in relation to recruitment of permanent MO. • March 2026 onwards - recruit to the vacant permanent roles in the legal & governance team.		Production of a workforce development strategy which is clear on the steps to achieve a high performing workforce. Staff Utilise staff surveys to monitor impact. Impact • A sustainable, resilient and high-performing service capable of underpinning effective decision making and assurance • Improved quality of governance advice and support • Reduction of single-point dependency risks and improved continuity • Strengthened compliance, assurance and confidence in governance arrangements	Potential impact indicators • Reduced reliance on short-term/reactive capacity • Demonstrable skills and expertise to support governance requirements • Improved feedback from members and senior officers on the quality of governance support • Identified succession plans for key governance roles and reduced single-point dependency risk

Recruit a permanent Chief Executive (CEX) and recruit to the vacant Director posts and ensure appropriate input from the S73 Chief Finance Officer and Monitoring Officer in the senior leadership team.

All future recruitment will be undertaken in accordance with the new and emerging cultural values of the organisation. All senior leaders will be expected to exhibit, champion and inspire the behaviours of cultural change.

Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps for implementation	Revised dates (if applicable)	Overarching measure of success	Evidence
TB	- Engage with external recruitment agency for CEX post - Undertake process to recruit remaining Director vacancies	- Permanent CEO appointed by Cabinet in June 2025 - Interim Financial Director and Monitoring Officer in post - Cabinet agreed approach to recruit permanent Finance Director and Monitoring Officer - Recruitment of permanent Finance Director and Monitoring Officer began w/c 19 January, with closing date of 15 Feb - March 2026: recruitment process for permanent Finance Director and Monitoring Officer did not result in appointments. Contract extensions agreed with Interim Monitoring Office and Interim Finance Director - Governance and appointments report made to Cabinet on 24th April 2026 to inform that no appointment could be made - Cabinet approved extension of interim arrangements	- Recruitment of permanent Finance & Resources Director (S73) officer and Legal & Monitoring Officer - May 2026 onwards - transition from the interim finance, governance and legal arrangements and commence the recruitment of the vacant finance posts. - June 2026: Cabinet updated on progress in relation to recruitment of permanent FD.		Recruitment concluded. High performing senior leadership team. Recoding of improved data. Impact - Strengthened leadership stability, capacity and accountability - Improved financial, legal and governance assurance at the highest level - Reinforcement of consistent leadership behaviours - Improved confidence, cohesion and organisational performance	Potential impact indicators - Permanent CEX and Director posts are filled - Reduced reliance on interim arrangements - Effective and visible contribution of S73 and Monitoring Officer within senior leadership team - Senior appointments demonstrably align with TVCA values

Actions in progress – nearing completion

Develop and implement a workforce development strategy through a demand and skills analysis, to ensure appropriate capacity and capability, across the organisation, focused on Cabinet approved priorities.

Develop and implement a workforce development strategy, to ensure expertise and experience across TVCA & the constituent local authorities are fully utilised in support of continued organisational improvement

Develop and implement a workforce development strategy, to enhance skills and knowledge at all levels within the organisation.

Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
CW/SB	Create baseline assessments of workforce - identify skills gaps - creation of team and individual development plans. Develop a draft strategy for consideration and agreement by TVCA Senior Leadership Team. Set out the steps for implementation over the short medium and long term.	- Action strongly correlates to the Operating Model and Organisational Development work as described above. - Action is overarching and links across the Improvement Plan. - The outcome of linked actions will help further inform the progress and timeline for a strengthened operating model. - Discussions are ongoing with Cabinet on the Strategic Framework which will inform this. - The people plan is now referred to as the Workforce Development Plan. - The plan will review how directorates and teams will be structured, - Providing the framework for decision making and delegations.	- June-September – workforce development strategy to continue, update to be provided to all staff at the staff briefing. - July-September – Staged approach to implementation of workforce development once final plan agreed. - June-September - Job evaluation and internal benchmarking to be carried out in relation to impact of devolution on resourcing - Workforce development plan is linked to strategic priorities for the		Production of a workforce development strategy which is clear on the steps to achieve a high performing workforce. Staff Utilise staff surveys to monitor impact. Impact - Capacity and capability to deliver on Cabinet-approved priorities - More effective workforce planning, ability to anticipate skills gaps, manage pressure points and deploy resources	Potential impact indicators - Workforce development strategy clearly links capacity and capability plans to priorities and delivery programmes - Completion of demand and skills analysis

		• A mapping exercise has begun to provide the basis for this work. • Engaging support from the LGA to undertake a capacity and capability review that will inform the wider Workforce Development Strategy—addressing current needs in addition to strategic priorities and future requirements of the organisation, including those associated with further devolution. • Plan of stakeholder engagement has been developed in partnership with Local Authorities. • Reviews have concluded to understand the capability, capacity, skills including gaps competencies and leadership against the priorities, budget; essentially a SWOT or PESTLE analysis. • The LGA have been engaged and have supplied a workforce development plan roadmap. This includes where they can support. This will be a long-term piece of work. • Budgets have been set for each Directorate which will underpin the structure. • March 2026 – Implementation plan to be defined which incorporates the roadmap, which has been supported by the LGA and includes internal engagement activities. • April 2026 – First draft of workforce development plan to be complete and approved by TVCA ELT. • May 2026: Work continued in developing the workforce development strategy with TVCA directors. • May 2026: Road map for implementation developed with Directors.	Authority including future devolution.		effectively • Improved delivery confidence and organisational performance	• Reduced reliance on short-term, reactive solutions • Learning, recruitment and development activity is focused on priority skills – not generic provision • Increased confidence from Cabinet and senior leadership that the workforce has capacity and capability to deliver on priorities

Continuous Improvement						
Actions complete						
Ensure progress against the actions contained within the Organisational Improvement Plan is effectively monitored, working closely with the constituent local authorities and the Independent Improvement Board, and reported in a transparent manner to Cabinet, the Improvement Board, the Ministry of Housing, Communities & Local Government (MHCLG) and EY (external auditor).						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
SB	• Regular engagement with all stakeholders, building relationships. • Set up report structure for both internal and external reporting at agreed frequency. • Set up spreadsheet to show progress	• IAB meetings in place • Initial partner/stakeholder workshops held May/June 25 • Follow up workshops concluded in Jan/Feb 26 • Improvement Plan progress built into	• Ongoing - working with IAB for support and challenge on progress • Ongoing - reporting progress as agreed		Clear & regular reporting, timely meeting papers, improved/positive feedback.	
					Impact	

	against each action or KPI. • Attend Improvement Board and MHCLG meetings providing previous minutes and recording any actions.	Governance structure • Regular engagement with partners and stakeholders implemented and continuing • Reporting structure agreed and in place • Governance process in relation to IAB and MHCLG well established and ongoing • Forward plan for IAB implemented and considered with the Chair and Board members monthly • Review of actions and progress undertaken • Refreshed presentation of progress, to include impacts and evidence. • January - Review of action plan complete. • January - IAB meeting deep-dive on Partnerships & Continuous Improvement • February - Increased contact with IAB and committee members • February - Informal IAB meeting • March - IAB meeting deep dive on Culture • March - Implementation plans and trackers in place for five priority themes • May 2026: Improvement Plan Progress Report presented at IAB meeting.			• To provide clear assurance that agreed actions are being delivered as intended and within agreed timescales • Strengthened shared ownership, external challenge and collective accountability for improvement • Increased confidence in TVCA's commitment to openness, learning and continuous improvement • Clear oversight will support early identification of risks and timely corrective action	Potential impact indicators • Clear, up-to-date tracking of all actions with milestones, owners and timescales • Evidence of effective challenge and input from the Independent Improvement Board • Timely, accurate progress reports provided to Cabinet, the Improvement Board, MHCLG and EY
Undertake an assessment and identify any new actions to ensure that we are striving for excellence in the remaining categories set out in the statutory guidance on best value standards and interventions (not covered in the Best Value Notice or by the external auditor statutory letter), which are leadership and service delivery.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Ongoing steps to embed	Revised dates (if applicable)	Overarching measure of success	Evidence
SB	Undertake assessment. Agree actions and develop implementation plan.	• Initial assessment of the remaining areas in the Best Value Notice guidance has undertaken and will be appropriately included as part of continuous improvement. • TVCA have engaged with an Organisational Development partner who is providing leadership support further details provided in the Culture section of this update. • Service delivery actions are integrated within the improvement plan in multiple areas, such as the strategic framework, scheme of delegation.	• Ongoing - adoption and implementation of Continuous Improvement Plan that aligns with Continuous Improvement Assessment Framework.		• Through continuous monitoring a clear positive direction of travel can be demonstrated. Impact • To provide assurance that TVCA is striving for excellence beyond compliance* More proactive approach to continuous improvement • Improved organisational effectiveness and delivery confidence • Reduced risk of future intervention	Potential impact indicators • Completion and documentation of structured assessment against statutory standards for leadership and service delivery • Improvement actions are identified where gaps or opportunities are available • New actions are incorporated into the Organisational Improvement Plan

Actions in progress nearing completion						
Develop and implement a new organisation-wide operating model to improve processes, efficiency, understanding and quality.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
SB	Set out how directorates and teams will be structured and where decision making will sit in order to create a set of general accountabilities for Directors, which are expressed through their objectives to deliver against the policies set out by the Combined Authority. Create a scheme of delegation that covers specific delegations or requirements for compliance where officers are fulfilling these accountabilities. Undertake an internal review of existing policies & processes, identify gaps and improvements to be made, implement any changes and roll out any appropriate internal & external communications.	• Finance and Governance have been prioritised for review. • Work on officer schemes of delegation, approval systems, and related processes is progressing. • Scoping for Workforce Development Plan has taken place - detailed in Culture tab. • HR have conducted research on requirements with ELT. • A review of the Scheme of Delegation has commenced, linked to the refresh of the Assurance Framework and broader governance matters. • Reviews of existing policies and processes have been undertaken across several themes relevant to the improvement plan and business-as-usual activity. • Implementation of any updates will take place at the earliest suitable opportunity, with internal and external consultation and communication carried out where required. • April 2026: Benchmarking analysis of MCA schemes of delegation underway	• Ongoing - Strengthened operating model is an outcome of the action plan. • March -September 2026 - Adoption and implementation related and key strategic items, including: • Updated Constitution • Single Assurance Framework • Governance Review outcome • Long-term priority setting • Local Growth Plan • Spatial Development Strategy • Investment pipeline • Workforce Development Strategy		Agreed operating model is rolled out and understood. Staff can report via surveys understanding of high-level objectives and where their role impacts these. Impact • Improved consistency, efficiency and understanding of how TVCA works across functions and teams • Improved clarification on roles, processes and decision making routes • Enhanced quality and timeliness of work – more effective delivery of organisational priorities	Potential impact indicators • Clearly defined operating model is agreed, communicated and understood across the organisation • Evidence of streamlined processes – reduction in duplication, re-work or delay • Improved consistency and quality of outputs – aligned to agreed standards and ways of working
Implement a Programme Management Office (PMO), with standardised processes and tools, to ensure consistency in terms of how the organisation develops, manages and monitors projects and programmes.						
Accountable Director	Initially identified key steps	Key Milestones/Progress June 2025-May 2026	Next steps and dates	Revised dates (if applicable)	Overarching measure of success	Evidence
SB	Explore the structure of a PMO style model within TVCA to ensure it is fit for purpose and specific to TVCA. implement a fit for purpose PMO style model.	• Pre-market engagement undertaken and concluded • Next steps were considered. • The requirement of a PMO model would follow an updated operating model.	• Ongoing- Once operating model is reviewed and updated, based on the outcomes noted above a PMO model will be considered at a later phase.		An appropriate PMO 'model' is in place for TVCA. Demonstrable benefits of the PMO can be seen & recorded. Impact • Strengthened organisational grip on delivery through consistent oversight of projects and programmes • Improved clarity, discipline and comparability in how initiatives are developed, managed and reported – reducing variation and delivery risk	Potential impact indicators • Set of project and programme management processes and tools are in place and used consistently • Clear, regular reporting through the PMO • Evidence of improved identification, escalation and management of project/programme risks, issues and dependencies

					• Earlier identification of issues • Clearer accountability and more informed decision making • Improved delivery confidence, value for money and outcomes	• Evidence of improved timeliness and quality of project/programme delivery
Actions for future consideration						
Take part in a Local Government Association (LGA) peer review in 18-24 months and seek external support and challenge from the LGA, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Centre for Governance and Scrutiny (CFGs) to support the Organisational Improvement Plan.						
SB	Liaise with LGA/CIPFA/CFGs for peer review and external support & challenge. Agree dates & timescales.	• Engagement and support from LGA, CIPFA, and CfGS is being accessed to support the improvement journey. • Details on specific actions and workstreams are reflected within the relevant action updates throughout this report. • Discussions have taken place with the LGA about bringing forward a Peer Review ahead of the originally proposed timeline. • April 2026 - Further scoping work undertaken.	• Dates for the Peer Review will be agreed at an appropriate point following scoping and development of Peer Review Implementation Plan.		• Agreed dates with each planned into TVCA timescales • benchmarking/improved position recorded & continually measured. Impact • Independent assurance on the effectiveness and maturity of TVCA's improvement journey • Enhanced quality and credibility of Organisational Improvement Plan • Demonstrable openness, transparency and commitment to learning beyond compliance • Strengthened organisational confidence, resilience and readiness for future scrutiny	Potential impact indicators • Peer review completed within agreed timeframe • Evidence that advice and challenge from LGA, CIPFA and CfGS is actively informing improvement activity • External recommendations are incorporated into the Organisational Improvement Plan • Open reporting to Cabinet, the improvement board and relevant stakeholders

Information

Following feedback and internal reflection, the action plan has been refreshed for future updates. While the headline actions remain unchanged, a review has taken place which has refined how progress is presented, to ensure greater clarity. To reduce duplication, some actions have been merged or repositioned, these changes are articulated below. In addition, the order of some actions has been changed in some instances and where appropriate actions have been grouped under headings to ensure that interconnected activities are reported together.

Details of changes made to columns

Status column has been removed as actions are grouped under status headings as described above

Details of impact added

Column for evidence added

Changes to Theme headings

As the organisation progresses on its improvement journey, we have begun reporting on Partnerships and Continuous Improvement separately.

Changes made to location of actions

Action	Update
Take part in a Local Government Association (LGA) peer review in 18-24 months and seek external support and challenge from the LGA, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Centre for Governance and Scrutiny (CFGs) to support the Organisational Improvement Plan.	Moved from Partnerships and Continuous Improvement Tab to stand alone Continuous Improvement tab
Implement a Programme Management Office (PMO), with standardised processes and tools, to ensure consistency in terms of how the organisation develops, manages and monitors projects and programmes.	Moved from Partnerships and Continuous Improvement Tab to stand alone Continuous Improvement tab
Develop and implement a new organisation-wide operating model to improve processes, efficiency, understanding and quality.	Moved from Partnerships and Continuous Improvement Tab to stand alone Continuous Improvement tab
Ensure progress against the actions contained within the Organisational Improvement Plan is effectively monitored, working closely with the constituent local authorities and the Independent Improvement Board, and reported in a transparent manner to Cabinet, the Improvement Board, the Ministry of Housing, Communities & Local Government (MHCLG) and EY (external auditor).	Moved from Partnerships and Continuous Improvement Tab to stand alone Continuous Improvement tab
Undertake an assessment and identify any new actions to ensure that we are striving for excellence in the remaining categories set out in the statutory guidance on best value standards and interventions (not covered in the Best Value Notice or by the external auditor statutory letter), which are leadership and service delivery.	Moved from Partnerships and Continuous Improvement Tab to stand alone Continuous Improvement tab
Undertake an assessment and identify any new actions to ensure that we are striving for excellence in the remaining categories set out in the statutory guidance on best value standards and interventions (not covered in the Best Value Notice (BVN) or by the external auditor statutory letter), which are leadership, use of resources and service delivery.	
Produce a readiness plan for fiscal devolution, including a potential future integrated settlement, and new accountability arrangements as set out in the Devolution White Paper.	Moved from Use of Resources to Governance and merged with action below

Undertake a business planning exercise and produce a readiness plan in anticipation of the expanded powers set out in the Devolution White Paper.	Merged and presented under the Governance tab
Produce a readiness plan for fiscal devolution, including a potential future integrated settlement, and new accountability arrangements as set out in the Devolution White Paper.	

Cabinet

Tees Valley Combined Authority

Date			26 June 2026
Agenda Item			7
Report Title			Draft Annual Governance Statement 2025/26
Accountable Cabinet Member			The Tees Valley Mayor, Ben Houchen .
Accountable Chief Officer			Jeanette McGarry : Interim Monitoring Officer
Accountable Employee			Jeanette McGarry Interim Monitoring Officer
Report considered by			The Draft Annual Governance Statement 2025/26 was considered by the informal meeting of the Audit and Governance Committee on the 21 May 2026.
Key Decision	Yes	No	This item has been determined not to be a key decision.
		X	
Public Report	Yes	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
	X		
Voting arrangements			In accordance with Constitution

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A	NOTE the comments on the Draft Annual Governance Statement made at the informal meeting of the TVCA Audit and Governance Committee on 21 May 2026.
B	APPROVE the Draft Annual Governance Statement at Appendix A for publication, subject to any future comments from the Internal Auditor (TIAA) and the External Auditor (EY).

Purpose

1. The Annual Governance Statement (AGS) for the Tees Valley Combined Authority (TVCA) must be published annually. The Draft TVCA Annual Governance Statement for 2025/26 is presented to Cabinet following consideration and comment by the informal Audit and Governance Committee.

Executive Summary

2. The informal meeting of the TVCA Audit & Governance Committee considered the Annual Governance Statement on the 21 May 2026. The Committee members commented positively on the level of progress and evidence provided. Members requested that the weaknesses section of the report be enhanced. It was noted that this section of the report would be updated once feedback has been provided by the External Auditor (EY) and the Internal Auditor (TIAA).

Background

3. The requirement for TVCA to produce an Annual Governance Statement (AGS) derives from a number of pieces of legislation, which include The Accounts and Audit Regulations 2015, The Local Audit and Accountability Act 2014, the Localism Act 2011, the Orders that established the TVCA and the TVCA Constitution. The AGS should review the effectiveness of the TVCA governance framework and be published to accompany the TVCA Statement of Accounts.
 - a. The AGS (see **Appendix 1**) has been prepared in accordance with the CIPFA/SOLACE Framework 2016 and CIPFA/SOLACE Addendum 2025 for Delivering Good Governance in Local Government.
 - b. The deadline for publication of draft (unaudited) accounts for the 2025/26 financial year is 30 June 2026. TVCA is working with the external auditor (EY) to priorities for 2025/26 and with the Internal Auditor (TIAA) to approve the Annual Audit Programme. Approval of the AGS is not dependent on the completion of the external audit nor the provision of the Internal Auditor's report. Should any significant governance issues arise during the course of the audit, the AGS will be reviewed and updated as appropriate and reported to the Audit & Governance Committee and to Cabinet.
4. The AGS acknowledges TVCA's responsibility for ensuring that proper arrangements are in place for the fulfilment of good governance of its affairs. Guidance on producing an effective AGS confirms that those approving the statement should be aware of the process followed.
5. The AGS follows the principles outlined in the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework 2016' and the CIPFA/ SOLACE Addendum (May 2025) guidance by outlining each principal of good governance that TVCA should assess its arrangements against, including the provision of evidence.

The AGS includes a description of the process applied in reviewing the effectiveness of the framework and an outline of the actions taken or proposed to be taken, to deal with governance matters and improvements.

6. The AGS includes a foreword from the Chief Executive (Head of Paid Service) and statements from the Chief Executive, Monitoring Officer and Section 73 Officer.
7. The AGS acknowledges the ongoing work required to address the issuance on 3 April 2025 of the Best Value Notice by MHCLG and the TVCA Organisational Improvement Plan developed in response.
8. The AGS provides details of the governance approach and internal control and sets out areas for improvement that will be addressed in the coming year.
9. In accordance with one of the actions in the TVCA Organisational Improvement Plan, the content and format of the AGS have been reviewed.

Partnership & Engagement

10. The TVCA Audit & Governance Committee considered the AGS during their informal meeting on the 21 May 2026. The Authority's Chief Executive, the S73 Statutory Officer, the Monitoring Officer and EY, the Authority's external auditors, have been engaged in its development.

Appendices

Appendix 1 – Draft Annual Governance Statement for 2025-2026

Materials considered in the writing of this Report

[CIPFA _ Delivering Good Governance in Local Government \(Framework\)](#)

[Delivering Good Governance in Local Government: addendum | Solace](#)

Cabinet is requested to consider the following identified implications:

Financial Implications

10.	There are no financial implications in respect of the recommendations in this report.

Legal Implications

11.	The AGS must meet the requirements of Regulation 6(1)(b) of the Accounts and Audit (England) Regulations 2015, The Local Audit and Accountability Act 2014, the Localism Act 2011, the Orders that established TVCA and the TVCA Constitution. These require all relevant public bodies to prepare an annual AGS. An AGS must look back retrospectively over the past year and identify where TVCA has demonstrated good governance, and look forward to areas where focus should be given in relation to governance in the coming year. TVCA must demonstrate compliance with the seven core principles of good governance.

Equality & Diversity Implications

12.	It is not expected that the recommendations in this report will have an adverse effect on anyone with protected characteristics.

Other Significant Implications

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

Risk	X	Assurance Framework		Procurement	
Improvement		Environment		HR & IT	

Risk

13.	Any risks identified by the external auditor during the 2025/26 audit process will be shared with the Audit & Governance Committee and Cabinet as appropriate.



TEES VALLEY

DRAFT
Annual Governance
Statement 2025/26



Section 1: Introduction	3
Section 2: Scope of Responsibility	6
Section 3: Purpose of the Annual Governance Statement	9
Section 4: Governance Principles	10
Section 5: Assessment of activity against Governance Principles.....	11
Section 6: Annual Review of Effectiveness of Governance Framework	29
Section 7: Significant Weaknesses in Governance and Internal Control / Areas for Improvement.....	32
Section 8: Conclusion	33

Foreword

The 2025/26 Annual Governance Statement is published at an important point in the Tees Valley Combined Authority's improvement journey. Over the course of the year, the Authority has continued to respond openly and constructively to the findings of external review, statutory recommendations and the Best Value Notice, while maintaining its focus on delivering for residents, businesses and partners across the Tees Valley.

Strong governance is central to public confidence and to the effective delivery of our ambitions. This Statement sets out how our governance framework has operated during the year, the action we have taken to strengthen arrangements, and the areas where further improvement remains necessary. It reflects the significant work undertaken to improve transparency, reinforce statutory officer capacity, strengthen financial management, develop scrutiny arrangements and embed clearer decision-making and assurance processes.

I recognise that improvement is not achieved through process alone. It depends on a culture of openness, challenge, learning and collaboration. During 2025/26, colleagues, Members, statutory officers, committees, external advisers and partners have contributed to strengthening that culture. Their collective efforts have helped ensure that governance improvement is treated not as a one-off response, but as an ongoing commitment to continuous improvement and good public administration.

There is more to do. The Authority will continue to progress the Organisational Improvement Plan, develop its Constitution and Single Assurance Framework, and respond to internal and external audit findings as they emerge. We will do so with a clear focus on accountability, value for money, lawful decision-making and outcomes that benefit the people and places of the Tees Valley.

This Statement should therefore be read as both an account of the governance arrangements in place during 2025/26 and a commitment to sustaining the progress made. As Chief Executive, I am committed to ensuring that the Combined Authority continues to strengthen its governance, act with integrity and transparency, and maintain the trust of the communities it serves.

Tom Bryant
Chief Executive, Tees Valley Combined Authority

Section 1: Introduction

This Annual Governance Statement (AGS) provides an overview of how the Tees Valley Combined Authority's (TVCA's) governance and internal control arrangements operated during 2025/2026, including how they will be reviewed annually to ensure they remain effective.

The scope of this Annual Governance Statement reflects the unique position of the Authority's reporting cycle, in which the governance year spans multiple statutory and operational periods. Accordingly, the Statement covers activity and assurance relating to the audit year, the financial year, the municipal year, and the given calendar year. As these periods do not align perfectly, the governance year may overlap elements of more than one reporting cycle. This approach ensures that the Statement provides a comprehensive and coherent account of governance arrangements and performance, capturing all relevant activity occurring across the intersecting timelines.

In addition, details relating to the independent Tees Valley Review, Best Value Notice and subsequent reporting and improvements for this reporting period can be viewed at the following links:

Tees Valley Independent Review
24 May 2023 – Mayor Houchen requests that the Government conduct an independent review. 25 May 2023 – Government commissioned an independent review. - Written statements - Written questions, answers and statements - UK Parliament / Letter from Secretary of State to Ben Houchen, 24 May 2023 The Review was undertaken between May and November 2023. 29 January 2024 – Independent review report published - Tees Valley Review Report / Independent review report: South Tees Development Corporation and Teesworks Joint Venture - executive summary and recommendations - GOV.UK / 28 February 2024 – Mayor initially responds to recommendations - Tees Valley Combined Authority: Mayor's initial response to the publication of the Tees Valley Review 7 March 2024 – Secretary of State Response to Mayor's letter - Tees Valley Combined Authority: Secretary of State letter to the Tees Valley Mayor regarding the Tees Valley Review <u>Overview & Scrutiny</u> - 22 February 2024 – O&S receives the published TVIR Report: 0.0_Overview-and-Scrutiny-Papers-22.02.24.pdf / 00_Overview-and-Scrutiny-Committee-February-Minutes-.pdf / Microsoft Word - 00_Draft_Minutes_March

- 14 March 2024 – O&S receives an update on TVIR: [Overview-and-Scrutiny-Papers-14.03.24.pdf](#)
- 4 September 2024 – O&S receives Recommendation Plan: [OS-Agenda-Pack-27.08.24.pdf](#) / [Microsoft Word - Draft Minutes of Overview and Scrutiny Committee held on 4 September 2024](#)

Audit & Governance

- 6 March 2024 – A&G receives an update on the independent review: [Agenda-Papers.pdf](#) / [PUBLIC-DRAFT-Minutes-06-03-2024-Agreed-By-Chair.pdf](#)
- 17 September 2024 – A&G receives Recommendation Plan: [PAPER-PACK-TVCA-Audit-and-Governance-17-09-24-1.pdf](#) / [FINAL-Minutes-17-September-2024.pdf](#)

Cabinet

- 15 March 2024 – Cabinet TVIR update - [1-Cabinet-Agenda-15th-March-2024-1-1.pdf](#) / [Final-Cabinet-minutes-15th-March-2024-1.pdf](#)
- 19 July 2024 – TVIR Update - [PUBLIC-TVCA-Cabinet-papers-19-July-2024.pdf](#) / [Cabinet-minutes-19-July-2024.pdf](#)
- 27 September 2024 – TVIR recommendation plan - [1-Cabinet-Agenda-27th-September-2024-1.pdf](#) / [5-Tees-Valley-Review.pdf](#) / [5.1-Tees-Valley-Review-Appendices-compressed.pdf](#) / [Draft-Cabinet-minutes-27th-September-2024-1.pdf](#)

Best Value Notice

3 April 2025 – The Combined Authority is issued with a Best Value Notice(BVN) - [Tees Valley Combined Authority: Best Value Notice \(April 2025\) - GOV.UK](#)

Overview & Scrutiny

- 18 June 2025 – O&S receives BVN improvement Plan - [Overview-Scrutiny-Committee-Agenda-and-Papers-18.06.25.pdf](#) / [Microsoft Word - DRAFT Minutes - O&S - 18.06.25 \(UPDATED\)](#)
- 19 November 2025 – O&S Improvement Plan - [OS-Agenda-Papers-19.11.25.pdf](#) / [Microsoft Word - DRAFT Minutes - O&S - 19 November 2025](#)

Audit & Governance

- 16 June 2025 – A&G receives Improvement Plan - [Agenda-and-Papers.pdf](#) / [000-PUBLIC-Final-Minutes-16-06-2025.pdf](#)

Cabinet

- 27 June 2025 – Cabinet BVN plan - [Cabinet-PUBLIC-Agenda-and-Papers-27.06.25-19.20.pdf](#) / [Cabinet-minutes-27-June-2025-2.pdf](#)
- 26 September 2025 – Improvement Plan progress - [TVCA-Cabinet-Agenda-Papers-26-September-2025.pdf](#)
- 12 December 2025 – Improvement Plan progress - [TVCA-Cabinet-Agenda-Papers-12-December-2025.pdf](#)
- 20 March 2026 – Improvement Plan progress - [TVCA-Cabinet-Agenda-Papers-20th-March-2026.pdf](#)

Section 24 Letter

15 April 2025 – Issuance of Section 24 letter by the external auditors (EY)

14 May 2025 – Cabinet receives Section 24 paper - [Extra-Ordinary-Cabinet-Agenda-Papers-14-May-2025.pdf](#)

29 May 2025 – Response to the external auditors - [Tees-Valley-Combined-Authority-Section-24-Response-Letter-1.pdf](#)

Section 2: Scope of Responsibility

Throughout the financial period from (April 2025 – March 2026), the TVCA was a Mayoral Combined Authority and an accountable public body. It was established under the following Orders:

- Section 103 of the Local Democracy, Economic Development and Construction Act 2009 created on 1st April 2016 by the Tees Valley Combined Authority Order 2016 [The Tees Valley Combined Authority Order 2016](#) This order established the TVCA and confers functions and powers to the TVCA in relation to transport and economic development and regeneration.
- Tees Valley Combined Authority (Election of Mayor) Order 2016 . [The Tees Valley Combined Authority \(Election of Mayor\) Order 2016](#). This order states that a Mayor may be elected for TVCA. The election was to be held on 4 May 2017 and subsequent elections shall take place in 2020 and every fourth year thereafter.
- Tees Valley Combined Authority (Functions) Order 2017 [The Tees Valley Combined Authority \(Functions\) Order 2017](#) .This order allows the new Mayor to create new locally accountable development corporations. The functions conferred to the TVCA correspond to the functions that the Mayor of London has.

There are five constituent councils falling under the TVCA: Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland, and Stockton-on-Tees. TVCA is its own accountable body for funding received from government to carry out its functions.

The Authority currently has 1 Arm's Length Company relationship:

No.	Company Name	Stake	Accounting Treatment
a.	Goosepool Ltd – this entity exists to manage the combined authority's interest in Teesside International Airport.	75% - TVCA 25% - Teesside Airport Foundation	Other

TVCA has an established Assurance Framework which can be found here: [TVCA-Assurance-Framework-Sept-2024-1.pdf](#).

The Cabinet is the principal decision-maker and provides leadership of the organisation. It is chaired by the elected Mayor and consists of an elected member from each of the constituent councils with one non-voting member who is the Chair of the Tees Valley Business Board.

Decisions are made by the Mayor (in relation to mayoral functions) or the Mayor and Cabinet (in relation to non-mayoral functions) in accordance with the 2017 Order and the TVCA constitution.

Cabinet provides the overall strategic direction for economic growth across the TVCA area and approves the TVCA Investment Framework, Strategic Economic Plan and the associated financial plans, that set out investment priorities.

For the 2025 to 2026 period, each member of Cabinet (other than the Mayor) was appointed as a Lead Portfolio Holder against the strategic areas set out within the TVCA Strategic Economic Plan. These portfolio lead roles are reviewed annually and confirmed at the TVCA's Annual General Meeting. The Deputy Mayor position is rotated amongst the Constituent Authority representatives at Cabinet on an annual basis.

TVCA has set a number of growth ambitions and priorities over a ten-year period through its Strategic Economic Plan (2016-2026) that focus on delivery and contributing to the UK Industrial Strategy, ensuring the Authority has real impact for the region and its people. This means setting clear, long-term goals that contribute to a bold vision of change.

TVCA is responsible for ensuring that it is compliant with legislation and Government Guidance. It is responsible for ensuring that public money is safeguarded, properly accounted for and used in accordance with principles of Best Value. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Cabinet and Statutory Officers are responsible for putting in place proper arrangements, known as a governance framework, for:

- (i) the governance of its affairs; and
- (ii) facilitating the effective exercise of our functions, including arrangements for the management of risk.

In relation to (ii), TVCA has developed a system of internal control designed to manage risk to a reasonable level. No system of internal control can eliminate all risk of failure to achieve aims, missions and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- a) identify and prioritise the risks to the achievement of our aims and objectives; and
- b) evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

Cabinet has agreed a Risk Management Framework which sets out the approach to managing risks



at different levels of the organisation. While risk management is dynamic and continuous, the Strategic Risk Register is formally reviewed by Senior Leadership Team each quarter, and by Cabinet and the Audit and Governance Committee every six months. In addition to strategic level, risks are also identified for ongoing management and reporting at directorate, programme and project level.

Section 3: Purpose of the Annual Governance Statement

All Combined Authorities are accountable to the public and other stakeholders for ensuring they have a sound system of governance and TVCA is required to prepare and publish an Annual Governance Statement (AGS). This includes information on the governance arrangements it has in place and how those arrangements are working in practice. It is intended to be an honest and evidenced assessment of what is working well and is likely to improve the accountability and effectiveness of the organisation. It also identifies where improvements could be made.

The AGS must set out the result of a review of the effectiveness of the system of internal control and provide assurance on whether the governance arrangements are fit for purpose. It must also demonstrate how it is seeking to adhere to the seven principles of good governance set out in the 2016 framework on 'Delivering Good Governance in Local Government', prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE).

Section 4: Governance Principles

The core principles and outcomes of the AGS assessment are set out in Section 5 below. This includes examples of how the TVCA has adhered to its governance commitments as set out in the Assurance Framework, Constitution and relevant supporting documents. It also includes hyperlinks to sources of further information that include more detail about how TVCA has implemented its commitments.

Section 5: Assessment of activity against Governance Principles

The Governance Principles		
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
<i>The Authority's Commitment of Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Behaving with Integrity	The Constitution remains the primary governance framework setting out how decisions are made, how authority is delegated, and the standards of behaviour expected across the organisation. Version 15, approved on 12 December 2025, introduced further amendments following the Tees Valley Review and the Best Value Notice. These amendments strengthened decision-making principles, enhanced requirements for transparency, and updated delegations alongside refreshed Codes of Conduct for Members and Officers. On 20 March, following approval of a draft version and consultation with the Audit and Governance Committee, Cabinet noted a Public Code of Conduct would be included in the Constitution. A full constitutional rewrite is scheduled for the 2026/27 municipal year,, informed by recommendations from the Organisational Improvement Plan (OIP), Overview & Scrutiny Committee, and Audit & Governance Committee. This forthcoming version aims to embed stronger scrutiny arrangements, clearer transparency expectations, and more robust decision-making processes across TVCA and its associated bodies. Internal policies that support a culture of integrity (including the Codes of Conduct, the Gifts & Hospitality Register, and the Declarations of Interest process) continue to be routinely applied. Updates to these policies have been incorporated	Constitution (version 15): Microsoft Word - TVCA Constitution - December Version Best Value Notice: Tees Valley Combined Authority: Best Value Notice (April 2025) - GOV.UK Public Code of Conduct (Agenda Item 6) TVCA-Cabinet-Agenda-Papers-20th-March-2026.pdf Organisational Improvement Plan: Organisational Improvement Plan - About Overview & Scrutiny (19 November 2025) – Constitution consultation: OS-Agenda-Papers-19.11.25.pdf Audit & Governance (20 February 2026) – Constitution consultation: 005-Constitution-and-Assurance-Framework-Rev-A.pdf Cabinet Approval for Constitutional review and introduction of Single Assurance Framework (12 December 2026): TVCA-Cabinet-Agenda-Papers-12-December-2025.pdf

	into the Constitution to ensure alignment with evolving governance standards. The Overview & Scrutiny Committee continues to hold its constitutional right to be consulted annually on the Budget and to provide a formal response, ensuring Member conduct and organisational integrity are supported by effective challenge and independent review.	Details on Transparency and Registers: Transparency - About Overview & Scrutiny Committee response (appendix 2 to Item 9): TVCA-Cabinet-Agenda-Papers-20th-March-2026.pdf
Demonstrating Strong Commitment to Ethical Values	The organisation continues to demonstrate a strong commitment to ethical values through active implementation of recommendations arising from external reviews and statutory interventions. The Best Value Notice issued on 3 April 2025 reaffirmed the need to strengthen statutory officer capacity, improve overall governance culture, and enhance finance and risk management arrangements. TVCA accepted all recommendations in full and incorporated them into its Organisational Improvement Plan, illustrating a proactive response to improving ethical governance. Similarly, the Section 24 statutory recommendations issued by external auditors EY highlighted the need for improved finance team capacity, stronger compliance with statutory inspection requirements, and a transparent and reliable timetable for the publication of accounts. These recommendations have also been embedded within the OIP to ensure a structured, monitored programme of improvement. TVCA's continued commitment to ethical values is further demonstrated through strengthened oversight by the Overview & Scrutiny Committee, Audit & Governance Committee, and statutory officers. These arrangements help to ensure that organisational behaviour reflects principles of openness, accountability, and sound management of public resources. Recording of all statutory meetings was introduced in the 2025/26 period. This has supported the ability of the public to access	Organisational Improvement Plan: Organisational Improvement Plan - About Best Value Notice: Tees Valley Combined Authority: Best Value Notice (April 2025) - GOV.UK Section 24 response: Tees-Valley-Combined-Authority-Section-24-Response-Letter-1.pdf Overview and Scrutiny: Overview & Scrutiny Committee - About Audit & Governance: Audit & Governance Committee - About Recording Protocol: 2025-04-09-Statutory-Meeting-Recording-Protocol.pdf

	meetings of the Combined Authority. A protocol has been adopted to support this.	Recording Approval: 7-Mayors-Question-Time-28.03.25-1.pdf
Respecting the Rule of Law	The rule of law remains central to the Authority's governance arrangements. The Monitoring Officer function continues to be exercised by the Group Chief Legal Officer, who provides oversight of legal compliance, governance standards and the integrity of decision-making processes. This includes ensuring that decisions are taken lawfully, within powers, and in accordance with the Constitution and relevant legislation. The improvements to the Constitution, both in Version 15 and within the forthcoming Governance Improvement Plan revisions reinforce organisational compliance with statutory requirements and enhance clarity around roles, delegations, and procedural responsibilities. These enhancements support lawful and transparent administration, ensuring officers and Members remain aware of and compliant with their legal obligations. The statutory recommendations from the Best Value Notice and Section 24 report further emphasise the importance of compliance with legislation relating to financial management, audit, inspection, and reporting duties. Incorporation of these requirements into the Organisational Improvement Plan strengthens TVCA's ability to maintain robust governance arrangements that align with legal standards and regulatory expectations.	Constitution (version 15): Microsoft Word - TVCA Constitution - December Version Best Value Notice: Tees Valley Combined Authority: Best Value Notice (April 2025) - GOV.UK Organisational Improvement Plan: Organisational Improvement Plan - About Section 24 response: Tees-Valley-Combined-Authority-Section-24-Response-Letter-1.pdf

B. Ensuring openness and comprehensive stakeholder engagement		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Engaging comprehensively with institutional stakeholders	The Combined Authority continues to maintain strong engagement with its institutional stakeholders through established governance, scrutiny and advisory structures. Formal transparency mechanisms, such as the publication of agendas, minutes, Forward Plans and decision notices, ensure that partner	Forward Plans: Forward-Plan-2026-27.pdf Decision Notices: Delegated Decisions - About

	authorities, delivery bodies and oversight institutions remain fully informed of forthcoming activity and decisions. The Forward Plan is updated in line with statutory requirements, and significant improvements were made to the proforma during 2025/26, reflecting TVCA's strengthened commitment to transparency. These enhancements include listing non key decisions wherever possible and providing at least 28 days' notice for all key decisions. To further support transparency and robust oversight, the Authority adopted a new decision-making article within the Constitution in December 2025, introducing a financial threshold of £500,000 into the definition of a Key Decision. This amendment ensures that decisions involving significant expenditure are subject to greater visibility and appropriate governance controls. The introduction of the new threshold also reinforces the Overview and Scrutiny Committee's ability to exercise its call in powers, bringing a wider range of decisions within scope. This enables earlier and more effective scrutiny of proposals with material financial impact, strengthens accountability, and supports more challenging, evidence informed oversight. The constitutional amendment directly aligns with the expectations set out in the Best Value Notice and contributes to the wider improvement journey, ensuring that decisions involving substantial sums receive proportionate democratic scrutiny and deliver demonstrable best value for residents and stakeholders. Institutional engagement is further supported by the continuation of established committees and boards, including the Overview and Scrutiny Committee, Audit and Governance Committee, Transport Committee, Business Board and a range of advisory groups. These structures provide consistent and formal opportunities for partner authorities, sector experts and wider stakeholders to engage in governance, policy development and performance oversight.	Decision Making Article (pages 156 onwards) - Microsoft Word - TVCA Constitution - December Version Overview and Scrutiny Committee – Decision Making Article Minutes: Microsoft Word - DRAFT Minutes - O&S - 19 November 2025 Cabinet - Cabinet Archive - About Audit & Governance: Audit & Governance Archive - About

	Scrutiny strengthening has continued throughout 2025/26 in response to recommendations arising from the Tees Valley Review, the Best Value Notice and the Centre for Governance and Scrutiny. Key improvements include clearer role definitions, enhanced work programming and improved access to information for scrutiny members, and the introduction of a memorandum of understanding with the Audit & Governance Committee to establish inter-Committee rules of procedure. Independent external challenge has also been embedded through the establishment of the Independent Advisory Board in late 2025, providing additional assurance and expert oversight to support delivery of the Organisational Improvement Plan. Collectively, these arrangements ensure that engagement with institutional stakeholders is firmly embedded within the Authority's governance framework, supporting strong internal and external accountability and promoting effective, transparent decision making.	Overview & Scrutiny: Overview & Scrutiny Archive - About Transport Committee: Transport Committee Archive - About Business Board: Tees Valley Business Board - About Independent Advisory Board: Independent Advisory Board - About O&S / A&G MoU (pages 13-19): Overview-and-Scrutiny-Committee-Agenda-and-Papers-14-January-2026.pdf
Engaging stakeholders effectively, including individual citizens and service users	Engagement with residents, service users and the wider public continues to be strengthened through transparent communications and opportunities for direct interaction. The ongoing publication of agendas, reports, Forward Plan updates and decision notices, in line with the local government transparency code 2015, ensures that individuals have accessible, timely information about the Authority's activities and forthcoming decisions. On 28 March 2025, the TVCA Cabinet received a report from the Tees Valley Mayor outlining plans to introduce public Mayoral Question (MQT) and Answer sessions. The report also set out proposals to formalise limits on public questions at statutory meetings and to introduce the recording of those meetings to strengthen openness and transparency. The first Question and Answer session took place on 23 July 2025, with a second event held on 18 March 2026. In addition, the Mayor participates in	Previous consultations and press releases: Past Consultations / News Forward Plans: Forward-Plan-2026-27.pdf Decision Notices: Delegated Decisions - About Local government transparency code 2015 - GOV.UK Introduction of MQT, Public Participation, and recording of meetings: 7-Mayors-Question-Time-28.03.25-1.pdf Yarm Mayor's Question Time: Live Mayoral Question Time Makes Successful Debut In Yarm - Tees Valley

	a monthly BBC radio question and answer programme, providing further opportunities for members of the public to call in and raise issues directly. In line with the Scrutiny Protocol, the Mayor also attends the Overview and Scrutiny Committee twice each year to answer questions from committee members and support effective democratic oversight. Public engagement continues to form a key element of TVCA's governance approach. Live public events, including the Mayoral Question and Answer sessions, offer residents a direct platform to raise concerns, seek clarification and challenge decision makers in an open and accessible forum. The Authority's commitment to inclusive public engagement supports transparency, strengthens democratic participation and enables service users to contribute views that inform policy development and service improvement. These activities complement the formal consultation processes and wider communications that provide opportunities for individual citizens to engage meaningfully with the work of the Combined Authority.	O&S Mayoral Question Time: Microsoft Word - A) Agenda - Overview and Scrutiny - 14 May 2025 / OS-Agenda-Pack-15-October-2025.pdf / OS-Agenda-Papers-19.11.25.pdf

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
<i>The Authority's Commitment of Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Defining Outcomes Sustainable, Economic, Social and Environmental Benefits	The Combined Authority continues to define its strategic outcomes through the framework provided by the Strategic Economic Plan and the Ten-Year Investment Plan. These documents set the long-term direction for economic growth, productivity, skills development, infrastructure investment and environmental improvement across the Tees Valley. They guide prioritisation, resource allocation and programme delivery, ensuring that interventions generate clear economic, social and environmental benefits for the region.	Combined Authority Strategies / Plans: Tees Valley Local Industrial Strategy - 10b-Appendix-2-Draft-Tees-Valley-Local-Industrial-Strategy.pdf Tees Valley Strategic Economic Plan – TVCA207-SEP-Document-Full-WEB-1.pdf / Investment-Plan-Design-2020-8.pdf

	Delivery in 2025/26 reflects ongoing progress against these strategic ambitions. During the year, a number of significant initiatives were advanced, including: • Expansion of low-carbon public transport provision. In March 2026, funding was approved for an additional 82 electric buses, further accelerating the transition to a cleaner, modern and more sustainable bus fleet. This investment supports reduced emissions, improved air quality and enhanced reliability for passengers, contributing to wider environmental and social outcomes. • Continued support for skills, training and labour market participation. A wide range of employer-led skills programmes continued throughout 2025/26, including initiatives showcased at regular TVCA events. These programmes help residents access training, apprenticeships and upskilling opportunities aligned to employer needs, supporting inclusive growth, improved employment prospects and long-term economic resilience. • Ongoing delivery of the UK Shared Prosperity Fund. This includes rural development activity such as the Rural England Prosperity Fund (REPF) round for 2025–2026, which supported rural growth projects in areas including Redcar and Cleveland. These investments are designed to strengthen rural economies, improve local services and infrastructure, and ensure that benefits of growth are felt across all communities, including those in more isolated locations. Sustainability, social value and inclusivity remain core principles within the Authority's strategic and operational frameworks. These priorities are embedded within statutory plans and will be embedded in the Single Assurance Framework, which will apply consistent standards for business case development, appraisal, and monitoring. As part of the Organisational Improvement Plan, the introduction of a Single Assurance Framework is	Strategic Transport Plan – STP-Main-Report-Design-Jan20-4.pdf Local Nature Recovery Strategy – Tees Valley Local Nature Recovery Strategy - Business Employment and Skills – 9-Tees-Valley-Employment-Skills-Strategy.pdf Net Zero Strategy – 8-Net-Zero-strategy-Digital.pdf Digital Strategy – Tees-Valley-Digital-Strategy-Final.pdf Previous consultations and press releases: Past Consultations / News Supportive Papers: TVCA Cabinet – Items 9/10/1/12 and 15/16 (20 March 2026) – TVCA-Cabinet-Agenda-Papers-20th-March-2026.pdf TVCA Cabinet – Item 14 Assurance Framework (12 December 2025) – TVCA-Cabinet-Agenda-Papers-12-December-2025.pdf

	planned to further strengthen outcomes-based decision making, enhance environmental and social considerations within project appraisal, and ensure alignment with best practice and national guidance. Together, these activities demonstrate the Authority's continued commitment to defining, delivering and monitoring outcomes that maximise long-term economic, social and environmental benefits for the Tees Valley's residents, businesses, and communities.	

D. Determining the Interventions necessary to optimise the achievement of the intended outcomes		
<i>The Authority's Commitment of Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Determining Interventions	The Authority continues to determine interventions through established financial, strategic and governance frameworks. The Authority's three statutory officers: the Head of Paid Service, the Monitoring Officer and the S.73 Officer – known as the 'Golden Triangle' meet regularly to consider and act upon key risks and urgent matters. Financial management remains aligned with CIPFA standards and is overseen by the Section 73 Chief Finance Officer, who retains statutory responsibility for ensuring sound financial administration. The 2025 Section 24 Recommendations required urgent strengthening of finance team capacity, improved compliance with statutory inspection duties, and clearer timetabling for the production and publication of accounts. These recommendations were formally reported to Cabinet on 14 May 2025, and all actions were incorporated into the Organisational Improvement Plan to ensure a coordinated and transparent response. The Audit & Governance Committee actively support the management of governance concerns as prescribed within their terms of reference and the constitution.	Cabinet receive Section 24 paper (14 May 2025) - Extra-Ordinary-Cabinet-Agenda-Papers-14-May-2025.pdf Response to the external auditors - Tees-Valley-Combined-Authority-Section-24-Response-Letter-1.pdf Audit & Governance: Audit & Governance Archive - About Organisational Improvement Plan: Organisational Improvement Plan - About

	Interventions are also shaped by the continuing Organisational Improvement Plan (OIP), introduced in June 2025, which provides the overarching framework for governance reform, cultural improvement, partnership development and financial resilience. The OIP consolidates recommendations from the Tees Valley Review, the Centre for Governance and Scrutiny, CIPFA advisory work and statutory recommendations, ensuring that all interventions are evidence based, deliverable, and aligned to identified areas of risk or improvement. Decision-making processes continue to require rigorous consideration of risk, financial implications, legal compliance, stakeholder engagement and strategic alignment. These requirements ensure that proposed interventions are tested for feasibility, proportionality and value for money before progressing to approval. To further strengthen the quality and consistency of business cases, the delivery of a Single Assurance Framework is intended to be delivered in 2026/27 following approval by MHCLG. This will clarify appraisal standards, embed strengthened risk and financial controls, and ensure that future interventions align with government guidance and sector best practice. Collectively, these arrangements ensure that the Authority's interventions are grounded in effective evidence, transparent governance and sound financial management.	Assurance Framework - TVCA-Assurance-Framework-Sept-2024-1.pdf. Supportive Papers: TVCA Cabinet – Item 14 Assurance Framework (12 December 2025) - TVCA-Cabinet-Agenda-Papers-12-December-2025.pdf
Optimising Achievement of Intended Outcomes	The Authority continues to optimise outcomes by ensuring that interventions are systematically planned, appraised, monitored and delivered in a way that maximises social, economic and environmental benefit. The improvements required by the Section 24 Recommendations, including enhanced finance capacity and improved compliance processes, directly support the Authority's ability to deliver intended outcomes through more timely financial reporting, clearer audit trails and stronger budget management.	

	The Organisational Improvement Plan functions as the core mechanism for aligning activities to strategic objectives. By bringing together recommendations from multiple reviews and statutory assessments, the OIP ensures that organisational capacity, governance arrangements and partnership working are sufficiently robust to support long-term outcome delivery. Progress is monitored through strengthened reporting arrangements, enabling clear visibility of risks, milestones and benefits realisation. The ongoing review of the Assurance Framework plays a key role in enhancing outcome optimisation. The review is designed to ensure a more consistent approach to business case development, appraisal and monitoring, while further embedding best value principles and improving clarity of expectations for delivery partners. This will help ensure that programme delivery is efficient, that benefits are measured and realised, and that corrective action can be taken where necessary. Through these combined measures, the Authority continues to strengthen its ability to deliver sustainable, high-quality outcomes for the region, ensuring that interventions are effectively planned, well governed and capable of delivering lasting value.	Organisational Improvement Plan: Organisational Improvement Plan - About Assurance Framework - TVCA-Assurance-Framework-Sept-2024-1.pdf. Supportive Papers: TVCA Cabinet – Item 14 Assurance Framework (12 December 2025) - TVCA-Cabinet-Agenda-Papers-12-December-2025.pdf

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
<i>The Authority's Commitment of Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Developing the organisation's capacity	The Organisational Improvement Plan (OIP) continues to act as the central framework for strengthening the Combined Authority's overall capacity, resilience and organisational effectiveness. The OIP places particular emphasis on rebuilding trust, strengthening governance arrangements and ensuring that the organisation has the skills, structures and systems necessary	Organisational Improvement Plan: Organisational Improvement Plan - About OIP Progress Updates: Fe

	to deliver its statutory functions and strategic objectives. This includes reforms to internal processes, improvements in assurance mechanisms and clarity of roles across the organisation. Workforce capacity improvements have been taken forward throughout 2025 and 2026. Transformation resource scoping has identified key skills and capacity gaps, helping shape future workforce planning and programme delivery requirements. Communications capability has been strengthened through Local Government Association supported reviews, focused on improving internal and external communications, transparency and public engagement. Significant development work has also taken place within the finance function, with redesigned processes and updated team structures implemented in late 2025 to improve financial resilience, audit readiness and budget management. Capacity development is further supported through the Independent Advisory Board, which provides external challenge and expert oversight of governance, finance, delivery and organisational culture. This additional external capacity ensures that the organisation benefits from independent scrutiny and sector expertise as it delivers the OIP and embeds long term improvements. Together, these measures strengthen the organisation's capacity to plan, manage and deliver programmes effectively, ensuring that the Combined Authority is equipped to meet both current and future demands.	July 25 - BVN-Action-Plan-July-update-FINAL-1.pdf Aug 25 - 006.2-BVN-Action-Tracker-August.pdf Sep 25 - BVN-Action-Plan-Sept-Update.pdf Oct 25 - TVCA-Improvement-plan-update-October-25.pdf Nov / Dec 25 - Improvement-Plan-27.01.26.pdf Feb 26 - Updated-Improvement-Plan-February-2026-.pdf
Developing the capability of the organisation's leadership and other individuals	The Authority continues to invest in developing the capability of its leadership, management teams and wider workforce. A significant milestone in this regard was the Chief Executive's self-reflective review completed in February 2026, which assessed progress across key organisational domains. The review highlighted strengthened partnership working, the redesign	Organisational Improvement Plan: Organisational Improvement Plan - About Self-Reflection TVCA CEX: TVCA-Organisational-Improvement-Plan---Progress-update-1.pdf

	of core finance processes, improvements in organisational documentation setting out future operating arrangements, and the establishment of a more robust and clearer senior management structure. These changes demonstrate a commitment to leadership development and continuous organisational learning. Beyond senior leadership, the Combined Authority has focused on equipping individuals across the organisation with the skills, knowledge and tools necessary to deliver high quality outcomes. Workforce development activity aligned to the OIP includes training, capability-building initiatives and the development of clearer processes and guidance. Improvements to finance processes and team structures have enhanced professional capability within the finance function, supporting more effective financial governance and decision making. The Independent Advisory Board also contributes to leadership capability by providing constructive challenge, sharing best practice and advising on areas such as governance, strategic planning and organisational culture. This enables senior leaders and officers to benefit from external insight and ensures that development is grounded in recognised sector standards. These combined efforts ensure that leadership capability continues to mature across the organisation and that individuals at all levels are supported to contribute to effective governance, strong performance and continuous improvement.	Independent Advisory Board: Independent Advisory Board - About

F. Managing risk and performance through robust internal control and strong public financial management		
<i>The Authority's Commitment of Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Managing Risk	The Combined Authority continues to manage risk through established processes operating at corporate, programme and project levels. Risk registers are maintained and monitored regularly, with escalation routes in place to ensure	Assurance Framework - TVCA-Assurance-Framework-Sept-2024-1.pdf .

	emerging risks are identified and addressed. The Audit and Governance Committee receives scheduled reports throughout the year, offering oversight of risk trends, mitigations and assurance levels across TVCA. Risk management activity has been further strengthened through the Organisational Improvement Plan, which emphasises enhanced visibility of risks related to governance, finance, delivery and organisational culture. This includes clearer ownership of risks, improved tracking of mitigation actions, and additional reporting mechanisms to ensure senior leadership is regularly sighted on high-level and cross-cutting risks.	Audit & Governance: Audit & Governance Archive - About Organisational Improvement Plan: Organisational Improvement Plan - About
Managing Performance	Performance management continues to be integrated within the Authority's governance and delivery arrangements. Programme and project performance is monitored through regular reporting cycles supported by risk, finance and delivery data, ensuring issues are identified early and escalated appropriately. The Authority's performance management approach is being reviewed as part of the wider OIP to ensure stronger alignment between strategic objectives, delivery plans, milestones and benefits realisation. This work also aims to strengthen the quality and consistency of performance reporting to Members, enabling more effective oversight and ensuring decision makers receive timely and accurate information on delivery progress.	Audit & Governance: Audit & Governance Archive - About Supportive Papers: TVCA Cabinet – Item 14 Assurance Framework (12 December 2025) - TVCA-Cabinet-Agenda-Papers-12-December-2025.pdf
Effective Overview and Scrutiny	Overview and scrutiny continues to play a vital role in the Authority's assurance and accountability framework. The Overview and Scrutiny Committee maintains a programme of activity that examines decision making, reviews strategic issues and provides challenge to ensure transparency and public accountability. Strengthened scrutiny arrangements introduced following the Tees Valley Review and the Best Value Notice continue to be embedded, including improved access to information, clearer forward	

	planning and increased interaction with the Executive, including the Mayor's twice yearly attendance. Further improvements have been supported through the introduction of a strengthened Annual Report, developed in line with Centre for Governance and Scrutiny guidance, and the introduction of a Memorandum of Understanding with the Audit and Governance Committee. These developments reinforce the implementation of the scrutiny protocol and enhance the wider effectiveness of the committee. The Annual Report provides improved detail to Cabinet, including information on quoracy, the impact of scrutiny work and a more comprehensive overview of activity across the year. The Memorandum of Understanding supports the delivery of principle 18 of the protocol, strengthening coordination between scrutiny and audit functions. It was agreed by the Overview and Scrutiny Committee on 14 January 2026 and subsequently endorsed by the Audit and Governance Committee on 20 February 2026. It will be adopted into both committees work programmes, with planned joint engagement meetings arranged. Following the introduction of the Decision-Making Article, the Committee will have an enhanced oversight of Key Decisions with the threshold being reduced to £500k. These enhanced scrutiny arrangements form a key component of the wider improvement journey and support effective democratic oversight of decision making and delivery across the Authority.	Overview & Scrutiny: Overview & Scrutiny Archive - About TVCA Cabinet – Item 15 O&S Annual Report (page 420) - TVCA-Cabinet-Agenda-Papers-26-September-2025.pdf O&S / A&G MoU (pages 13-19): Overview-and-Scrutiny-Committee-Agenda-and-Papers-14-January-2026.pdf Decision Making Article (pages 156 onwards) - Microsoft Word - TVCA Constitution - December Version Overview and Scrutiny Committee – Decision Making Article Minutes: Microsoft Word - DRAFT Minutes - O&S - 19 November 2025
Robust Internal Control	The Constitution establishes our Standing Orders and Financial Regulations which set out expected internal controls across the areas covered within these. Internal control arrangements remain in place across the Combined Authority. Internal Audit provides independent assurance on financial,	Constitution (version 15): Microsoft Word - TVCA Constitution - December Version

	operational and governance controls, with ongoing audit coverage throughout 2025/26. Audit findings, risk themes and improvement actions are regularly monitored and reported through the Audit and Governance Committee, ensuring that weaknesses are identified and addressed. However, external audit concerns intensified in late 2025, with EY signalling an intention to issue a disclaimed opinion on the 2024/25 accounts due to significant unresolved control issues and evidence gaps. Substantive audit work for 2023/24 and 2024/25 was paused pending resolution. These matters are now core risks within the Authority's governance framework and feature prominently in the OIP.	Organisational Improvement Plan: Organisational Improvement Plan - About Audit & Governance: Audit & Governance Archive - About
Managing Data	We have a designated Senior Information Responsible Officer and Data Protection Officer responsible for ensuring data protection and confidentiality is maintained in line with relevant legislation, i.e. General Data Protection Regulations (GDPR) and Cyber Security. All staff must undertake data protection e-learning training annually. The programme of training and awareness for all staff and members continued during 2025-26. Our Privacy Policy sets out how we will manage and use data in compliance with relevant legislation and regulations. We publish information on our website unless we believe this may cause harm or greater public interest requires us to keep this information confidential. This is set out in our Publication Scheme. Where members of the public are unable to find what they are seeking, we will helpfully respond to any information requests. The Authority has introduced a disclosure log and figures for Freedom of Information / Environmental Information Regulations and Subject Access Requests to support transparency. During 2025/26, TVCA received 169 external FOI requests, 6 external SAR requests and 8 external EIR requests.	Transparency areas on the website: Publication Scheme - About Transparency - About Privacy Policy - Tees Valley Tees Valley Combined Authority Freedom of Information Requests About

	Internal review figures were 21 FOI, 3 SAR and 0 EIR requests. 15 complaints were recorded.	
Strong Public Financial Management	Public financial management remains a critical focus area due to the issues raised in the 2025 Section 24 Recommendations and subsequent external audit concerns. The s73 Chief Finance Officer continues to oversee financial standards in line with CIPFA requirements, but significant improvements are being implemented to strengthen capacity, compliance and financial resilience. The Section 24 Recommendations required immediate action to enhance finance team capability, ensure compliance with statutory audit and inspection duties, and introduce clearer timetables for accounts preparation. These actions were formally reported to Cabinet on 14 May 2025 and fully incorporated into the Organisational Improvement Plan, providing a structured approach to delivering improvements. Work undertaken to date has included redesigned finance processes, improved documentation standards, updated team structures and strengthened oversight mechanisms. Further improvements continue into 2026 to support the timely completion of audit requirements and restore assurance with regards public financial management.	Annual accounts, previous AGS' and Section 24 notice: Annual Statement of Accounts - About Audit & Governance: Audit & Governance Archive - About

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
<i>The Authority's Commitment of Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Implementing good practice in transparency	The Authority continues to prioritise openness and accessibility in its decision making. Transparency commitments remain central to governance practice, reflected most clearly in the continuous publication and updating of the Forward Plan. This includes earlier notification of key decisions, fuller descriptions of forthcoming items and the inclusion of non-key decisions	Transparency areas on the website: Publication Scheme - About Transparency - About Privacy Policy - Tees Valley

	wherever practicable, ensuring residents, partners and scrutiny members are consistently informed of upcoming activity. The forthcoming new Constitution, scheduled for adoption in the 2026/27 Municipal Year, will further strengthen transparency. It introduces clearer ethical standards, enhanced decision-making rules and reinforced scrutiny and public engagement provisions. These reforms mark a significant milestone in the Authority's wider improvement journey and demonstrate a sustained commitment to embedding transparency in everyday practice.	Freedom of Information Requests - About TVCA Cabinet – Item 15 Constitution (12 December 2025) - TVCA-Cabinet-Agenda-Papers-12-December-2025.pdf
Implementing good practice in reporting	The Best Value Notice issued in April 2025 set out clear expectations for strengthened reporting, milestone tracking and improvement monitoring. In response, the Authority has adopted a more structured and rigorous approach to reporting progress, particularly through the Organisational Improvement Plan. The OIP provides a single, consolidated framework for capturing actions arising from external reviews, statutory recommendations and internal assessments. It sets out defined milestones, clear ownership, delivery timelines and regular progress reporting through established governance channels. This ensures that Cabinet, committees, scrutiny members and Government officials receive consistent, timely and transparent updates on the Authority's improvement activity. Enhanced reporting arrangements are also being reflected in the development of the new Constitution, which includes updated provisions for more structured decision reports, strengthened governance statements and improved documentation standards to support better informed decision making.	Organisational Improvement Plan: Organisational Improvement Plan - About Cabinet - Cabinet Archive - About TVCA Cabinet – Item 15 Constitution (12 December 2025) - TVCA-Cabinet-Agenda-Papers-12-December-2025.pdf
Assurance and effective accountability	Assurance and accountability are strengthened through a combination of internal governance arrangements, external oversight and the	Best Value Notice: Tees Valley Combined Authority: Best Value Notice (April 2025) - GOV.UK

	requirements of the Best Value Notice. Regular engagement with Government officials, including the Ministry of Housing, Communities and Local Government, forms an essential part of the Authority's assurance framework, ensuring that progress against the OIP is externally monitored and supported. A key element of strengthened assurance is the role of the Independent Advisory Board, which provides robust external challenge, scrutiny of progress and expert advice across governance, finance and organisational culture. This ensures that improvements are independently verified and that the Authority is held to account for delivering the expected standards of governance and value for money. Internal assurance mechanisms are also being enhanced through the planned adoption of the new Constitution. Its provisions strengthen ethical standards, clarify statutory officer responsibilities, reinforce scrutiny protocols and improve the robustness of the Authority's internal control and accountability arrangements. Together, these measures ensure that the Authority maintains a clear and demonstrable commitment to strong assurance, transparent reporting and effective accountability across all areas of its work.	Organisational Improvement Plan: Organisational Improvement Plan - About Self-Reflection TVCA CEX: TVCA-Organisational-Improvement-Plan---Progress-update-1.pdf Independent Advisory Board: Independent Advisory Board - About

Section 6: Annual Review of Effectiveness of Governance Framework

We have a legal responsibility to conduct an annual review of the effectiveness of our governance framework, including the system of internal control. The review is generally led by officers and members of Audit and Governance Committee who provide independence and challenge.

We have conducted our review for 2025 to 2026 to demonstrate how we conform with each of the governance principles within Delivering Good Governance in Local Government, prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE). This review has consisted of:

- a) an assessment of the Constitution, including the role and work of Cabinet and committees
- b) the views of the Internal Auditor through their periodic reviews have been considered within this statement
- c) the views of statutory officers
- d) the reports provided by external audit
- e) the activity of the Audit and Governance Committee in providing independent oversight
- f) the risk management process, and
- g) financial and non-financial performance information reported to Cabinet and other meetings throughout the year.

Statements of the Statutory Officers and the Head of Internal Audit

The authority is required to appoint three statutory officers:

- The Head of Paid Service – Tom Bryant
- The Monitoring Officer – Jeanette McGarry
- The S.73 Officer – Jo Moore

The statutory officers are often collectively known as the 'Golden Triangle' and must work together to ensure good administrative, financial, and ethical governance of a local authority in the exercise of its functions. The statutory officers are expected to advise clearly with impartiality and integrity. CIPFA, Solace and Lawyers in Local Government (LLG) have published a [guide](#) to the governance roles and responsibilities of the statutory officers.

The TVCA statutory officers meet weekly to discuss governance matters and collectively agree an approach to dealing with any issues of concern.

Head of Paid Service

As Head of Paid Service, I have reviewed the governance arrangements described in this Annual Governance Statement and the evidence considered as part of the annual review of effectiveness. On the basis of that review, I am satisfied that the Authority has continued to operate governance arrangements which provide reasonable assurance that its business has been conducted in accordance with the law, proper standards, and the principles of sound public administration.

I recognise that 2025/26 has been a significant year for the Authority, with continued focus on responding to external review, the Best Value Notice, statutory recommendations and external audit matters. These issues have required sustained attention from Members, statutory officers, senior leaders and colleagues across the organisation. They have also reinforced the importance of transparent decision-making, effective risk management, robust financial control, clear accountability and a culture in which constructive challenge is welcomed.

As Head of Paid Service, I have overall responsibility for the employees of TVCA. We continue to engage all staff with the operational improvement work, recognising the importance of having the right organisational culture to achieve our improvement ambitions and to embed our policies and procedures. We are continuing to develop our workforce strategy and use regular staff surveys to better understand the experiences and concerns of our employees. We continue to promote a culture of openness where employees are empowered to raise issues with managers and leaders through informal or formal routes. This has been further strengthened through the recent revision of key policies such as the Whistleblowing Policy and associated awareness training.

Taking these matters together, my assurance is that the Authority has appropriate governance arrangements in place to support lawful decision-making, effective stewardship of public resources and delivery of its statutory responsibilities. This assurance is provided on the basis that the identified improvement actions continue to be delivered, monitored and reported through the established governance framework.

Monitoring Officer

As Monitoring Officer, I have reviewed the governance arrangements described in this Annual Governance Statement, with particular regard to lawful decision-making, ethical standards, transparency, the operation of the Constitution and the effectiveness of arrangements for supporting Members and officers to discharge their responsibilities properly.

On the basis of that review, I am satisfied that the Authority has continued to maintain arrangements designed to ensure that decisions are taken within legal powers, in accordance with relevant legislation, statutory guidance, the Constitution and the principles of good governance. Legal and governance advice has continued to be provided to Cabinet, committees, senior officers and project teams to support robust, transparent and properly documented decision-making.

During the year, the Authority has taken steps to strengthen its legal and governance framework, including amendments to the Constitution, development of improved decision-making arrangements, greater transparency through recording and publication practices, strengthened scrutiny arrangements, and continued engagement between the statutory officers through the

Golden Triangle. These actions support the Authority's ability to demonstrate compliance with the law, proper standards of conduct and the Seven Principles of Public Life.

There continues to be a high standard of conduct amongst officers and members with minimal code of conduct complaints. We have recently recruited three Independent Persons to assist with standards complaints. Further work will be undertaken in the 2026/27 municipal year to consolidate awareness and commitment to the standards framework, including training for all members and senior staff.

I am assured that the Authority has recognised the governance improvements required and has established structured mechanisms through the Organisational Improvement Plan to address them. I also recognise that further work remains necessary during 2026/27 to embed the constitutional review, strengthen assurance arrangements – including the approval by Government and our Cabinet of the Single Assurance Framework, support consistent application of decision-making requirements, and ensure that improvements are fully reflected in day-to-day practice.

S.73 Officer

The s.73 Officer statement will be added once both the Head of Internal Audit's annual opinion and the External Auditor's report have been received.

Head of Internal Audit

This section will be completed on receipt of the Head of Internal Audit's annual opinion.

Section 7: Significant Weaknesses in Governance and Internal Control / Areas for Improvement

The system of governance (including the system of internal control) can provide only reasonable, and not absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded, material errors or irregularities are either prevented or would be detected within a timely period; value for money is being secured; and that significant risks impacting on the achievement of our objectives have been mitigated.

This section will be updated with any identified weaknesses in governance and internal control and any required improvement actions for 2026/27 once the Head of Internal Audit's annual opinion has been received and the external auditors (EY) have completed their work.

During 2026/27 TVCA will continue to deliver and embed the improvements set out in the [Organisational Improvement Plan](#)

Section 8: Conclusion

The scale and pace of the work during 2025-26 have been substantial, particularly in terms of ensuring a sound understanding of the financial position and risk and of strengthening and embedding Good Governance across the organisation.

Integral to the TVCA has been, and continues to be, self-awareness, the delivery of the Improvement Plan, continuous improvement and the embedding of best practice.

The Combined Authority has a clear understanding of the scale and nature of the challenges, and the Chief Executive and the new Leadership team are visibly committed to driving progress. The three Statutory Officers (The Golden Triangle) met weekly during the year to discuss risks, legal, governance and financial matters and to agree clear solutions and action.

A significant and growing improvements evidence-base has been scrutinised and challenged internally by the Overview and Scrutiny Committee, Audit and Governance Committee, internal audits and externally by the Independent Advisory Board, external auditors, our residents, businesses and other stakeholders.

Further, this important progress has led to a positive, open, collaborative and healthy culture. Staff at all levels and cross-party politicians have actively created this environment.

The Chair of the Independent Advisory Board set out the Independent Advisory Board's view of progress (in the letter dated 19 March 2026) and noted that:

'...we find genuine intent from the political and officer leadership, with progress being made. There is a shared cross-party endeavour to see the area benefit from inward investment by improving governance and financial resilience'.

NB This conclusion will be updated to reflect the 2025/26 audit undertaken by our External Auditor (EY).

Mayor:	Chief Executive Officer:
Signature:	Signature:
Date:	Date:

Chair of Audit & Governance Committee:	Chief Finance Officer:
Signature:	Signature:
Date:	Date:

**TEES
VALLEY**

For more information contact
info@teesvalley-ca.gov.uk
www.teesvalley-ca.gov.uk

   @TeesValleyCA

Cabinet

Tees Valley Combined Authority

Date	26 June 2026		
Agenda Item	8		
Report Title	South Tees Development Corporation Medium-Term Financial Plan		
Accountable Cabinet Member	Tees Valley Mayor Ben Houchen Chair of Cabinet		
Accountable Chief Officer	Jo Moore Interim Group Director of Finance & Resources		
Accountable Employee	Jo Moore Interim Group Director of Finance & Resources		
Report considered by	Pre-Cabinet process A draft version of this report was circulated in advance of an Informal Cabinet meeting on the 12 June 2026.		
Key Decision	Yes	No X	This is not a key decision in accordance with the Constitution.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	Not applicable.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A

NOTE the South Tees Development Corporation (STDC) Capital and Revenue budgets for 2026/27, the updated Medium Term Financial Plan (MTFP) and the Capital Programme for 2026/27 – 2030/31 as set out in **Appendix 1** and the Capital Strategy at **Appendix 2**.

1 Purpose

- 1.1 The purpose of this report is to present to Cabinet, the South Tees Development Corporation (STDC) Capital and Revenue budgets for 2026/27, the updated Medium Term Financial Plan (MTFP) and the Capital Programme for 2026/27 – 2030/31 as required by the STDC Constitution.

2 Background

- 2.1 The South Tees Development Corporation Constitution states that *“The MTFP for the Corporation must be presented to the Combined Authority Cabinet annually. As part of the annual report on the MTFP, the Corporation will set out the level of Business Rates it anticipates from the site at that time and its requirements to service its debt and operations.”*
- 2.2 At its meeting on the 30th March 2026, the STDC Board:
- i. Approved the South Tees Development Corporation Budget for the Corporation for 2026/27.
 - ii. Approved the Capital Strategy for 2026/27.
 - iii. Approved the updated Medium Term Financial Plan 2026/27 to 2030/31.
 - iv. Approved the Capital Budget for 2026/27 and revised capital programme to 2030/31.
 - v. Approved the transfers to/from reserves (set out in Table 9 of the report to STDC Board).
 - vi. Noted the forecast revenue reserves on 31 March 2027.
 - vii. Noted the key financial risks for the MTFP period.
 - viii. Approved equity contributions to STDL of £5.278m for 2026/27 and STSC of £0.492m.
- 2.3 A copy of the report presented to and approved by the STDC Board is provided at **Appendix 1**. It is recommended that the Combined Authority Cabinet notes the South Tees Development Corporation (STDC) Capital and Revenue budgets for 2026/27, the updated Medium Term Financial Plan (MTFP) and the Capital Programme for 2026/27 – 2030/31.

3 Partnership & Engagement

- 3.1 The Capital and Revenue budgets for 2026/27, the updated Medium Term Financial Plan (MTFP) and the Capital Programme for 2026/27 – 2030/31 were approved by STDC Board on the 30th March 2026.

Appendices

1. **Appendix 1** – South Tees Development Corporation (STDC) Capital and Revenue budgets for 2026/27, the updated Medium Term Financial Plan (MTFP) and the Capital Programme for 2026/27 – 2030/31.



2. **Appendix 2** – STDC Capital Strategy

Cabinet is requested to consider the following identified implications:

Financial Implications

- The report in **Appendix 1** sets out the key financial implications for STDC
- The TVCA Final Capital & Revenue Budgets 2026/27, updated Medium Term Financial Plan and Capital Programme 2026/27-2029/30 was approved by Cabinet on the 20th March 2026, which included detail of the on-lending from TVCA to STDC.

Legal Implications

- This report is a requirement of the STDC constitution. There are no other legal implications of this report.

Equality & Diversity Implications

- This update is for information only, therefore it does not impact on groups of people with protected characteristics.

Other Significant Implications

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

Risk	X	Assurance Framework		Procurement	
Improvement		Environment		HR & IT	

Risk

- This report is an update. The TVCA Final Capital & Revenue Budgets 2026/27, Updated Medium Term Financial Plan and Capital Programme 2026/27-2029/30 approved by Cabinet on the 20th March 2026, detailed the risks to TVCA.

**AGENDA ITEM 9, APPENDIX 1
REPORT TO THE STDC BOARD**

30 MARCH 2026

REPORT OF INTERIM GROUP DIRECTOR OF FINANCE AND RESOURCES

**CAPITAL & REVENUE BUDGETS 2026/27, UPDATED MTFP AND CAPITAL
PROGRAMME 2026/27 – 2030/31**

SUMMARY

This report presents the draft revenue budget for the South Tees Development Corporation Group for 2026/27 together with the Medium-Term Financial Plan to 2030/31.

Key assumptions and risks in setting the final budgets for the forthcoming financial year and future years are also highlighted.

The Board is also presented with the revised five-year Capital Programme to 2030/31 for approval, together with the Corporation's proposed Capital Budget for 2026/27.

This report also presents the forecast usable revenue reserves as of 31 March 2027 incorporating the financial implications of the proposed draft revenue and capital budget impacts.

RECOMMENDATIONS

It is recommended that the STDC Board:

- i. Approve the South Tees Development Corporation Budget for the Corporation for 2026/27
- ii. Approve the Capital Strategy for 2026/27
- iii. Approve the updated Medium Term Financial Plan 2026/27 to 2030/31
- iv. Approve the Capital Budget for 2026/27 and revised capital programme to 2030/31
- v. Approve the transfers to/from reserves as set out in Table 9

- vi. Note the forecast revenue reserves on 31 March 2027
- vii. Note the key financial risks for the MTFP period
- viii. Approve equity contributions to STDL of £5.278m for 2026/27 and STSC of £0.492m

DETAIL

EXECUTIVE SUMMARY

1. As set out in the South Tees Development Corporation's (STDC) Constitution and as required by law, each financial year. Annual revenue and capital budget proposals are developed for consideration by the Development Corporation's Board.
2. Under local authority accounting rules, the Corporation is required by law to set a balanced revenue budget for the forthcoming financial year and the budget proposed for 2026/27 complies with this requirement.
3. The proposed budget includes a planned drawdown of £4.762m from the Corporation's reserves. This drawdown represents the use of unspent revenue funds from previous years.
4. This report sets out the latest assumptions and estimates underpinning the budget proposals for consideration and the Board should consider whether those assumptions are reasonable in approving the draft budget.
5. To underpin its financial sustainability, the Corporation is also required to consider the financial forecasts for the following years and approve a Medium-Term Financial Plan (MTFP). This report presents the updated Medium Term Financial Plan covering the period to 2030/31 as set out in Table 1. The Board should note that the MTFP currently assumes that a balanced budget can be set for each of the MTFP financial years.
6. As highlighted in the Reserves section of this report, the Corporation is forecast to have usable revenue reserves of £11.062m at 31 March 2027 as set out in Table 1.
7. The Capital Strategy is a legal requirement and sets out the Corporation's strategic approach to capital investment over the MTFP period.
8. It is a requirement for the Board to approve a Capital Strategy to ensure that capital expenditure aligns with the Corporation's business case, approved by MHCLG for the regeneration of the Teesworks site in July 2020, is affordable and sustainable,

particularly regarding the impact of borrowing on the revenue budget, and is supported by robust plans for delivery. This is appended in Appendix 1.

9. There is a further requirement for the Board to approve a Treasury Management Strategy, this sets out a structured framework designed to manage cashflows, investments, borrowings and financial risks to support long term sustainability and strategic, capital projects. This is separate report on this agenda for Board approval.
10. This report presents the proposed Capital Budget for 2026/27 and latest Capital Programme to 2030/31 as set out in Table 6. The Board should note that the proposals are currently based upon the contractual requirements of the Corporation being delivered. Transport specific projects are excluded from the capital programme reported to this March Board as these will only go ahead should the CRSTS transport grant allocation be approved by the TVCA Cabinet, which is scheduled to be considered in June 2026. The financing of the non-transport projects are to be funded entirely from borrowing from TVCA.
11. Based on the latest capital programme, the Corporation's capital financing requirement (CFR) - underlying need to borrow - is forecast to be £594.4m at the end of March 2027, which is an increase of (£8.1m) from the forecast closing position at 31 March 2026.
12. Historically, the Corporation's CFR would increase by new capital expenditure funded by borrowing but decrease by Minimum Revenue Provision (MRP) provided within the revenue budget. However, updated MRP guidance issued on 1 April 2024 and applicable from 2025/26, now specifically excludes development corporations from the statutory requirement to provide MRP. From 2025/26 onwards, MRP will no longer be provided in the Corporation's revenue budgets and, whilst this releases revenue budget, the Corporation's CFR will not reduce. This matter is being discussed with CIPFA.
13. Therefore, the increase of £8.1m represents the capital budget for 2026/27. Currently, there is a further requirement for capital spend of £63.2m to be funded from additional borrowing by STDC to fund the latest capital programme over the MTFP period to 2030/31 and, therefore, the CFR will continue to increase.
14. The capital budget for 2026/27 as proposed does not currently include any funding from CRSTS capital transport grant. The Department for Transport has approved, subject to formal business case, a change control request for a £100m of CRSTS grant to be allocated to STDC for transport related capital projects. Since this is an

allocation from TVCA's existing allocation, TVCA Cabinet will need to formally approve this allocation. A report is currently scheduled to be presented to the TVCA Cabinet in June 2026 and should this allocation of funding be approved, a report will be brought to a future Board for approval of the relevant transport projects and the grant funding and this will lead to the STDC existing borrowing requirement reducing and allow for transport projects to be considered by the Board for inclusion in the STDC capital programme.

15. The STDC total borrowing gives rise to £14.6m of interest payable for 2026/27.
16. This report also presents to the Board 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 as set out in Table 2.
17. The Board is also presented with the key financial risks that the Corporation is facing over the medium term. The key significant risk being the level of business rates income as this is the primary source of revenue income for the Corporation. The estimated income for 2026/27 of £9.7m is included in the revenue budget, pending final confirmation of this amount from the Valuation Office. The estimates have been based upon discussions with the billing authority and our technical advisors. A provision of £0.972m has been set up to help mitigate the estimation risk, being 10% of the total estimated income for each year of the MTFP as set out in Table 1.

BACKGROUND

18. As set out in the South Tees Development Corporation (STDC) Constitution, the Group, in consultation with the STDC Head of Finance & Resources, will develop annual revenue and capital budget proposals for consideration and approval by the Development Corporation's Board.
19. The Corporation 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.
20. To accompany the proposed revenue and capital budgets and the Medium-Term Financial Plan (MTFP), the Corporation is required to approve other supporting strategies.

21. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 included a 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 has been developed and is set out in Appendix 1 for approval.
22. 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. The treasury management function is currently provided by TVCA finance team.
23. The CIPFA Treasury Management Code 2021 requires the Authority to approve a Treasury Management Strategy annually and this will be presented to the Board for approval in March. This is set out in a separate report on the agenda for Board approval.

CONTEXT

24. The work of the Development Corporation is funded through retained business rates or by revenues raised directly for rents, service charges and commercial income.
25. The Corporation receives a 50% share of retained business rates for all growth in the special designated area as approved by MHCLG for a period of 25 years from commencement. This period ends in 2046.
26. It should be noted that STDC has previously entered two non-standard commercial arrangements with private sector developers. One with BP and Teesworks Ltd (TWL) for the delivery of the Net Zero Teesside (NZT) project. There is a separate arrangement with TWL for the Orsted project which is the General Site Preparation Works Agreement (GSPWA). Under both arrangements STDC forward fund capital redevelopment works, which are fully repayable under the terms of the advanced agreements. These arrangements are nearing completion and no further forward funding agreements are forecast, any requests will be considered in line with the GSWPA.

MEDIUM TERM FINANCIAL PLAN

27. The Medium-Term Financial Plan (MTFP) sets out the Corporation'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 Corporation's Strategic plans for site preparation and infrastructure on the regeneration site.
28. 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.
29. 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 Corporation's direct control.
30. Due to the inherent risk and uncertainty, the Corporation's financial strategy, assumptions have been made regarding income and expenditure and provisions/contingencies have been included to reflect levels of risk.
31. Table 1 below presents the Corporation's proposed 2026/27 revenue budget and Revenue MTFP.

Table 1 STDC MTFP 2026/27 to 2030/31

	Annual Budget	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£
	2026/27	2027/28	2028/29	2029/30	2030/31
Income					
Business Rates	(9,718,330)	(9,718,330)	(16,318,330)	(37,174,330)	(40,342,330)
Quay Operating Income	(3,447,500)	(3,447,500)	(3,447,500)	(3,447,500)	(3,447,500)

**SOUTH TEES
DEVELOPMENT
CORPORATION**

	Annual Budget £ 2026/27	Estimate £ 2027/28	Estimate £ 2028/29	Estimate £ 2029/30	Estimate £ 2030/31
Total Income	(13,165,830)	(13,165,830)	(19,765,830)	(40,621,830)	(43,789,830)
Operating Costs					
Employees	805,471	825,607	846,248	867,404	889,089
Premises	86,520	89,116	91,789	94,543	97,379
Supplies and services	1,158,750	1,193,513	1,229,318	1,266,197	1,304,183
TVCA SLA charge	350,000	350,000	350,000	350,000	350,000
Business Rates provision (10%)	971,833	971,833	1,631,833	3,717,433	4,034,233
Total Operating Costs	3,372,574	3,430,068	4,149,187	6,295,577	6,674,884
Net Operating Position	(9,793,256)	(9,735,761)	(15,616,642)	(34,326,253)	(37,114,945)
Cost of borrowing					
Interest	14,555,655	15,090,089	15,540,631	16,150,819	16,722,802
Interest STDC capital loans 26 onwards	-	1,193,160	1,646,198	2,161,590	3,532,338
Total cost of borrowing	14,555,655	16,283,249	17,186,829	18,312,410	20,255,140
Net Deficit/(Surplus) before contributions	4,762,399	6,547,488	1,570,187	(16,013,843)	(16,859,805)
RESERVES:					

TEESWORKS

The UK's largest
industrial zone

	Annual Budget	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£
	2026/27	2027/28	2028/29	2029/30	2030/31
Opening Reserves	(15,824,883)	(11,062,484)	(4,514,996)	(2,944,809)	(18,958,652)
Net position Deficit (Surplus)	4,762,399	6,547,488	1,570,187	(16,013,843)	(16,859,805)
Closing Reserves deficit/(surplus)	(11,062,484)	(4,514,996)	(2,944,809)	(18,958,652)	(35,818,457)

32. For the purposes of the MTFP business rates income forecasts have been based upon estimates of rateable values as well as forecast dates for when the business could be deemed operational in the future for those that are not as yet already operative. The estimated rateable values will be confirmed as a final valuation by the Valuation office in accordance with their timeframes and estimates will then be updated. Any updates will be reported to the Board in the usual quarterly reporting cycle. However, the estimates included are deemed to be prudent based on external advice.
33. As can be seen from the MTFP table above, the full costs of interest payable to TVCA on all loans to the Corporation are factored into the MTFP. The estimates over the MTFP include all existing borrowings from TVCA as well as borrowings for future estimated capital spend. The interest calculations are based upon interest becoming due 1 year and 1 day post drawdown of loans by STDC. The borrowing being undertaken are on an annuity basis. It should be noted that repayments of principal for loans against the £350m TVCA facility will be made on a stepped basis to reflect affordability of the Corporation to make these repayments which directly reflects increasing levels of business rates income within STDC. Interest calculations will reflect these stepped payments.
34. The Corporation will continue to make annual principal and interest repayments for the following loans which are outside of the TVCA £350m main facility:
- The Quay Loan
 - The IP Loan
 - NZT 1 Loan
 - NZT 2 Loan

MTFP ASSUMPTIONS AND ESTIMATES

35. As set out above, a set of assumptions have been used for the calculation of estimated business rate income forecasts, as set out in Table 2.
36. Further to the income assumptions, the Corporation'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 expenditure assumptions that have been included in the MTFP are also set out in table 3 below.

Table 2: MTFP Assumptions

Budget Area	Assumption
Pay Award	3%
Employed Staff	Budgeted on actual 2026/27
Establishment Vacancies	Budgeted on highest Incremental point within grade
Contract Price Inflation	3% Inflation in STDC
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	The interest rates are those agreed with TVCA on fixed rate loans

DRAFT CORPORATION REVENUE BUDGET 2026/27

37. In setting their annual budgets, it is common practice for organisations 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.

38. 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.
39. A significant amount of work has been undertaken during 2025/26 to build upon the existing knowledge of the business rates system, both as a corporation as well as jointly with the billing authority. This has been a particular focus for the Corporation as this is the single most significant income budget. The Corporation has commissioned external advice from to support this ongoing work.
40. For 2026/27, budget setting for expenditure 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 circumstances have changed.
41. In terms of the capital programme, for 2026/27 a programme has been out together that focusses on the delivery of the Corporation's contractual requirements. Subject to transport grant funding being made available to the Corporation, transport projects will be put forward to a future Board for approval.
42. The existing draft Service Level Agreement (SLA) between TVCA and STDC for support services is currently being reviewed and discussed and a new agreement for the forthcoming financial year will be agreed. This may impact on the final cost but, from a budgeting perspective, the budget position for both is aligned for 2026/27. The review of the SLA is being undertaken in line with a review of the finance structure within the Corporation as well as moving STDL to the Sage financial system such that both limited companies are managed locally within the Sage financial system, more appropriate for limited company accounting and budget management. This will be a significant project for 2026/27.

STDC BUDGET 2026/27

The table below sets out the STDC budget for 2026/27.

Table 3 – STDC Budget 2026/27

	Annual Budget 2026/27
Income	
Business Rates	(9,718,330)
Quay Operating Income	(3,447,500)
Total Income	(13,165,830)
Operating Costs	
Employees	805,471
Premises	86,520
Supplies and services	1,158,750
TVCA SLA charge	350,000
Business Rates provision (10%)	971,833
Total Operating Costs	3,372,574
Net Operating Position	(9,793,256)
Cost of borrowing	
Interest	14,555,655
Total cost of borrowing	14,555,655
Net Deficit/(Surplus) before contributions	4,762,399
RESERVES:	
Opening Reserves	(15,824,883)
Net position Deficit (Surplus)	4,762,399
Closing Reserves deficit/(surplus)	(11,062,484)

Revenue budget changes from 2025/26 to 2026/27

43. 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 4 – Budget changes from 2025/26 to 2026/27

	Approved Budget 2025/26 £'000	Draft Budget 2026/27 £'000	Variance £'000
Works Agreement	(567)	-	567
Business rates	(4,868)	(9,718)	(4,850)
Quay Operating Income	(2,700)	(3,448)	(748)
Total Income	(8,135)	(13,166)	(5,031)
Operating Expenditure			
Employees	730	805	75
Premises	84	87	3
Supplies and Services	1,024	1,159	135
TVCA SLA charge	-	350	350
Business Rates provision (10%)	-	972	972
Total Operating Expenditure	1,838	3,373	1,535
Net operating (surplus) / deficit	(6,297)	(9,793)	(3,496)
Central Overheads			
Cost of borrowing - MRP	1,435	-	(1,435)
Cost of borrowing - Interest	4,367	14,556	10,189
Net cost of borrowing	5,802	14,556	8,754
Net (surplus)/deficit revenue position	(495)	4,762	5,258

44. The table above sets out the key changes from the budget set in 2025/26 to the budget for 2026/27.

Business Rates Income

45. The business rates income estimates for 2025/26 of £9.883m has been estimated to be £9.718m for 2026/27. This is due to changing estimates in rateable values and assumptions regarding the deemed operative dates for the relevant businesses on sites and revised valuations.

Quay Operating Income

46. STDC receive income from Steel River Quay Ltd for the tonnage of cargo out of the Quay in accordance with the Quay Operating Agreement approved in 2022. The budget set in 2025/26 of £2.700m was based upon full operation of the Quay during 2025/26. However the Quay has experienced a slower than anticipated level of demand r than expected during the 2025/26 financial year. Budget was based on full-year operation whereas the actual was mid-year and demand increased at a slower rate than expected. The 2026/27 budget of £3.448m has been derived from reforecasted demand for tonnage out of the Quay in discussions with Steel River Quay Ltd.

Interest payable

47. The interest payable budget has increased by £6.907m to £14.556m in 2026/27. As has been reported through the 2025/26 Quarterly budget monitoring reports, the Corporation's costs of borrowing are forecast to increase due to loans previously drawn down becoming eligible for interest repayments in accordance with the 1 year and 1 day principal for interest repayments.

Provisions

48. A budget provision of £0.972m has been created to provide for variations to the business rates estimates for 2026/27. This helps to mitigate the risk that the Valuation Office's final valuations differ to the estimates set within the budget for 2026/27. This is a new provision for the Corporation, the previous treatment in the budget was to include 90% of the income rather than the full estimate, this gives greater transparency.

2025/26 QUARTER 3 REVENUE FORECAST

49. The Quarter 3 forecast is a separate report on this agenda and indicates a net underspend against the budget for 2025/26 of £3.334m. The underspend is primarily due to one off income which has been applied to a budget difference regarding interest repayments that were due to TVCA but omitted from the STDC budget for 2025/26. A summary of the Q3 2025/26 forecasts are included in Table 3 below for ease of reference.

Table 5 – Q3 Forecast

	Approved Budget 2025/26 £'000	Q3 Outturn £'000	Forecast 2025/26 £'000	Variance £'000
Other Income	-	(19)	(15)	(15)
Works Agreement	(567)	-	(205)	362
Business rates	(4,868)	(7,412)	(9,883)	(5,015)
Scrap sales	-	(389)	(400)	(400)
Total Income	(5,435)	(7,821)	(10,503)	(5,068)
Operating Expenditure				
Employees	730	525	730	-
Premises	84	-	84	-
Transport	-	-	-	-
Supplies and Services	1,024	915	1,125	101
Third Party Payments	-	-	363	363
RCCO	-	-	-	-
Total Operating Expenditure	1,838	1,440	2,302	464

	Approved Budget 2025/26 £'000	Q3 Outturn £'000	Forecast 2025/26 £'000	Variance £'000
Net operating (surplus) / deficit	(3,597)	(6,381)	(8,201)	(4,604)
Central Overheads				
Cost of borrowing - MRP	1,435	-	-	(1,435)
Cost of borrowing - Interest	4,367	8,456	11,274	6,907
Third Party - Interest	(2,700)	(1,047)	(1,340)	1,360
Net cost of borrowing	3,102	7,409	9,934	6,832
Net (surplus)/deficit revenue position	(495)	1,028	1,733	2,228

Year-end accounts – External audit process

50. As the Board will be aware, the external audit for 2023/24 and 2024/25 have still not been concluded historically, financial contributions to STDC's 100% owned limited companies have been treated as either revenue grant funding or equity injections. The limited company auditors have raised a query in respect of the change in treatment
51. Historically, financial contributions to STDC's 100% owned limited companies have been treated as either revenue grant funding or equity injections depending on circumstances at the time. The S73 Officer has taken some additional advice in respect of these contributions and preliminary advice has indicated that they should be treated as shareholder equity contributions. Therefore, for 2025/26 and for 2026/27, these contributions have been treated in accordance within this preliminary advice.
52. The financial accounts for STDL (and STSC) were due to be submitted to Companies House by 31 December 2025 and an extension was granted to 31 March 2026 to

allow for the external audit queries to be satisfactorily involved and to ensure consistent treatment in intercompany group transactions.

53. STDL's external auditor has raised a query in respect of the change in treatment from revenue grant funding to equity injection and this matter has not been concluded at the time of writing this report.
54. Therefore, there remains a risk that matters raised through the conclusion of the external audit may have an impact on the financial position of the Corporation.

CAPITAL PROGRAMME

55. The Corporation holds the contractual obligation for site preparation and infrastructure for anchor tenants. The capital programme has been developed to ensure that the Corporation meets these specific contractual commitments. The proposed capital programme is set out in Table 6 below.

Table 6 – STDC Core Capital Programme

	Budget 2026/27	Estimate 2027/28	Estimate 2028/29	Estimate 2029/30	Estimate 2030/31
	£'000	£'000	£'000	£'000	£'000
Park and Ride	-	-	-	-	-
Demolition	-	1,440	528	528	528
Site Preparation and Infrastructure	2,362	763	5,916	5,916	5,916
Enabling Fees	631	488	65	65	65
Transport	-	-	-	-	-
Quay	81	-	-	-	-
Remediation	2,546	2,841	767	767	767
NZT	1,035	-	-	-	-

	Budget 2026/27	Estimate 2027/28	Estimate 2028/29	Estimate 2029/30	Estimate 2030/31
	£'000	£'000	£'000	£'000	£'000
Capitalised revenue costs	200	175	-	-	-
Capital contribution in subsidiaries	5,770	5,729	5,749	5,769	5,789
Total	12,625	11,436	13,025	13,045	13,065

56. Further to this TVCA have completed a change request with DfT for the virement of £100m of Transport Grant, allocated to Tees Valley Combined Authority, to STDC to support capital transport infrastructure projects. As TVCA Cabinet is the Accountable Body for this grant, this allocation will need to be formally approved for transfer. This matter is currently the subject of a report to TVCA Cabinet scheduled for June 2026. If this is approved, then the capital budget will not change but the funding source for the capital expenditure will change. This will have the impact of reducing borrowing for 2026/27 which will reduce the MTFP interest payable estimate in 2028/29 under the 1 year + 1 day loan interest arrangements with TVCA.

TREASURY MANAGEMENT

57. STDC undertakes borrowing to fund capital expenditure across the regeneration site for the purposes of remediation, site preparation and infrastructure. As the Board is aware, the original business case for the Teesworks site was based upon borrowing upfront for the remediation of land with this borrowing being repaid in later years from business rates raised from growth derived from inward investment. The Treasury Management Strategy is presented to Board for approval under agenda item.

Table 7 - STDC MTFP Capital Financing Requirement

	31/03/25	31/03/26	31/03/27	31/03/28	31/03/29	31/03/30	31/03/31
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CFR	562,502	586,300	594,406	603,001	615,260	627,538	639,836
TVCA borrowing	(393,499)	(414,462)	(421,112)	(427,635)	(436,225)	(444,718)	(439,630)
Under Borrowed Position	169,003	171,838	173,295	175,366	179,035	182,820	200,206

Table 8 - Summary of Forecast Borrowing Costs 2026/27

Loan Title	Drawn Down Date	Loan Amount			Interest Rate
		2024/25	2025/26	2026/27	
		£	£	£	
TVCA Investment Programme	31/03/2019	11,214,500			3.50%
TVCA Investment Programme	31/03/2021	10,451,471			3.50%
TVCA Investment Programme	31/03/2022	24,807,760			3.50%
TVCA Investment Programme			46,865,383	46,865,383	
STDC GENERAL 1	31/03/2023	79,450,094	79,450,094	79,450,094	4.00%
STDC GENERAL 2	31/03/2024	73,593,327	73,593,327	73,593,327	4.67%
STDC GENERAL 3 (Heavy Lift)	31/03/2024	6,800,000	6,800,000	6,800,000	4.63%
STDC NZT 1	01/11/2024	14,295,753	14,295,753	14,295,753	5%
STDC NZT 2	31/03/2025	12,340,823	12,340,823	12,340,823	4.75%
STDC 24/25 loan	31/03/2025	49,496,067	49,496,067	49,496,067	5%
STDC 25/26 loan	31/03/2026		23,398,000	23,398,000	5%
STDC 26/27 loan	31/03/2027			8,106,063	5%
TVCA Facility Total			259,374,064	267,480,127	
Quay (UKIB)	01/04/2021	26,702,222 -			1.99%
Quay (UKIB)	01/04/2022	61,512,185 -			1.99%
Quay (UKIB)	02/03/2024	17,908,337 -			1.99%
Quay (UKIB) Rolled up Interest	31/03/2024	4,926,587 -			1.99%
Quay (UKIB)			108,222,418	106,766,420	
TOTAL		393,499,126	414,461,865	421,111,930	

58. A summary of the loans from TVCA to STDC is provided in Table 8 above. This includes borrowings to fund capital expenditure for 2026/27 and future years in the MTFP. In previous years, TVCA have rolled up STDC capital expenditure, paid by TVCA on behalf of STDC during a financial year into a loan at the end of the financial year.
59. STDC will be investing surplus cash balances on an overnight basis. No budgeted income has been included for interest earned from overnight investments as 2026/27 is the first year that this practice has been adopted. Cashflow forecasts are currently being developed to ensure liquidity.

RESERVES

60. Whilst the Development Corporation is not a local authority, the Corporation currently follows the local authority accounting codes and practices. The establishment and maintenance of reserves are an integral part of the Corporation's financial strategy and medium-term financial planning to ensure long-term budget sustainability and to manage financial risks.
61. Following local authority accounting, the Corporation is required to maintain reserves and, from a statutory perspective, there is a single reserve the "General Fund Balance". However, within the General Fund revenue reserves, it is usual practice to maintain a General Fund balance reserve, which acts as a general contingency for costs not foreseen in the budget setting process or a general risk reserve. This balance would genuinely be maintained between 5-10% of the net budget requirement.
62. In addition, to this general reserve, the Corporation may also establish Earmarked Reserves which are reserves that the Board has approved to be set aside for specific purposes. However, the type and level of reserves within those broad categories is a matter of judgement based on the specific financial circumstances and outlook for an individual organisation.
63. Under local authority accounting principles, the financial statements also contain "unusable" reserves but, as the title suggests, these are not usable cash reserves and are therefore ignored for the purposes of this policy document.
64. Similarly, capital reserves can be established from time-to-time from unused capital grant funding which the Authority has been permitted to retain or unused capital receipts from the disposal of assets.

65. Reserves are one-off sources of funding and should not be used to fund permanent expenditure.
66. It is good practice to present a Reserves Policy, alongside the main budget proposals, for the forthcoming financial year which would set out the Corporation's strategic approach to the maintenance of reserves.
67. As highlighted above, significant work has been done to formulate the budget for 2026/27 and final forecast reserves have been confirmed late in the process and are still subject to impact from matters arising from the backlog of statutory accounts. It is the intention to present a Reserves Policy to the Board alongside the MTFP mid-year update ahead of the next budget setting process.
68. As highlighted above, the revenue budgets proposed for 2026/27 also maintain a general contingency of £0.972m (based on 10% of business rates income), predominantly for business rates income risk.
69. In the meantime, STDC's reserves balances constitute the General Fund balance and specific earmarked revenue reserves have not yet been proposed. At 1 April 2026 total revenue reserves are forecast to be £15.825m and following the budgeted deficit of £4.762m these are forecast to reduce to £11.062m. This amount is in excess of the normal balance that would be maintained as a general contingency. However, as highlighted above a reserves policy will be presented to the Board for approval during 2026/27.
70. Table 9 below summarises the forecast Reserve position as at 1 April 2026.

Table 9 – Revenue Reserves Summary 2026/27

	Budget 2026/27 £'000
Opening Reserves 1 st April 2026	(15,824)
Net Deficit/(Surplus) for 2026/27	4,762
Closing Reserves 31 st March 2027	(11,062)

71. South Tees Developments Ltd (STDL) is a wholly owned subsidiary of STDC. STDL holds the land for the Teesworks site. Responsibilities include site maintenance and retained and communal areas, commercial services for tenants, and management of the service charge and any rents under STDC's constitution. The primary purpose of the company is the maintenance of the Teesworks site as well as carrying out commercial services for the existing tenants on the site. STDL are also responsible for the setting and collection of service charges and rents, in accordance with the STDC constitution.

The budget for STDL for 2026/27 is set out in Table 10 below. The principal reason for the net deficit is a reflection on the proportion of the site still under STDL ownership and maintenance, not underperformance.

72. STDC fund the net deficit by way of an equity injection, this is included in the STDC budget for 2026/27 and the MTFP to 2030/31.

Table 10 – South Tees Development Ltd 2026/27 Budget

	Budget 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000	Estimate 2030/31 £'000
Service charge and rent	(1,822)	(1,822)	(1,822)	(1,822)	(1,822)
Commercial services external	(344)	(344)	(344)	(344)	(344)
Total Income	(2,166)	(2,166)	(2,166)	(2,166)	(2,166)
Communal estates	4,110	4,110	4,110	4,110	4,110
Retained estates	1,964	1,964	1,964	1,964	1,964
Commercial services external	311	311	311	311	311
Commercial services DC projects	298	298	298	298	298
Employees	761	780	800	820	840
Total Expenditure	7,444	7,463	7,483	7,503	7,523
Net Deficit/(Surplus)	5,278	5,297	5,317	5,337	5,357

SOUTH TEES DEVELOPMENT CORPORATION

Equity Contribution from STDC	(5,278)	(5,297)	(5,317)	(5,337)	(5,357)

SOUTH TEES SITE COMPANY LTD

73. South Tees Site Company Ltd (STSC) is a wholly owned company of STDC. The South Tees Site Company Limited (STSC) was established by the UK Government (specifically under the Department for Business, Energy & Industrial Strategy) to manage the disused and potentially hazardous former SSI steelworks site at Redcar following its liquidation in 2015. STSC's mandate was to ensure the site was kept safe and secure and managed cost-effectively on behalf of the Official Receiver, the entity in charge after the steelworks' collapse. On 8 October 2020, the government divested its sole share of STSC, transferring control fully to the South Tees Development Corporation (STDC). Financial injections have been provided to STSC from STDC.
74. Following the progress made with the removal of the COMAH status, the rundown of South Tees Site Company Limited has been taking place. The entity will continue in existence until the Electricity and Water supply licenses are able to be novated and until the HSE investigation is concluded.
75. The budget for STSC for 2026/27 is set out in Table 11 below.
76. As highlighted above, it is intended to fund the STSC fund net deficit by way of an equity injection from TVCA. This is included in the STDC capital budget for 2026/27 and the capital programme to 2030/31.

Table 11 – South Tees Site Company Ltd 2026/27 Budget

	Budget 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000	Estimate 2030/31 £'000
Power Income	(31,050)	(31,050)	(31,050)	(31,050)	(31,050)
South Tees Development Limited	(120)	(120)	(120)	(120)	(120)
Water use of systems income	-	-	-	-	-
Intercompany recharges	(88)	(88)	(88)	(88)	(88)

TEESWORKS

The UK's largest
industrial zone

	Budget 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000	Estimate 2030/31 £'000
Total Income	(31,258)	(31,258)	(31,258)	(31,258)	(31,258)
Operating costs	88	88	88	88	88
Power consumption & services	31,039	31,039	31,039	31,039	31,039
Water consumption & services	435	375	375	375	375
Keep safe activities	188	188	188	188	188
Total Operating Costs	31,750	31,690	31,690	31,690	31,690
Net Deficit/(Surplus)	492	432	432	432	432
Equity Contribution from STDC	(492)	(432)	(432)	(432)	(432)

KEY FINANCIAL RISKS

77. The Corporation continues to be exposed to a number of key financial risks in the current and future financial years, and these continue to be identified and quantified, as well as senior officers reviewing and implementing mitigating actions to manage these risks. Key risks underpinning the revenue forecast outturn position identified to-date are:
- (a) **Business rates income** – the budget for 2026/27 is based upon hereditaments that are already fitted out with power which triggers the business rates valuation. Business rates are back dated to this date. The financial risk is regarding the Valuation Office confirmation of the rateable value, confirmation of the date from which business rates became payable and any delays in valuation. STDC is working closely with both Redcar & Cleveland Borough Council as the billing authority and external advisors. STDC Board should note that no monies have been received from Redcar & Cleveland Borough Council to-date, however these monies will start to flow to the billing authority and on to STDC starting in June 2026/27.
 - (a) **Cash position** – As highlighted in this report, the single biggest source of income for STDC is business rates income. Due to the nature of the operation of

the national business rate system, there is a time lag of more than one year for business rates due to be captured on formal government returns and for the resulting cashflows to flow through to relevant recipient authorities. Therefore, whilst business rates income is accrued, it is some time before STDC receives the cash. In addition, cash injections into the subsidiaries are proposed to be treated as equity injections. This increases the Corporation's CFR and, now that MRP is not required to be provided for, the MTFP is currently not setting aside "cash" to fund these cash payments that are being made to the subsidiaries. Similarly, loan agreements for borrowing from TVCA will be finalised early in 2026/27 which will set principal repayment schedules. Again, not setting aside MRP (or VRP) will mean that cash is not being built up to make those principal repayments. The reliability of the cashflow modelling in the new financial year will be a crucial tool to manage these risks as will the adoption of a Voluntary Revenue Provision Policy. This is covered under the Treasury Management Strategy report.

- (b) **Capital expenditure** – there are always inherent financial risks in the delivery both in terms of programmed delivery timeframes and the overspends from large regeneration projects.
- (c) **Income collection** – there is always a risk with regard to the collection of income. STDC collect income for the Quay operating income, works agreement income and interest due on forward funding projects. STDL collect the income for rents, service charges and commercial services and STSC collect income for power and water.
- (d) **Medium term sustainability of the financial model for STDC** - This is based upon raising business rates from inward investment on the Teesworks site as the buildings occupied by businesses become fitted out for operations. There is inevitably a lag between STDC historically investing in remediation of the land, the site preparation and infrastructure and the associated costs of borrowing for funding these, and the JV exercising their right of transfer of the land for the inward investor to set up the business and for it to fit out the buildings which is the point at which business rates income is raised but also starts to flow through.
- (e) **Interest rate risk** –The Corporation is exposed to interest rate risk for future funding as well as placing increased pressure on the revenue budgets creating an affordability risk. However, interest rate risk on historic borrowing has been mitigated by entering into fixed interest rate agreements with TVCA. The Treasury Management Strategy provided as a separate report on this agenda,

sets out the overall borrowing position, assuming the borrowing above is undertaken.

- (f) **Statement of Accounts restatement** - The Board 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. Whilst these matters remain unconcluded there remains a risk that matters arising from the conclusion of this review that may have an impact on the financial position of the Corporation.

FINANCIAL IMPLICATIONS

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

LEGAL IMPLICATIONS

79. The Corporation 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.

RISK ASSESSMENT

80. The key financial risks are detailed in the body of the report.

CONSULTATION & COMMUNICATION

81. Consultation with Board members has taken place

EQUALITY & DIVERSITY

82. The draft budget itself does not directly impact on groups of people with protected characteristics. However, the Corporation 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.

Appendix 1 – Capital Strategy

**SOUTH TEES
DEVELOPMENT
CORPORATION**

Name of Contact Officer:

Jo Moore

Post Title:

Interim Group Director of Finance and Resources

Telephone Number:

01325 7926900

Email Address:

jo.moore@teesvalley-ca.gov.uk

TEESWORKS

The UK's largest
industrial zone

REPORT OF INTERIM GROUP DIRECTOR OF FINANCE AND RESOURCES

STDC GROUP DRAFT CAPITAL STRATEGY

Contents

1. Background and Scope
2. Capital Expenditure
3. Policy Context
4. Capital Investment
5. Funding Capital Investment
6. Governance of the Capital Strategy
7. Risk Management
8. Treasury Management Strategy

Background & Scope

The Prudential Code for Capital Finance in Local Authorities (2021), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), requires each Local Authority to produce a Capital Strategy on an annual basis. This Capital Strategy document is aimed at meeting those requirements.

This Capital Strategy forms part of the framework for financial planning and is integral to both the Medium-Term Financial Strategy (MTFS) and the Treasury Management Strategy (TMS). It is refreshed annually and sets out how capital investment will play its part in delivering the ambitious long term strategic objectives and priority outcomes of the Corporation, how associated risk is managed and the implications for future financial sustainability. All capital expenditure and capital investment decisions are covered by this strategy.

The Capital Strategy is considered by the STDC Board and is one of the foundations of good financial management, reflecting the requirements under the CIPFA Financial Management Code and is grounded in legislation. In addition to the Code, CIPFA has published 'Capital Strategies and Programming' which considers in more detail the practical issues involved in capital planning and delivery. This strategy has been prepared considering the guidance in both these publications. The approval and implementation of this strategy ensures that:

- capital investment is targeted towards supporting the Corporation's objectives and priorities
- capital investment complements revenue expenditure on services
- stewardship of assets is properly considered in capital planning and projects are delivered
- on time and within budget
- there is transparency at programme level along with a clear process for board member engagement

Capital Expenditure

Capital expenditure is spending on assets that will provide a benefit beyond the current financial year and is defined as:

"Expenditure on the acquisition or enhancement of property, plant and equipment that has a long-term value to the Corporation. This includes grants or advances to third parties to assist them in acquiring or enhancing their own property, plant, and equipment."

The five aims of this Capital Strategy are:

- i. To take a long-term perspective investment and to ensure this contributes to the delivery of the business case.
- ii. To ensure investment is prudent, affordable and sustainable over the medium term and adheres and aligns to the Corporation's aims and objectives, the Prudential Code, Treasury Management Code and other regulatory conditions.
- iii. To maintain the arrangements and governance for investment decision making through the newly established governance boards.
- iv. To make the most effective and appropriate use of the funds available in long term planning and using the most optimal annual financing solutions to minimise the cost of servicing debt.
- v. To establish a clear methodology to prioritise capital proposals.

Policy Context

The Corporation was established to drive economic regeneration in the South Tees area. Its core aims focus on the continued transformation of the Teesworks site, a 4,500 acre brownfield site, into a world class industrial hub. The key strategic objectives of the STDC are:

TEESWORKS

The UK's largest
industrial zone

- **Economic Regeneration and Job Creation:** To transform the area into a major contributor to the Tees Valley economy by securing 20,000 new, high-quality, and well-paid jobs, particularly in higher-skilled sectors.
- **Attracting Private Investment:** To act as a catalyst for private sector investment, transforming the former steelworks into an international-level business park.
- **Focus on Clean Energy and Innovation:** To position the site as a premier location for clean energy, offshore, and advanced manufacturing technologies.
- **Comprehensive Site Redevelopment:** To create a cohesive, modern industrial park by remediating land, improving the working environment, and providing safe, high-quality conditions for businesses and the community.
- **Leveraging Strategic Assets:** To make maximum use of the area's deep-water access, existing port facilities, and rail infrastructure.
- **Supporting the UK Industrial Strategy:** To contribute to national goals by fostering internationally competitive industries.

To achieve these aims, the STDC follows specific Strategic Development Principles:

1. **Advanced Manufacturing:** Prioritising high-skilled sectors like new technologies and advanced manufacturing.
2. **Low Carbon Economy:** Promoting a circular economy through reduced energy costs and waste minimisation.
3. **Port Expansion:** Capitalising on the River Tees to develop new port-related infrastructure, such as the Steel River Quay.
4. **Skills and Education:** Working with regional partners to upskill the local demographic, ensuring they can access newly created roles.

Capital Investment

The original joint venture partnership between the Corporation and Teesworks Ltd was a 50/50 joint venture whereby STDC had the responsibility for remediation across the Teesworks site. In 2021/22 the ownership of the joint venture changed to 90/10 in favour of Teesworks Ltd and with this shift in ownership the ongoing responsibility for remediation of the site transferred to Teesworks Ltd. Therefore, STDC's capital investment requirements over the MTFP period have now significantly reduced.

The capital investments are now primarily site preparation and infrastructure, reflecting the contractual obligations for the Corporation. These are set out for the next 5 years in **Table 1** below.

Table 1 – Capital Programme 2026/27 to 2030/31

	Budget 2026/27	Estimate 2027/28	Estimate 2028/29	Estimate 2029/30	Estimate 2030/31
	£'000	£'000	£'000	£'000	£'000
Park and Ride	-	-	-	-	-
Demolition	-	1,440	528	528	528
Site Preparation and Infrastructure	2,362	763	5,916	5,916	5,916
Enabling Fees	631	488	65	65	65
Transport	-	-	-	-	-
Quay	81	-	-	-	-
Remediation	2,546	2,841	767	767	767
NZT	1,035	-	-	-	-
Capitalised revenue costs	200	175	-	-	-
Capital contribution in subsidiaries	5,770	5,729	5,749	5,769	5,789
Total	12,625	11,436	13,025	13,045	13,065

As can be seen from the table above, there is currently no planned investment in transport schemes over the MTFP period. However, should TVCA Cabinet formally approve the Department for Transport change control allocating £100m to STDC then the capital programme will be adjusted for new schemes subject to business case approval by the STDC Board. Of the £100m, approximately £32m of the grant will be applied to schemes currently funded at risk pending formal agreement to the grant allocation.

Capital Investment – Subsidiary Companies

The Corporation has two wholly owned subsidiary companies that deliver services to the Teesworks site, as follows:

1. South Tees Site Company

The South Tees Site Company Limited (STSC) was established by the UK Government (specifically under the Department for Business, Energy & Industrial Strategy) to manage the disused and potentially hazardous former SSI steelworks site

TEESWORKS

The UK's largest
industrial zone

SOUTH TEES DEVELOPMENT CORPORATION

at Redcar following its liquidation in 2015. STSC's mandate was to ensure the site was kept safe and secure and managed cost-effectively on behalf of the Official Receiver, the entity in charge after the steelworks' collapse. On 8 October 2020, the government divested its sole share of STSC, transferring control fully to the South Tees Development Corporation (STDC). Financial injections have been provided to STSC from STDC. Following the COMAH status removal from the site, the rundown of the South Tees Site Company Limited has been taking place. The entity will continue in existence until the Electricity and Water supply licenses are able to be novated and until the HSE investigation is concluded.

1. South Tees Developments Ltd

On 3 January 2019 STDC formed a new 100% subsidiary company South Tees Developments Limited. South Tees Developments Ltd (STDL) was set up in 2019 to hold and develop land areas on behalf of STDC.

STDL provide the maintenance of the site, on behalf of the Corporation, and undertake any commercial services that tenants require. Financial injections have been provided to STDL from STDC.

There is a requirement to provide financial support to these subsidiaries. For STDL this is to maintain the residual estate and communal areas as the regeneration scheme progresses. Costs will reduce as sites transfer to the joint venture partner. As shareholder, based on external advice, this financial support is treated as shareholder equity injections. As such, this constitutes capital expenditure by the Corporation.

Funding Capital Investment

The Corporation's capital investment is governed by the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Code provides the Corporation with a regulatory framework within which the Corporation has discretion over the funding of capital expenditure and the level of borrowing the Corporation wishes to undertake to deliver capital plans and programmes.

The strategy is intended to manage the financial resources available for investment to meet the Corporation's contractual obligations within the medium-term financial outlook.

The funding available to the Corporation is principally from borrowings from TVCA. Where capital receipts are available these are applied to funding capital expenditure.

TEESWORKS

The UK's largest
industrial zone

Table 2: Indicative Funding from 2026/27 to 2030/31 for Capital Investment

	Budget 2026/27	Estimate 2027/28	Estimate 2028/29	Estimate 2029/30	Estimate 2030/31
	£'000	£'000	£'000	£'000	£'000
Grant funding	-	-	-	-	-
Private sector funding	(4,519)	(2,841)	(767)	(767)	(767)
Borrowing	(8,106)	(8,595)	(12,258)	(12,278)	(12,298)
Total Funding	(12,625)	(11,436)	(13,025)	(13,045)	(13,065)

Grants

£100m Transport grant from the Department of Transport and held by TVCA has been approved by the DfT on a change control request. This is subject to TVCA Cabinet approving the funding to STDC, the report is scheduled to go to the June Cabinet. This is ringfenced for capital expenditure on transport and will be prioritised initially for spend on Park & Ride schemes and will reduce existing or planned borrowing. No further transport related capital projects have been included in the STDC budget for 2026/27 and will be brought forward to the Board should the TVCA Cabinet approve the funding in June 2026.

Revenue & Reserves

The Corporation may choose to utilise revenue contributions to capital to finance its capital investment. This would be through contributions from the Corporation's revenue budget or from reserves. In the current financial climate, whereby there is a lag time of between 3-4 years between the need to invest and the receipt of business rates within the Corporation's finances, the extent to which this may be used to fund capital expenditure is significantly reduced. This is expected to remain the case for the next 5 years.

Governance of the Capital Strategy

The Capital Strategy and the Capital Programme are agreed annually, alongside the Budget and MTFS, by the STDC Board as part of the budget setting process. Variations to the Capital Programme or in-year additions – subject to delegation – will be agreed by the STDC Board.

The governance process for approving capital investments is the same as that for the wider capital programme, with the business case fully reviewed and due diligence undertaken with external and internal risks associated with the investment explored. The Corporation will

compile a schedule setting out a summary of its existing material investment commitments and regularly update the STDC board.

There may be occasions when the nature of a particular proposal requires additional support in the production of the business case or for example in performing of a value for money or due diligence review. In these circumstances the Corporation may seek external advice.

The in-year position will be monitored quarterly from 2026/27 onwards, with periodic budget reports to the STDC Board with capital reports incorporated. Within that monitoring report minor new investment proposals will be included and variations such as slippage and need for acceleration. Major new capital investment decisions will be subject to an individual report to the Board.

The S73 officer will report explicitly on the affordability and risk associated with the Capital Strategy. Where appropriate the s73 officer will have access to specialised advice to enable them to reach their conclusions and ensure sufficiency of reserves should risk or liabilities be realised

Risk Management

One of the Corporation's key investment principles is that all investment risks should be understood with appropriate strategies to manage those risks. Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the Capital Strategy. All projects are required to maintain a risk register and align reporting to the Corporation's reporting framework.

No project or investment will be approved where the level of risk - determined by the STDC Board or S73 Officer as appropriate - is unacceptable.

Treasury Management Strategy

The Corporation follows the requirements of The Local Government Act 2003 (the Act) and supporting regulations in managing its Treasury Management activities as well the CIPFA Prudential and Treasury Management Codes of Practice. Under these codes, there is a requirement for the Board to approve, annually, a Treasury Management Strategy (TMS). Amongst other things, this strategy considers the affordability of any borrowing in respect of capital investment and therefore, the Capital Strategy should be considered in conjunction with the TMS.

Cabinet

Tees Valley Combined Authority

Date			26 June 2026
Agenda Item			9
Report Title			South Tees Development Corporation Annual Report
Accountable Cabinet Member			Ben Houchen , Tees Valley Mayor
Accountable Chief Officer			John Barnes STDC Chief Executive
Accountable Employee			John Barnes STDC Chief Executive
Report considered by			A draft version of this report was circulated in advance of an Informal Cabinet meeting on 12 June 2026.
Key Decision	Yes	No X	This item has been determined not to be a key decision.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements			Not applicable
Recommendation(s)			
The Combined Authority Cabinet is recommended to:			
A	<u>NOTE</u> the contents of the report.		

Purpose

1. The purpose of this report is to present to Cabinet, for noting, an annual update on the activities of South Tees Development Corporation and progress across the Teesworks site since the previous Cabinet update in March 2025.

Executive Summary

2. In response to Recommendation 6 from the independent Tees Valley Review, South Tees Development Corporation was asked to provide annual updates to Tees Valley Combined Authority Cabinet on activity across the Teesworks site. These updates are intended to provide a general progress position alongside financial reporting through the STDC Medium-Term Financial Plan. This report builds on the previous Cabinet update and provides the latest position on progress across the STDC area.
3. During the reporting period, activity has continued across the site to support inward investment, deliver enabling infrastructure, progress estate management arrangements and prepare land for occupation and development. This report brings together the latest position across those workstreams and updates Cabinet on the principal developments since the last annual report.

Detail

Overview and Strategic Position

4. STDC continues to oversee a broad programme of regeneration, infrastructure and investment activity across the Teesworks site, working closely with TVCA colleagues, local authority partners, private sector stakeholders and external advisers. The current reporting period has seen continued emphasis on coordinating live delivery activity while also ensuring that the financial framework for the next phase of development is robust and sustainable.
5. As previously reported, STDC's delivery model is based on borrowing upfront to prepare land and infrastructure for redevelopment, with income then recovered over time through retained business rates and commercial returns generated from occupier activity. This creates a natural time lag between capital investment and income realisation, which continues to be actively managed through STDC's financial planning and risk management processes.
6. The site continues to develop as a nationally significant location for advanced manufacturing, offshore wind, industrial decarbonisation, energy infrastructure and emerging digital investment. As with previous reports, development activity across parts of the site continues to evolve in response to occupier requirements, market conditions and the status of live commercial discussions.
7. Commercial negotiations led by Teesworks Ltd continue across multiple areas of the site, with ongoing interest from prospective occupiers. As with previous reports, some of these discussions remain commercially sensitive and subject to due diligence and will be reported further as they progress.

TENANT AND PROJECT UPDATE

South Bank

8. At South Bank, SeAH Wind Ltd remains a key anchor tenant for the offshore wind proposition at Teesworks and the facility is now operational. While there have been well-documented short-term challenges in relation to production readiness, contract delivery and workforce matters, public statements have continued to emphasise SeAH's focus on the safe and reliable delivery of its secured order backlog through to 2027 and its long-term role in the UK and European offshore wind supply chain. STDC, alongside TVCA and Government, remains engaged with SeAH in support of its investment and the wider opportunities associated with the offshore wind supply chain.
9. Alongside SeAH's occupation of the site, enabling activity at South Bank has continued to support the wider investment proposition. The Freeport entrance scheme, quay facilities, speculative industrial development proposals and memorial garden together reflect both continued infrastructure delivery and the broader transition of the South Bank area into active economic use.
10. Activity at South Bank continues to reinforce the site's strategic role in the offshore wind supply chain. Ørsted is now in occupation, with the quay and adjacent land supporting its Hornsea 3 programme, while Severfield's Phase I facility has progressed and interest remains active in the remaining plots. Taken together, these developments demonstrate continued momentum in establishing South Bank as a nationally significant location for offshore wind manufacturing, assembly and logistics.
11. Operational activity at South Bank Quay continues to strengthen. The quay is now supporting live offshore wind-related operations, including cargo handling, storage and export activity. Supporting utilities are now complete and commissioned and the area around the quay is increasingly occupied by tenants and associated supply chain activity.

Dorman Point

12. At Dorman Point, planning for future infrastructure and development continues to be shaped by the preferred layout for the area, including the implications of potential energy-related investment.
13. Ongoing engagement with National Grid and Steel River Power has strengthened the strategic case for Dorman Point as a location for future energy infrastructure, with implications for the longer-term development pattern of this part of the site.
14. In relation to the Tees Valley Energy Recovery Facility, the arrangements with Hartlepool Borough Council and operator Viridor reached completion in April 2026



and work has now commenced on site. STDC continues to work closely with the relevant partners to support delivery of the scheme.

Lackenby

15. At Lackenby, Ashcourt has completed land drawdown and is now operational. The Tees Dock Road roundabout scheme forms part of the wider TVCA highways interventions programme and, subject to the appropriate governance and funding approvals, STDC may be asked to act as the delivery body for elements of that intervention.

Steel House and Teesworks Park and Ride

16. Delivery of the Teesworks Park and Ride facility has continued as an important enabling element of the wider site programme, supporting the construction requirements associated with Net Zero Teesside and helping to manage the broader operational demands arising from increased activity across the estate.
17. The scheme continues to bring forward the parking capacity required to support the latest construction requirements of the Net Zero Teesside project, ensuring STDC remains well placed to meet its contractual obligations while supporting the wider development programme.
18. Steel House remains a strategic asset within the Teesworks estate and an important part of the long-term regeneration vision. While originally identified as a potential business and administrative hub, the Corporation's immediate focus has been on enabling major industrial investment opportunities that are delivering jobs, economic growth and regeneration across the site. In parallel, changing market conditions and reduced demand for large-scale office accommodation have altered the context for redevelopment. Following completion of strip-out works, the building has been retained as a secure structural shell, preserving future development opportunities while minimising ongoing liabilities. The future role of Steel House continues to be reviewed as part of the evolving Teesworks masterplan, with all options remaining under consideration to ensure the asset supports the long-term objectives of the regeneration programme.

Long Acres

19. At Long Acres, Hanson's planning application has been approved and legal agreements are progressing. Interest continues to be advanced with prospective occupiers for the remaining land.

Net Zero Teesside

20. Net Zero Teesside has continued to advance during the reporting period, with site activity and associated enabling works progressing in line with the project's wider

development programme. As one of the most significant investments on the Teesworks site, NZT remains central to the wider decarbonisation and industrial growth objectives that underpin the regeneration strategy.

21. STDC and Teesworks Ltd continue to work with BP to support the enabling requirements associated with the project and to ensure wider site infrastructure remains aligned with the needs of major occupier investment.

The Foundry

22. Following BP's withdrawal of the H2Teesside Development Consent Order application, that project is no longer proceeding in its previously proposed form. As reported to the STDC Board, this has provided greater clarity in relation to land use and development planning within this part of the site.
23. The Foundry site also continues to attract interest for alternative development opportunities. As previously reported to the STDC Board, reserved matters approval was granted in August 2025 for a substantial data centre scheme, and discussions have continued regarding the future development potential of this area.

SITE MAINTENANCE, ESTATE MANAGEMENT AND UTILITIES

Site Maintenance and TEMCo

24. As the site continues to transition from remediation and construction into active occupation and operation, estate stewardship remains an increasingly important priority. This includes maintaining safe and effective estate infrastructure, managing retained assets, and ensuring that operational arrangements support both occupier requirements and the long-term sustainability of the wider site.
25. Following approval by TVCA Cabinet, STDC established TEMCo as a standalone company to strengthen long-term estate stewardship across the site. Mobilisation has continued during the period, with TEMCo intended to provide the operating framework for communal estate services, service charge administration, management of retained estate assets and the delivery of commercial services.
26. To support implementation of the estate-wide service charge mechanism, professional services from Knight Frank have been procured through a competitive process. Officers continue to progress the broader mobilisation plan for TEMCo, including resource transfers, contract novation's and the wider delivery of its business plan objectives.

Utilities

27. The medium-term strategy for the on-site Private Water Network remains unchanged and is intended to be funded by private sector investment. Initial water supply offers have been issued to tenants and accepted, with the focus of operational activities

during the current reporting period being in support of NZT. STDC continues to monitor and assess the opportunities and risks associated with ownership of the network, including its strategic value to occupiers and the operational and regulatory considerations attached to its future development or potential divestment.

28. As previously reported, the divestment of the private wire network to Steel River Power has been a vital step in securing the investment, specialist capability and active management needed for this critical element of infrastructure. That approach has strengthened the site's ability to support major occupier requirements and future energy demand, helping to underpin inward investment, delivery confidence and the wider credibility of the Teesworks proposition.

PROGRAMME DEVELOPMENT

29. As previously reported, the broader demolition programme is now substantially complete. Future remediation of land in readiness for inward investment remains, in the main, a responsibility of the private sector as individual development opportunities are progressed.
30. A number of wider highways interventions relevant to Teesworks continue to be progressed through the TVCA delivery programme and remain subject to business case development, governance and funding approvals. Subject to those approvals, STDC may be asked to act as the delivery body for elements of these interventions and associated improvements.

TEESWORKS SKILLS ACADEMY

31. The Teesworks Skills Academy continues to support the development of local skills and workforce pathways aligned to occupier demand across the site. During the period, the Academy has continued to work with delivery partners, employers and education providers to help connect residents to training and employment opportunities associated with major projects at Teesworks, including activity linked to offshore wind, construction, engineering and the wider clean energy supply chain.

FINANCIAL DEVELOPMENTS

32. Throughout 2025/26, work has been undertaken to rationalise the financial position between STDC and TVCA in terms of financing and loan agreements.
33. STDC continues to work with TVCA to rationalise financing and loan arrangements and to align these with the current Medium-Term Financial Plan. This work includes review of income assumptions linked to retained business rates, commercial income and the phasing of capital expenditure across live projects.
34. The financial framework for the site continues to be supported by a combination of retained business rates, contractual income streams and the phased delivery

assumptions that underpin STDC's long-term regeneration model. These arrangements continue to be reviewed as part of ongoing financial planning and assurance processes.

35. These income streams are highly secure, underpinned by long-term government-backed schemes, public-private partnerships, and contracted revenues with strong counterparties. In addition, in many cases for the first five years of operation, the business rates are effectively de-risked as they are paid by HM Treasury under the Freeport Tax Zone business rate relief mechanism, providing a sovereign-backed income stream during the initial period.
36. Further detail on the financial position is set out through STDC's wider financial reporting and Medium-Term Financial Plan processes.

PROGRESS AGAINST THE BUSINESS CASE

37. STDC continues to deliver against the long-term regeneration strategy previously reported to Cabinet. The earlier Cabinet update confirmed the significant progress already made in relation to decontamination, demolition, remediation, occupier interest and infrastructure delivery. The updates provided in this report demonstrate that this trajectory has continued, with further occupier mobilisation, infrastructure commissioning, construction activity and estate management arrangements now being advanced across the site.
38. Alongside ongoing negotiations with potential tenants, Teesworks continues to be at the forefront of the Tees valley offer when marketing the region at major national and international exhibitions. Throughout 2025/26, the site has been highlighted at events such as UKREiiF, CHEMUK, Energi Coast regional supply chain conference and others, being visible to tens of thousands of delegates including businesses, politicians and investors.

Partnership & Engagement

39. This is an update report to TVCA Cabinet and therefore has not been subject to wider consultation.

Appendices

40. None

Cabinet is requested to consider the following identified implications:

Financial Implications

41. This is an update report and therefore there are no direct financial implications flowing from the recommendation to note its contents.

Legal Implications

42. This is an update report and therefore there are no direct legal implications flowing from it.

Equality & Diversity Implications

43. No specific impacts on individuals or groups with protected characteristics have been identified in relation to the content of this report.

Other Significant Implications

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

Risk	X	Assurance Framework		Procurement	
Improvement		Environment		HR & IT	

Risk Assessment

44. STDC is overseeing a number of major projects, each with distinct delivery risks. These risks continue to be actively managed through robust project management and established project control processes.
45. Each project is supported by a detailed plan, with regular progress reviews undertaken. Where required, corrective actions are implemented to mitigate potential impacts on cost and schedule, helping to ensure projects remain on track for timely delivery.

Cabinet

Tees Valley Combined Authority

Date			26 June 2026
Report Title			Whistleblowing Policy
Agenda Item			10
Accountable Cabinet Member			Ben Houchen Tees Valley Mayor
Accountable Chief Officer			Jeanette McGarry Interim Monitoring Officer
Accountable Employee			Jeanette McGarry Interim Monitoring Officer
Report considered by			A draft version of this report was circulated in advance of an Informal Cabinet meeting on the 12 June 2026.
Key Decision	Yes	No X	This item has been determined not to be a key decision.
Public Report	Yes X	No	
Voting arrangements			In accordance with the Constitution.
Recommendation(s)			
The Combined Authority Cabinet is recommended to:			
A	NOTE The comments made by the Informal Audit and Governance Committee.		
B	APPROVE the revised Whistleblowing Policy.		

Purpose

1. The purpose of this report is to present the amended TVCA Whistleblowing Policy to Cabinet, which incorporates the Internal Auditor's recommendations and comments made at the informal meeting of TVCA's Audit & Governance Committee on 21 May 2026.

Executive Summary

2. All Local Authority Policies should be subjected to regular review in order to make any necessary good practice or legislative amendments that may be required.
3. Whistleblowing is when an individual reports any wrongdoing that is in the public interest.
4. Whistleblowing that Members, staff, contractors, and members of the public raise, can help identify issues early, facilitate good practice, and reduce the risk of harm to an organisation or the people it serves.
5. The Public Interest Disclosure Act (updated April 2020) protects workers from detrimental treatment or victimisation from their employer if, in the public interest, they blow the whistle on wrongdoing.
6. The TVCA Whistleblowing Policy was last updated in 2024 and has been reviewed as an action in the Organisational Improvement Plan. The review has concluded that amendments are required and the revised policy can be viewed at **Appendix 1** of this report.
7. The Monitoring Officer is the designated Officer with lead responsibility for Whistleblowing matters

Whistleblowing Policy

8. A review of the Policy was undertaken considering the following:

(a) Changes brought into effect on April 6th, 2026, by the Employment Rights Act 2025.

On 6 April 2026 the Employment Rights Act 2025 amended the Employment Rights Act 1996 to make clear that workers who 'blow the whistle' on sexual harassment can benefit from whistleblowing protections against detriment (adverse treatment) and unfair dismissal.

It does this by adding sexual harassment to the list of wrongdoings under section 43B of the Employment Rights Act 1996 that can form the subject-matter of a whistleblowing disclosure (legally known as a 'protected disclosure').

This amendment will provide clarity for workers and employers, and it is hoped that its introduction may also encourage more workers to speak up about sexual harassment in the public interest by using whistleblowing routes.

Prior to the enactment of this amendment a worker would have had to claim that their disclosure about sexual harassment fell under one of the existing categories of wrongdoing, such as a danger to health and safety. The amendment now provides

explicitly that a disclosure about sexual harassment can be a protected whistleblowing disclosure.

Sexual harassment has been added to the TVCA Whistleblowing Policy to make this change explicit at 3.3(m) of the policy.

(b) The Internal Auditor's Recommendations

The Internal Auditor's recommendations focussed on staff awareness and ensuring that awareness of the Whistleblowing Policy is embedded.

The TVCA Communications Team and Human Resources Team are working closely with the Monitoring Officer to ensure that this happens, and the Whistleblowing Delivery Plan is attached at **Appendix 2** of this report.

A Whistleblowing presentation was delivered to the Staff Forum on the 4 June 2026, and HR circulated the mandatory e-Learning Whistleblowing training to all staff on the 4 June 2026.

The following table outlines the Internal Auditor's recommendations and refers to the paragraphs of the TVCA whistleblowing policy where amendments have been made. These amendments can be viewed at **Appendix 1** of this report.

Number	Auditor's Recommendations	Action
1	A clear statement that being actively discouraged from blowing the whistle may be considered a disciplinary offence.	Included within this policy and added to the website – new paragraph 1.4 of the Policy.
2	The addition of a name and contact details for the TVCA nominated officer to be contacted with concerns.	The Monitoring Officer is the Lead Officer for receipt and action pertaining to all Whistleblowing matters. This information is Included within this policy and stated clearly on the website. Amended wording at paragraph 2.4 of the Policy.
3	That amendments should be made to the Failure to Prevent Fraud guidance which sets out the expectations for governance oversight of the organisation's whistleblowing arrangements, and the importance of having an independent Whistleblowing	The Failure to Prevent Fraud Guidance is linked to the Anti-Fraud Policy which has been amended and includes the Internal Auditor's recommendations. It will be considered by the TVCA Audit and Governance Committee and finally by Cabinet.

	Officer, with clear responsibilities that include the following areas: • Receiving and acknowledging whistleblowing reports. • Ensuring confidentiality is maintained throughout the process. • Providing advice and support to individuals raising concerns. • Keeping records of all reports and actions taken. • Assessing and determining the appropriate course of action for each report.	Further, the revised Whistleblowing arrangements are set out on the website.
4	The addition of a section on protection for Whistleblowers and what action should be taken if they believe they may have suffered detriment.	The amended Whistleblowing Policy includes this amendment, and this recommendation is also reflected on the website. Amended text at 2.4(c) and new paragraphs added at 4.2 to 4.4 of the policy.
5.	That the Registrar & Authority Secretary named as the designated Whistleblowing Officer for the Authority would benefit from having the responsibilities of this role formalised within the job description.	The designated named TVCA Officer for all Whistleblowing matters is the Monitoring Officer. The Head of Human Resources will ensure that this recommendation is added to the revised Job Description.

9. TVCA's Informal Audit and Governance Committee

The Informal Audit and Governance Committee requested at their meeting on the 21 May 2026, that the Whistleblowing Policy be amended to make clear that all whistleblowing disclosures are treated equally, whether they are anonymous or signed. Para. 4.6 of the policy has therefore been amended to reflect this.

Partnership & Engagement

10. The TVCA Audit and Governance Committee considered the revised policy and provided comments (see paragraph 9) at its informal meeting on the 21 May 2026. These comments have been shared with Cabinet and incorporated within the Policy at appendix 1.

Appendices

11. **Appendix 1** – Whistleblowing Policy, May 2026
Appendix 2– The Whistleblowing Delivery Plan

Cabinet is requested to consider the following identified implications:

Financial Implications

12. There are no financial implications associated with the recommendations in this report.

Legal Implications

13. The Public Interest Disclosure Act (updated April 2020) protects workers from detrimental treatment or victimisation from their employer if, in the public interest, they blow the whistle on wrongdoing.

As an employer, having whistleblowing policies and procedures helps to create a transparent working environment and demonstrates TVCA's commitment to handling wrongdoing in the workplace.

Information that Members, staff, contractors, and members of the public raise can help identify issues early, facilitate good practice, and reduce the risk of harm to an organisation or the people it serves.

Equality & Diversity Implications

14. The Whistleblowing Policy reflects legislation and ensures that those raising whistleblowing concerns are protected.

Risk

15. The risk level is considered low as the policy will meet legislative requirements and the Internal Auditor's recommendations.

Improvement

16.	The review and updating of policies is an important aspect of the Governance Improvement actions.

HR

17.	Several of the Internal Auditor's recommendations relate to raising staff awareness and embedding the Whistleblowing Policy. The Communications Team are implementing those actions and HR are amending the Monitoring Officer Job Description to detail the Whistleblowing responsibilities.



**TEES
VALLEY**

Whistleblowing Policy V4.0

Contents

1.	INTRODUCTION	3
2.	AIMS AND SCOPE OF THIS POLICY	4
3	WHAT IS MALPRACTICE OR WRONGDOING?	5
5.	HOW DO I RAISE A CONCERN?	7
6.	HOW THE COMBINED AUTHORITY WILL RESPOND	9
7.	HOW CAN I TAKE THE MATTER FURTHER?	10
8.	RESPONSIBILITY FOR THE POLICY	10

Version Control

Version	Summary of Changes	Date	In Effect From
V2.0	Updated Policy to reflect changes to legislation & the Internal Auditor's recommendations	21 May 2026	
V3.0	Updated further following the Informal TVCA Audit & Governance comments	01 June 2026	
V4.0	Cabinet Approval	26 June 2026	

Date of next Review	May 2029 (or sooner if new legislation)

Whistleblowing Policy

This policy enables employees, elected members, contractors, members of the public to voice confidentially serious concerns over alleged malpractice and alleged wrongdoing within the Combined Authority.

1. INTRODUCTION

- 1.1 Employees/Officers are sometimes the first to realise that there may be something seriously wrong. Whilst we would always encourage staff to speak openly to their manager or colleagues about any concerns, we also recognise that staff may not want to express any concerns in this way because they feel that speaking up would be disloyal to their colleagues or to the Combined Authority; or they may fear harassment, victimisation or other reprisals. In these circumstances it may be easier to ignore the concern rather than report what may be just a suspicion of malpractice.
- 1.2 The Combined Authority is committed to the highest possible standards in the delivery of its services, and for full accountability for those services. In line with that commitment employees are encouraged to come forward and voice any serious concerns they may have about the Combined Authority's operations. It is recognised that certain matters will have to be dealt with on a confidential basis. This policy makes it clear that you can do so without fear of reprisals. This policy is intended to encourage and enable you to raise serious concerns within the Combined Authority rather than overlooking a problem or "blowing the whistle" outside.
- 1.3 The Whistleblowing Policy complies with the Public Interest Disclosure Act (updated 2020) protects workers from detrimental treatment or victimisation from their employer if, in the public interest, they blow the whistle on wrongdoing.
- 1.4 The TVCA Whistleblowing policy applies to all employees, any contractors working for the Combined Authority, Elected Members and members of the public. It also covers suppliers and those providing services under a contract with the Combined Authority in their own premises. It allows for the reporting of any concerns about wrongdoing that they may have.
- 1.5 The Combined Authority will take all whistleblowing concerns seriously and any evidence of active discouragement to raise concerns may be considered a disciplinary offence.

2. AIMS AND SCOPE OF THIS POLICY

2.1 This policy aims to:

- (a) provide avenues for you to raise concerns and receive feedback on any action taken;
- (b) allow you to take the matter further if you are dissatisfied with the Combined Authority's response to the concerns expressed; and
- (c) reassure you that you will be protected from possible reprisals, victimisation or suffering a detriment in your employment, in accordance with the Public Disclosure Act (1998).

2.2 Complaints systems are in place to provide a mechanism for individuals to complain about the standard of service, action or lack of action by the Combined Authority or its employees, which affect our services to the public. If you are an employee there are procedures in place to enable you to lodge a grievance relating to your own employment. The Whistleblowing Policy is intended to cover concerns that fall outside the scope of these procedures e.g. malpractice or wrongdoing.

2.3 Thus, any serious concern that you may have regarding possible malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Combined Authority (although complaints about Members' conduct will need to be forwarded to the Combined Authority's Monitoring Officer as part of the Code of Conduct procedure) or others acting on behalf of the Combined Authority, can and should be reported under this policy. Employees and Officers are expected to report malpractice and wrongdoing and may be liable to disciplinary action if they knowingly and deliberately do not disclose information relating to malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Combined Authority or others acting on behalf of the Combined Authority.

2.4 The Nominated Whistleblowing Officer for the Combined Authority is the Monitoring Officer. Their contact details can be found here:

Post: The Monitoring Officer
TVCA
Teesside Airport Business Suite
Teesside International Airport
St George Way,

Darlington DL2 1NJ

Email: monitoringofficer@teesvalley-ca.gov.uk

Website : www.teesvalley-ca.gov.uk

3. WHAT IS MALPRACTICE OR WRONGDOING?

3.1 Malpractice and wrongdoing may be about something which:-

- is unlawful; or
- against the Combined Authority's Procedure Rules or policies; or
- is not in accordance with established standards of practice; or
- amounts to improper conduct by an Officer or a Member.

3.2 The overriding concern should be that it would be in the public interest for malpractice or wrongdoing to be corrected and, if appropriate, sanctions to be applied.

3.3 The following are examples of issues which could be raised under this policy. It is not intended to be an exhaustive list and there may be other matters which could be dealt with under the policy:

- (a) *any unlawful act or omission, whether criminal or a breach of civil law*
- (b) *maladministration, as defined by the Local Government Ombudsman*
- (c) *breach of any statutory code of practice*
- (d) *breach of, or failure to implement or comply with any policy determined by the Combined Authority*
- (e) *failure to comply with appropriate professional standards or other established standards of practice*
- (f) *corruption or fraud*
- (g) *actions which are likely to cause physical danger to any person, or give rise to a risk of significant damage to property*
- (h) *failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income, to the Combined Authority or would otherwise seriously prejudice the Combined Authority*

- (i) abuse of power, or the use of the Combined Authority's powers and authority for any unauthorised or ulterior purpose*
- (j) unfair discrimination in the Combined Authority's employment or services*
- (k) dangerous procedures risking health and safety*
- (l) damage to the environment*
- (m) Sexual harassment*
- (n) other unethical conduct.*

4. SAFEGUARDS

HARASSMENT OR VICTIMISATION

- 4.1 If you have concerns that you may suffer a detriment by raising a whistleblowing complaint, members of staff are encouraged to seek support from HR, a Trade Union or an appropriate workplace support service.
- 4.2 The decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice or from the Combined Authority as a whole. The Combined Authority will not tolerate any harassment or victimisation and will take appropriate action in order to protect you if you raise a concern in good faith. In addition, you are protected in law by the Public Interest Disclosure Act 1998, which gives employees protection from detriment and dismissal where they have made a protected disclosure, provided the legal requirements of the Act are satisfied.
- 4.3 If you have concerns that you may suffer detriment by raising a whistleblowing complaint you are encouraged to seek support from the Monitoring Officer and staff are advised to contact HR, a Trade Union or an appropriate workplace support service.
- 4.4 The organisation will take all reports of detriment seriously and will carry out a prompt, fair, and impartial investigation. Where appropriate, measures may be put in place to protect the individual while the matter is being investigated. The Monitoring Officer is the lead for Whistleblowing matters, however, if a disclosure were made in respect of the Monitoring Officer, then the investigation would be undertaken by another Local Authority or an

Independent Person.

- 4.5 The Comms Team will ensure that this is communicated. Where detriment is confirmed, the organisation will take appropriate action to address the situation and prevent recurrence. This may include disciplinary action against those causing this. This does not, however, necessarily mean that if you are already the subject of disciplinary procedures those procedures will be halted as a result of a concern being raised under this policy.

CONFIDENTIALITY

- 4.6 It will be possible to follow up and to verify complaints if complainants are prepared to give their names. However, the Combined Authority will protect those who do not want their names to be disclosed and will review all Whistleblowing matters whether they are anonymous or signed.

DELIBERATELY FALSE OR MALICIOUS ALLEGATIONS

- 4.7 The Combined Authority will view very seriously any deliberately false or malicious allegations it receives and will regard the making of any deliberately false or malicious allegations by any employee as a serious disciplinary offence which could result in dismissal.
- 4.8 If you make an allegation in good faith but it is not confirmed by the investigation, no action will be taken against you.
- 4.9 The Combined Authority will try to ensure that the negative impact of either a malicious or unfounded allegation about any employee is minimised.

5. HOW DO I RAISE A CONCERN?

- 5.1 If you suspect wrongdoing in the workplace:
- do not approach or accuse the individuals directly
 - do not try to investigate the matter yourself
 - do not convey your suspicions to anyone other than those with the proper authority, but do something

- 5.2 As a first step, you should normally raise concerns with your immediate manager or supervisor. However, the most appropriate person to contact will depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. For example, if you believe that senior management is involved in the matter of concern, or the normal channels of communication are inappropriate for some reason, as an employee of the Combined Authority you should approach the nominated officer for this policy who is the Combined Authority's Monitoring Officer. The contact details for the Monitoring Officer can be found here:

Email: monitoringofficer@teesvalley-ca.gov.uk

Post: The Monitoring Officer
TVCA
Teesside Airport Business Suite
Teesside International Airport
St George Way,
Darlington DL2 1NJ

- 5.3 Concerns may be raised verbally but are better raised in writing. You are invited to set out the background and history of the concern giving relevant names, dates and places where possible, and the reason why you are particularly concerned about the situation. If you do not feel able to put your concern in writing, you can telephone or meet the appropriate Officer.
- 5.4 Although you are not expected to prove the truth of an allegation that is made, it will be necessary for you to demonstrate to the person contacted that there are sufficient grounds for concern.
- 5.5 Advice and guidance on how matters of concern may be pursued can be obtained from the Combined Authority's Monitoring Officer.
- 5.6 Alternatively, you may wish to seek advice from your trade union, professional association or an organization such as the Citizens Advice Bureau.
- 5.7 Elected members who wish to raise concern should do so by contacting the Combined Authority's Monitoring Officer.
- 5.8 Members of the public who wish to raise concern should do so by contacting the Combined Authority's Monitoring Officer.

6. HOW THE COMBINED AUTHORITY WILL RESPOND

- The action taken by the Combined Authority will depend on the nature of the concern. Where appropriate, the matters raised will be considered by the Monitoring Officer who may require an independent investigation
- *The Monitoring officer may refer to the disclosure(s) and allegations to:*
- *internal audit,*
- *the external Auditor*
- *the Police*

6.1 Within 14 calendar days of a concern being raised under this procedure the Monitoring Officer will write to you:

6.1.1 acknowledging that the concern has been received;

6.1.2 indicating how it is proposed to deal with the matter;

6.1.3 giving an estimate (so far as reasonably practicable) as to how long it will take to provide a final response;

6.1.4 telling you whether any initial enquiries have been made; and

6.1.5 telling you whether further investigations will take place and if not, why not.

6.2 The amount of contact between you and the Monitoring Officer will depend on the nature of the matters raised and the clarity of information provided. If necessary, further information may be sought from you.

6.3 Where any meeting is arranged, you have the right, if you so wish, to be accompanied by a trade union or professional association representative or a friend who is not involved in the area of work to which the concern relates.

6.4 The Combined Authority will take appropriate steps to minimise any

difficulties you may experience as a result of raising a concern .

- 6.5 The Combined Authority accepts that you need to be reassured that the matter has been properly addressed. Therefore, subject to any legal requirements, you will receive as much information as possible about the outcomes of any investigation.

7. HOW CAN I TAKE THE MATTER FURTHER?

- 7.1 This policy is intended to provide employees and other persons with an avenue to raise concerns within the Combined Authority and it is hoped that you will take this option in the first place. The Combined Authority hopes you will be satisfied with the action taken under the policy. If you are not, and you feel it is right to take the matter outside the Combined Authority, then depending upon the nature of the issue involved, the following are possible contact points:

1. *the External Auditor*
2. *relevant professional bodies or regulatory organisations*
3. *the Police*
4. *the Local Government Ombudsman*
5. *'Protect,' an independent whistleblowing charity*
6. *an independent legal adviser within the meaning of the Public Interest Disclosure Act 1998*
7. *a regulatory body designated for the purposes of the Public Interest Disclosure Act*

- 7.2 If you do wish to take the matter outside the Combined Authority, you must first ensure that you do not disclose confidential information. In addition, if you wish to secure the protections afforded by the Public Interest Disclosure Act (1998), you must ensure that your disclosure is protected within the meaning of the Act and that it complies with a set of specific conditions which vary according to whom the disclosure is made.

8. RESPONSIBILITY FOR THE POLICY

- 8.1 The responsibility for the effectiveness of this policy rests with the Monitoring Officer. That Officer will be advised about and maintain records of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Combined Authority or one of its Committees.

MAY 2026

Whistleblowing Communications Plan

Situation Analysis

On April 3 2025, Tees Valley Combined Authority was issued with a non-statutory Best Value Notice by Government. It raised concerns, among others, about the Culture and Governance of TVCA and followed the 28-point Tees Valley Review Report issued in January 2024.

With the appointment of Tom Bryant as the interim TVCA Chief Executive in March 2025, and his subsequent full-time appointment, the organisation identified an ideal time to implement a continuing Organisational Improvement Plan. This has been informed by both the Best Value Notice and Tees Valley Review Report but seeks to go further in ensuring TVCA is an exemplar Combined Authority.

As part of this, a review of Governance processes and procedures has taken place, including to TVCA's Whistleblowing and Complaints procedures. Additionally, an independent review of the organisational culture related to whistleblowing and incident reporting arrangements at TVCA was carried out by the organisation's internal auditor.

The internal auditor found nine important recommendations and two routine, which included a lack of awareness with staff on knowledge of or access to the policy. A need for training, examples of the policy being embedded in the culture and better publicised were all indicated.

There is now a requirement to address this both with staff internally, with associated stakeholders and organisations such as Local Authority/Independent Members, contractors and the wider public. While some of this can be targeted by other TVCA teams (for example, Procurement in ensuring the Whistleblowing Policy is appended to any contract for service), the Communications team will be leading the roll-out to increase visibility and understanding for staff and general public.

As the updated Whistleblowing Policy is due to be considered by TVCA Cabinet on June 26, the below actions have been identified in addressing auditor concerns, aligned with key dates of

Tactics and Actions

Internal

Action	Date
Update refreshed Whistleblowing Policy on TVCA staff intranet, with updated and easily accessible/understood resources. Update intranet landing page to increase visibility and provide a direct link	06/07/2026
Create office posters on Whistleblowing with both a QR Code and Link to where staff can find out more	06/07/2026
Include a version of the posters on the TVCA reception screen television, which highlights staff news between 8am – 8.45am each day	06/07/2026
Produce a video for staff and local authority/independent members focused on Whistleblowing. Use this both as an intranet resource and for inductions and onboarding	20/07/2026
Develop easy to understand slide deck on Whistleblowing to be included in staff/member inductions and on the intranet	20/07/2026
Communications Team to include Whistleblowing as an ongoing standard agenda item in the All-Staff Briefings. This will follow a section highlighting the policy more widely in the next staff briefing (04/06)	04/06/2026 06/08/2026

External

Action	Date
Update refreshed Whistleblowing Policy on TVCA webpage to ensure public visibility for public/members alongside other transparency, policies and procedures	06/07/2026

Evaluation

- Increased Whistleblowing reporting
- Increased positive responses to related questions on staff surveys/ad-hoc pulse check questions
- Discussion with Staff Forum on effectiveness of roll-out

Cabinet

Tees Valley Combined Authority

Date	26 June 2026		
Agenda Item	11		
Report Title	Quarter 4 Draft Revenue & Capital Outturn 2025/26		
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	Laura Parsons - Interim Head of Finance		
Report considered by	A draft version of this report was discussed at an informal Cabinet meeting on the 12 June 2026.		
Key Decision	Yes X	No	This is a key decision in accordance with the Constitution.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	In accordance with the Constitution		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A	Note the draft revenue outturn position of a net deficit of £5.798m for the year ending 31 March 2026, which is an adverse variance of £0.026m against the budgeted deficit of £5.772m, and an adverse variance of £5.204m from the reported deficit of £0.594m at Quarter 3.
B	Approve the revenue budget carry forward requests of £3.811m set out in Table 6 of the report, for Creative Place Programme, Sector

	Networks and Hydrogen Refuelling Station to deliver committed activity.
C	Note the proposed contributions to reserves of £27.603m and contributions from reserves of £10.959m, which is a net movement to revenue reserves of £16.644m.
D	Note the total usable revenue reserves of £51.545m as of 31 March 2026 set out in Table 17.
E	Note the matters to be resolved to finalise the outturn.
F	Note the draft outturn for the Capital Programme of £155.610m for the financial year to 31 March 2026, which is a reduction of £81.613m against budgeted capital expenditure of £227.223m and an increase of £48.765m from the reported Q3 position.
G	Note the capital reserves position of £194.060m as 31 March 2026.
H	Approve the additional contribution to MRP of £3.042 for Goosepool 2019 Ltd loans backdated to the loan advance date.

1 Purpose

- 1.1 To provide details of the draft 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 provisional outturn position as at the end of Quarter 4 (31 March 2026). This report is provisional pending the finalisation of the Annual Statement of Accounts 25/26 and prior year accounts for 2023/24 and 2024/25.
- 1.2 The report highlights key variances within the draft outturn position, together with any matters to be resolved, as well as details of the draft reserves (revenue and capital) position at the end of March 2026 for Cabinet to consider.
- 1.3 The report also provides a draft outturn for Capital expenditure by Directorate within the Capital Programme for 2025/26.

2. EXECUTIVE SUMMARY

- 2.1 In January 2025, Cabinet approved a net revenue budget of a deficit of £5.772m. This net deficit was funded by £2.497m of approved drawdown from the ringfenced Adult Education Reserve to increase the adult education programme in year and the use of £3.275m from the Devolution Fund reserve to achieve a balanced budget.
- 2.2 At the end of 2025/26, the Authority is reporting a net deficit of £5.798m, which presents an adverse change from the 2025/26 budget of £0.026m.
- 2.3 The provisional outturn figure of £5.798m is a significant adverse movement from the Quarter 3 reported forecast outturn figure of £0.594m. This can be largely attributed to two large items - Minimum Revenue Provision (MRP) and Enterprise Zone income as detailed below.
- 2.4 Enterprise Zone income received during the year was significantly lower than originally forecast, primarily due to the operational status of a new site not being confirmed. While £2.198m of Enterprise Zone income had been forecast for 2025/26, there remains uncertainty regarding the date from which the site will become liable for business rates billing. As a result, and in line with prudent financial management principles, a decision has been made not to accrue this income in the current year leading to an adverse variance against budget of £2.474m.
- 2.5 Within the base budget there is £6.978m included for Minimum Revenue Provision, being the amount set aside to repay the principal of loans borrowed as required under local authority financial rules. The review of the financial statements and the approved Minimum Revenue Provision Policy resulted in a requirement to provide MRP for the Goosepool 2019 Ltd loans. Based on advice received, MRP has now been applied to these loans retrospectively from the date they were originally advanced. As a result, a total charge of £3.043m has been recognised to provide for all MRP due to date. This has had a significant adverse impact on the outturn position, resulting in an overspend against the approved budget of £3.043m.
- 2.6 In response to the Best Value Notice and external auditor statutory recommendations, interim staffing costs have increased significantly to deliver on the Organisational Improvement Plan. Where possible, these costs are offset by vacancies within the establishment structure.

- 2.7 The Authority received £94.597m of specific grant income (outside of core funding) in 2025/26 and the outturn position assumes that grant expenditure will be incurred in line with grant income with any underspend at year end to be transferred to a ringfenced reserve providing this is in line with the specific grant T&Cs.
- 2.8 This report also sets out the matters that require resolving to finalise the draft outturn figures. These matters relate to financial implications arising from the financial statements review of the 2023/24 and 2024/25 draft published accounts, the application of the MRP charge, whether it will be applied retrospectively or by movement in-year and the confirmation of queries around the Enterprise Zone income.
- 2.9 In the draft revenue outturn for 2025/26 budgeted interest receivable is on budget and has been reconciled with other entities as appropriate. As reported to Cabinet, through the quarterly budget monitoring, the interest receivable in respect of the Goosepool 2019 Ltd loans has been accrued but a corresponding bad debt provision has been made against this leading to a net nil impact on the Authority's bottom line.
- 2.10 Revenue reserves have increased by £16.644m in 2025/26. This is primarily due to Revenue capacity support for CRSTS schemes £24.700m transferred to ringfenced reserve, non-ring-fenced reserves have reduced by £5.392m due to the deficit position for 2025/26.
- 2.11 Closing revenue reserves balances are £51.545m, £40.729m Ring fenced reserves and £9.316m non ringfenced reserves.
- 2.12 Capital Reserves have increased to £194.060m during 2025/26. This is primarily due to slippage in the Transport capital programme, which has led to a contribution to reserve of CRSTS Capital Grant of £34.583m.

3. Quarter 4 - Draft Revenue Outturn 2025/26

- 3.1 The budget set for the Combined Authority was for a deficit of £5.772m funded by a £2.497m approved drawdown from the ringfenced Adult Education Reserve to increase the adult education programme in year and the use of £3.275m from the Devolution Fund reserve, to achieve a balanced budget.
- 3.2 At the end of Quarter 4 (31 March 2026), the draft outturn position is a deficit of £5.798m for 2025/26, an adverse variance of £0.026m against the budget deficit of £5.772m. However, the deficit forecast at Quarter 3 was £0.594m and therefore the draft outturn is an adverse movement of £5.204m from the Quarter 3 reported position.
- 3.3 Table 1 below provides a breakdown of the forecast by Directorate. Cabinet should note that the budget approved in January 2025 was not presented by Directorate, but work has been undertaken during 2025/26 to report in line with Directorate responsibilities and CIPFA reporting categories.

Table 1: Q4 Forecast of Outturn by Directorate

Directorates	Budget 25/26 £'000	Draft Outturn Q4 25/26 £'000	Forecast Variance (Adverse)/ Positive £'000	Forecast Q3 25/26 £'000	Movement In Variance Between Quarters £'000
Mayoral Costs	272	291	19	291	(0)
Mayoral Costs	272	291	19	291	(0)
Chief Executive	(934)	764	1,698	330	435
Legal and Governance	1,669	1,974	305	1,918	55
Infrastructure	283	(331)	(614)	1	(333)
Operations	2,668	2,636	(32)	1,728	907
Finance and Resources	(108)	778	885	64	713
Business Solutions	10,250	10,162	(88)	8,647	1,515
Inward Investment and Marketing	1,479	1,678	199	1,955	(276)
Management fee grant Income (Support services recharged)	-	(2,095)	(2,095)	-	(2,095)

Directorates	Budget 25/26 £'000	Draft Outturn Q4 25/26 £'000	Forecast Variance (Adverse)/ Positive £'000	Forecast Q3 25/26 £'000	Movement In Variance Between Quarters £'000
Directorates Total	15,307	15,565	258	14,643	922
Central Expenses					
TVCA Property Overhead Costs	553	820	267	707	113
Lease Wrap income	-	(1,984)	(1,984)	(839)	(1,145)
Interest Payable	19,518	15,452	(4,066)	14,776	676
Interest Receivable Treasury Management	(1,750)	(2,168)	(418)	(1,750)	(418)
Interest Receivable (On lending)	(12,063)	(17,617)	(5,554)	(17,560)	(57)
Contribution to bad and doubtful debt	-	6,034	6,034	5,928	106
MRP	6,978	10,020	3,042	7,590	2,430
Investment Properties (Net Return)	(364)	(411)	(47)	(514)	103
Net Central Expense Costs	12,871	10,148	(2,724)	8,339	1,809
Emp NI Grant	(179)	(180)	(1)	(179)	(1)
Devolution Funding	(15,000)	(15,000)	-	(15,000)	-
Mayoral capacity	(1,500)	(1,500)	-	(1,500)	-
Total Core Funding	(16,679)	(16,680)	(1)	(16,679)	(1)
Enterprise Zone Business rates	(5,999)	(3,525)	2,474	(5,999)	2,474
Enterprise Zone Business rates Total	(5,999)	(3,525)	2,474	(5,999)	2,474
Net (Surplus)/Deficit	5,772	5,798	26	594	5,204
Contribution from Reserves	(5,772)	(8,700)		(2,497)	
Contribution to Reserves		2,903		1,903	
Net Expenditure	(0)	(0)		0	

3.4 Table 2 below provides a summary of the major variances against budget at Q4 2025/26.

Table 2: Key Variances against budget at Quarter 4 2025/26

Directorates	Budget 25/26 £'000	Draft Outturn Forecast £'000	Variance from Budget £'000	Detail of Movement
Chief Executive-				
Mayoral Capacity Funding	(1,500)	-	1,500	Mayoral Capacity Funding of £1.500m was budgeted for twice in error in approved budget.
Chief Executive	566	699	133	Recruitment and retention costs were higher in year due to increased recruitment activity/staff turnover.
Legal and Governance				
Legal and Governance	-	279	279	Overspend of £0.279m on Legal fees and Professional fees for outsourced legal services
Infrastructure				
Transport Infrastructure	283	-	(283)	Transport had a net budget of £0.283m; however, all activity has been funded by grant in year resulting in a saving against budget.
Local Electric Vehicle	-	(235)	(235)	Electric Vehicle charging points installed in the region generate a small income for TVCA.
Finance and Resources				
Finance Employee Costs	738	1,078	340	Increased Employee costs for Interim staffing costs to support delivery of the Financial Improvement Plan
Group Recharges	(1,129)	(1,003)	126	Reduction in group recharge due to negotiations with group entities.
Budgeting Error	(402)	-	402	Interest receivable budgeted in error.
Central Support Recharged to Grant				
Management Fee grant income	-	(2,095)	(2,095)	Management fee income was not known at Q3 as payments to external consultants and staff recharges to grant needed to be confirmed prior to the charge for support services.
Central Expenses				
TVCA Property Costs	553	820	267	Overspend on property cost due to costs of office refurbishment and increase in office space.
Lease Wrap income	-	(1,984)	(1,984)	Lease Wrap Income was not budgeted for. However, rental income is now being received. This figure includes £1.096m of income relating to 2024/25.
Interest Payable	19,518	15,452	(4,066)	Interest payable assumed borrowing in year of £100m. This borrowing has not taken place leading to a large reduction in interest payable.
Interest receivable	(12,063)	(17,617)	(5,554)	Interest receivable for Goosepool 2019 Ltd of £5,925m was not budgeted for and it is now forecast within Interest receivable. There is also

Directorates	Budget 25/26 £'000	Draft Outturn Forecast £'000	Variance from Budget £'000	Detail of Movement
				a balance of £0.432m budgeted for income not due in year.
Contribution to bad and doubtful debt	-	6,034	6,034	Interest receivable on Goosepool 2019 Ltd loan £5.925m and Liberty Steel £0.108m have been transferred to the provision for bad and doubtful debt.
MRP	6,978	10,020	3,042	Work is still on-going with MRP charges for the year. £3.043m has been provided for in year for the loans to Goosepool from the loan dates, and any further changes will be reflected in the final Outturn report.
Enterprise Zone Business Rates	(5,999)	(3,525)	2,474	Reduced income in year due to VOA valuation delays.

- 3.5 Table 2 above shows the major variances that result in the draft outturn position. **Appendix A** shows the detailed breakdown of the variances against budget, by Directorate.

Chief Executive – (Overspend £1.698m)

- 3.6 This variance is primarily due to the removal of the duplicate budget for Mayoral Capacity Funding. There is also an increase of £0.133m due to increased costs of staffing, including recruitment and retention, and staff turnover.

Legal and Governance – (Overspend of £0.305m)

- 3.6 The primary reason for the overspend relates to the outsourcing of legal work, which is both for interim staffing arrangements and to acquire expertise that we do not currently have in-house. Steps were taken in year to reduce the outsourcing of legal work, and a new structure is being implemented, which will further mitigate external legal costs.
- 3.7 Work is also being carried out to ensure that any legal works that are for Grant delivery are charged directly to the service and where possible within the grant terms and conditions funded by the Grant income.

3.8 Legal Services has a salary underspend at Q4 of £0.088m. This includes £0.361m of interim costs, which is offset by an overspend on other staff costs of £0.066m made up of retention and recruitment costs and staff expenses.

3.9 There is currently a live process to recruit the permanent Chief Legal and Monitoring Officer, and recruitment is underway for the vacant posts in the team.

Infrastructure (Underspend of £0.614m)

3.10 A net budget of £0.111m for revenue costs associated with CRSTS revenue expenditure was included within the 2025/26 budget. However, the activities have been funded entirely by grant resulting in an underspend against budget.

3.11 £0.172m was budgeted for Levelling up bid support. However, grant income has been received for this to offset this cost resulting in an underspend.

3.12 Local Electric Vehicle capacity grant of £0.0235m was unspent in year and will transfer to reserves to be utilised within the Local Transport Plan.

3.13 The Digital Trade Testbed now receives a small income for the use of the asset, and the draft outturn position is an income of £0.038m. The Digital Trade Testbed income is expected to increase in the future. However, it is too early to assess market interest and the associated income stream.

Operations (Underspend £0.032m)

3.14 Operations had overspends primarily due to Improvement activities not budgeted for, with expenditure of £0.117m for staffing related to improvement work, £0.114m for research and evaluation costs and £0.025m strategy costs.

3.15 TVCA also have Electric charging points which provide an income, £0.221m was received in 2025/26, helping produce a small net underspend.

Finance & Resources (Overspend £0.885m)

3.16 Finance Services is overspent by £0.885m. £0.240m is due to increased staffing costs for interim support to deliver financial improvement. £0.077m is due to increased charges for financial consultancy support.

3.17 Group recharges have reduced in year through negotiations with the other entities with a reduction of £0.125m for 2025/26. Discussions around SLA charges are on-going and will be confirmed for 2026/27.

- 3.18 Interest receivable of £0.401m was incorrectly budgeted for borrowing costs in 2025/26 as advised in Q3.

Business Solutions (Underspend £0.088m)

- 3.19 £0.185m was budgeted for Business Growth hub, however this is fully grant funded.
- 3.20 £0.126m is due to an unallocated budget for innovation and clean growth that will not be spent.
- 3.21 Hydrogen refuelling station revenue budget of £1.224m will not be spent in year. However, £0.188m in capital expenditure was incurred which will be funded by RCCO (revenue contribution to capital outlay). The remaining £1.036m will be transferred to reserve, subject to Cabinet approving the roll forward request.
- 3.22 £0.120m is the TVCA match funding contribution towards the Careers Education programme which was not budgeted for.
- 3.23 The Teesworks Skills Academy is a space designed for training opportunities. The costs incurred for rent, service charges and utilities should be offset by income for hire of the space. There is a need to ensure that the space is actively marketed to maximise income.
- 3.24 £0.055m was spent on the One Public Estate in year. There is £0.054m in reserve and Cabinet approval is sought to approve this drawdown.

Inward Investment (Overspend of £0.199m)

- 3.25 Revenue costs incurred for the management of the Freeport are forecast to be £0.392m. This is due to a revenue grant to Teesside University who oversee the operation of the Digital test bed of £0.279m and consultancy costs for shipping and customs advice.
- 3.26 The Business Board costs in 2025/26 have reduced in year and are underspent against budget by £0.044m.
- 3.27 There is a savings against the Inward investment budget of £0.082m. A new Inward Investment Strategy and delivery structure is being prepared and will be presented to a future Cabinet meeting.
- 3.28 Communications and Marketing have a small underspend of £0.088m on staffing due to changes to the management structure of the team and additional funding received from grant delivery.

Support services recharged to Grant Delivery

- 3.29 TVCA delivers many grant funded projects. Within the budgets for these projects, where possible and within the terms and conditions of the grants, a management fee is applied to the project expenditure.
- 3.30 These amounts are included within business cases for grant delivery projects that are approved by Cabinet. Previously these amounts when deducted, were accounted for within 'running costs' and offset against expenditure previously unbudgeted for within that cost centre.
- 3.31 A new support service recharge calculation which allocates this income against core services based on the level of activity each service provides to the grant was carried out in year. However, to ensure transparency, and present the true costs of running the services, the recharges for the overhead costs have been presented separately as income (within the Directorate net expenditure bottom line) rather than reducing the outturn costs for the support services. This approach enables Cabinet to see the full costs of support services.
- 3.32 Salaries of staff that are directly responsible for delivery of grant funded projects are funded directly from grant and their costs are included within the relevant directorate net position.
- 3.33 Table 3 below shows the management fees and the project (grant delivery) that they relate to. In 2025/26 some support services employee costs were budgeted to be funded by grant due to their level of activity in delivering grant projects. These costs are shown below and offset the income from grant delivery management fees.

Table 3: Grant Delivery Management Fees 2025/26

Grant Delivery	Management Fee 25/26 £'000
CRSTS Revenue capacity funding management fee	(1,873)
Made Smarter 25/26 Management Fee	(9)
Green Homes Grant 25/26 Management Fee	(32)
UKSPF 2025/26 Management charge	(149)
Skills Bootcamp Wave 6 Management Charge	(327)
Adult Education 2025/26 Management Fee	(538)
Local Energy Advice Demonstrator (LEAD) 25/26 Management Fee	(60)
Youth Trail Blazer 2025/26 Management Fee	(97)

Grant Delivery	Management Fee 25/26 £'000
Connect to Work 2025/26 Management Fee	(123)
WHSHF (Warm Homes) Year 1 Management Fee	(63)
Investment Zones 25/26 Management Fee	(296)
Levelling up fund bid submission capacity fund	(695)
People and Skills (Behavioural Insights) prior year funding for Staff carried forward	(53)
Total Funding received	(4,315)
Funding used to fund direct staff costs	2,220
Funding for Support Services and Overhead Costs	(2,095)

Central Expenses

3.34 For TVCA Property Overhead Costs there was an overspend of £0.267m for property costs due to increased costs resulting from the increase in office size and the refurbishment costs related to this.

3.35 The SeAH Lease wrap income is now receivable for the facility on the Teesworks site and £1.832m was received in year. Cabinet approval is sought to transfer this amount to a ringfenced, earmarked reserve to mitigate against any potential future risks associated with this lease.

3.36 Interest payable was budgeted for with a forecast additional borrowing of £100m in the quarter, however due to timings of grant income and delays in capital expenditure, this level of borrowing has not been required, which has resulted in a saving of £3.907m.

3.37 Interest receivable includes interest receivable from Goosepool 2019 Ltd loans. However, a corresponding bad debt provision has been made for this amount due to its doubtful recoverability.

Movement from Quarter 3

3.38 At the end of Quarter 4, the draft revenue outturn has changed by £5.204m from the Q3 presented position. The movement in forecasts between Q3-Q4 is shown below in Table 4.

Table 4: Major Variances Quarter 4 from Quarter 3 position

Directorates	Draft Outturn 25/26 £'000	Q3 Forecast reported £'000	Variance Between Quarters £'000	Detail of Movement
Chief Executive				
Mayoral Election	65	(156)	221	In Q3 a grant of £0.220m was accounted for within outturn. This grant has now been repaid to Government and the income removed from the forecast for Q4.
Staff Expenses	699	485	214	During Q4 recruitment for 2 director posts took place. These costs were not forecast at Q3 as no definite timeframe had been previously agreed.
Infrastructure				
Transport Capacity support Grants	(332)	1	(333)	Infrastructure has a number of revenue capacity grants, which are shown as proposed transfers to reserve in Q4. Q3 assumed these grants would be utilised in year.
Operations				
HDC/MDC staff recharge	597	-	597	Quarter 3 forecast that staff costs for other entities would be reflected in Group recharges. This has been corrected in Q4 to show both the expenditure and the recharge.
Performance, Risk and Assurance	860	666	194	Q3 assumed that there would be higher staff costs funded by Grant. However, in Q4 grant income related to overhead costs has been shown separately for transparency.
ICT	572	341	231	ICT costs at Q4 were significantly higher than Q3 due to a reconciliation of ICT expenses and movement to a central cost centre.
Electric Charge point Opex	(221)	(69)	(152)	Income for Electric ChargePoint is significantly higher in Q4 due to resolution of outstanding matters with the supplier. At Q3 costs incurred hadn't been confirmed so a prudent approach was taken for the forecast.
Finance and Resources				
Finance Services	1,078	778	300	Q3 assumed that the underspend on salaries would be sufficient to cover the agency costs. However, due to the scale of work required additional services were engaged. Additional costs for recruitment and retention were also incurred during Q4.

Directorates	Draft Outturn 25/26 £'000	Q3 Forecast reported £'000	Variance Between Quarters £'000	Detail of Movement
Group Recharges	(1,003)	(1,136)	133	Group recharges have reduced following negotiation with the group entities.
TVCA Running costs	553	402	151	Increased costs for insurance £0.055m, £0.071m marketing costs and £0.020m professional fees.
Business Solutions-				
Hydrogen Refuelling Station	1,225	-	1,225	Hydrogen Refuelling stations was forecast as unspent at Q3. This has now been transferred to a reserve to be spent in future years.
Inward Investment and Marketing				
Freeport revenue costs	392	(52)	444	Revenue costs for the operation of the digital test bed are funded by TVCA by grant to Teesside University. Claims for the year had not been confirmed at Q3.
Inward Investment and Marketing	268	350	(82)	Q3 assumed that the full budget would be utilised in year. Q4 shows actual expenditure against budget.
Marketing and Communications	919	1,007	(88)	Expenditure was reduced during Q4 due to increased funding received for marketing services from grant delivery.
Support Services charged to grant delivery				
Management Fees from Grant Delivery	(2,095)	-	(2,095)	Q4 shows the management fees for overhead and support costs as approved within Grant delivery project business cases. At Q3 staffing costs and remaining management fees were not known.
Central Costs				
Lease Wrap income	(1,984)	(839)	(1,145)	Income relating to prior year received in the current year was not included in the Q3 forecast - £1.096m within the Q4 outturn figure relates to prior year. Approval is requested to move the full £1.984m to reserves.
Interest Payable	15,452	14,776	676	Interest payable in Q4 includes interest due on two additional loans taken in year. This was not forecast in Q3.
Minimum Revenue Provision (MRP)	10,020	7,590	2,430	MRP has increased due to a change in policy which requires MRP to be provided for the TIAL loans. Q3 forecast for provision of MRP from 2025/26. Q4 provides for all TIAL loans from the date that the loan was advanced.
Enterprise Zone Business Rates	(3,525)	(5,999)	2,474	Enterprise Zone income includes a budget for a large business which became operational in a prior year. However, as the VOA have not issued a valuation or effective operational date it is now

Directorates	Draft Outturn 25/26 £'000	Q3 Forecast reported £'000	Variance Between Quarters £'000	Detail of Movement
				felt prudent not to include this income. However, this may change in the final outturn position.

Teesside Freeport

- 3.39 The Teesside Freeport continues to focus on its core activities across the three tax sites at Teesworks East, Teesworks West and Wilton International. The tax zones are attracting strong market interest, with ongoing engagement with landowners progressing a number of live investment opportunities. Alongside this, the 5G Testbed, managed by Teesside University, is supporting innovation within the Freeport, with recent trials demonstrating significant reductions in processing times and showcasing the potential productivity benefits of advanced digital infrastructure.
- 3.40 The Digital Testbed is currently operated by Teesside University. £0.285m was provided in grant funding to the University to provide staffing for the Digital Test bed project.
- 3.41 £0.107m was spent on professional fees during 2025/26 for strategic support and professional advice relating to Customs. Most of this expenditure was incurred before July 2025. Following the appointment of the Inward Investment Director, external strategic support was discontinued, except where specialist customs expertise was required to support inward investment opportunities.

Costs Analysis by Type (CIFPA categories)

- 3.42 Table 5 below presents the Income and Expenditure by expenditure type (CIFPA category). **Appendix B** presents this by Directorate.

Table 5: Directorate Expenditure by Expenditure Type

Directorates	Budget 25/26 £'000	Draft Outturn Q4 25/26 £'000	Variance Adverse/ (Positive) £'000
Employee Costs	13,419	12,346	(1,073)
Agency Costs	-	966	966
Employee Costs (directly grant funded)	(7,987)	(7,746)	242
Employee Costs not funded from grants	5,432	5,566	134
Premises Costs	30	56	26
Transport Costs	37	425	389
Third Party Payments	12,786	13,854	1,068
Supplies and Services	66,682	72,752	6,070
Income	(69,659)	(74,993)	(5,333)
Management fee grant Income (Support services recharged)	-	(2,095)	(2,095)
Directorate Totals	15,307	15,565	258

3.43 Within the Employee Establishment, some posts are funded through external grants. For these roles, employee costs are recharged to the relevant grant income, ensuring that the net cost to TVCA's establishment budgets reflects the true underlying position.

3.44 Table 5 excludes any central support recharge. Instead, actual costs are presented by expenditure type, with grant-funded support service costs shown separately to maintain transparency.

2025/26 Budget Roll Forward requests

3.45 Budget roll forward requests have been received relating to 3 projects.

- Creative Place Programme
- Sector Networks
- Hydrogen Refuelling Stations

3.46 Approval is requested from Cabinet to carry forward the unspent 2025/26 budget into 2026/27 in order to deliver activities that have been committed but not yet incurred against their allocated budgets as presented in Table 6 below.

Table 6: Directorate budgets roll forward requests

Project	Budget 25/26 £'000	Draft Outturn Q4 25/26 £'000	Roll Forward Request £'000
Creative Place Programme	5,631	2,959	2,672
Sector Networks	535	432	103
Hydrogen Refuelling Stations	1,225	189	1,036
Total Roll Forward Requests	7,392	3,580	3,811

3.47 The Creative Place programme is a multi-year programme in its fifth year of delivery. Expenditure is committed within the various project streams of the programme but has not yet been spent and therefore it is requested that the £2.672m underspend against budget is carried forward to be spent in 2026/27 through a transfer to a reserve which will then be drawn down during the financial year.

3.48 The Sector Networks project, delivered by the Net Zero Team, continues into 2026/27 and it is requested that the underspend of £0.103m at the end of 2025/26 is carried forward to be spent in 2026/27.

3.49 The Hydrogen Refuelling stations revenue budget has not been spent in year. However, £0.189m of capital expenditure has been incurred and it is requested that the capital expenditure will be funded by a revenue contribution to capital outlay (RCCO) and the remaining underspend of £1.036m be carried forward to 2026/27.

3.50 All carry forward requests have been included within the directorate net expenditure and will be transferred to a reserve for expenditure in 2026/27 if approved by Cabinet.

Revenue Income

3.51 Table 7 below summaries the budgeted major funding streams receivable by TVCA against the draft outturn and Q3 forecast. Grant income directly attributable to a directorate is included within the Directorate net outturn positions.

Table 7: Budgeted Income vs Outturn 2025/26

	Budget 25/26 £'000	Draft Outturn 25/26 £'000	Variance to Budget £'000	Q3 presented 25/26 £'000	Forecast Variance £'000
Devolution	(15,000)	(15,000)	-	(15,000)	-
Mayoral Capacity	(2,000)	(1,500)	(500)	(1,500)	-
EMP NI Grant	-	(180)	180	(179)	1
Core Funding	(17,000)	(16,680)	(320)	(16,679)	1
Enterprise Zone	(5,999)	(3,525)	(2,474)	(5,999)	(2,474)
Contributions	(14,437)	(13,714)	(723)	(14,090)	(376)
Commercial	(564)	(433)	(131)	(687)	(254)
Grant	(101,665)	(95,513)	(6,152)	(88,555)	6,958
Investment Income	(13,813)	(13,798)	(15)	(13,382)	416
Other Income Streams	(136,478)	(126,983)	(9,495)	(122,713)	4,270
Total Income	(153,478)	(143,662)	(9,816)	(139,392)	4,270

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

3.53 Enterprise Zone income has reduced by £2.474m compared to the Q3 forecast, which included a backdated amount for 2024/25. Until the operational date has been formally confirmed, it is felt prudent to exclude this from the provision outturn position. However, this may be included in the final outturn figures. There is a need for a formal business rates valuation from the Valuation Office Agency (VOA). Once issued, the VOA will confirm both the rateable value and the effective date of the assessment. It is currently anticipated that this income will be realised in 2026/27. However, this remains dependent on the VOA issuing the valuation and confirming the liability date.

3.54 Enterprise income received compared to budget is shown in Table 8 below.

Table 8: Enterprise Income 2025/26

Local Authority	Scheme	TVCA Share of Retained rate £'000	Budget 2025/26 £'000	Draft outturn 2025/26 £'000	Variance to Budget £'000
Darlington	Locally Funded sites amended in 2015 to a Business Rate Relief Site	50%	(165)	(136)	(29)
Hartlepool	Business Rates Relief Sites	100%	(70)	(71)	1
Middlesbrough	Business Rates Relief Sites	100%	(585)	(886)	301
Redcar & Cleveland	Enhanced Capital Allowance Sites	100%	(1,879)	(2,031)	152
Redcar & Cleveland	Enhanced Capital Allowance Sites	100%	(2,918)	-	(2,918)
Stockton	Locally Funded sites amended in 2015 to a Business Rate Relief Site	50%	(59)	(44)	(15)
Stockton	Business Rates Relief Sites	100%	(109)	(124)	15
Stockton	Enhanced Capital Allowance sites	100%	(214)	(234)	20
TOTAL			(5,999)	(3,525)	(2,474)

Grant Income

3.55 A comprehensive review of all grant income and income streams has been carried out. Table 9 below presents all Grant income received for service delivery in 2025/26.

3.56 In the approved 2025/26 budget, planned use of the Adult Education Skills reserve (£2.497m) and Devolution Fund reserve (£3.275m) was agreed representing a combined use of revenue reserves of £5.772m, to augment the grant funding income of £88.555m. Currently it is assumed that all expenditure for service delivery related to the grant income received will be carried out in year, carried forward or reprofiled so will have no effect on TVCA outturn.

Table 9: Summary of Revenue Grant Funding Streams

Government Grants	Draft Outturn 25/26 £'000	Q3 Forecast £'000	(Increase)/decrease in Grant Income £'000
Business Solutions			
Education and Skills			
Adult Education	(30,122)	(30,127)	(5)
L3 Free Course for Jobs	(2,132)	(2,133)	(1)
Construction Courses	(458)	(458)	-

Government Grants	Draft Outturn 25/26 £'000	Q3 Forecast £'000	(Increase)/decrease in Grant Income £'000
Skills Bootcamp	(4,171)	(3,912)	259
Youth Trailblazer	(5,129)	(4,900)	229
Connect to work	(487)	(1,600)	(1,113)
Careers Enterprise Centre	(265)	(398)	(133)
Education and Skills Total	(43,679)	(43,528)	151
Net Zero			
Rural Community Energy Fund	(1,000)	(1,000)	-
Net Zero Launch Pad	(27)	(344)	(317)
Local Net Zero Capacity Support (HUB)	(1,125)	(1,675)	(550)
Net Zero Total	(2,152)	(3,019)	(867)
Local Growth			
Arts Council	(195)	(390)	(195)
Business Growth Hub	(315)	(315)	0
Investment Zones	(9,107)	(9,107)	(0)
UKSPF	(23,329)	(15,019)	8,310
Business Growth Total	(32,946)	(24,831)	8,115
Investment Development			
Rough Sleeping	(100)	(100)	-
National Remediation	(50)	(50)	-
Spatial Development (Mayor renewable)	-	(445)	(445)
Investment Development Total	(150)	(595)	(445)
Business Solutions Total	(78,928)	(71,973)	6,955
Transport			
Active Travel	(561)	(561)	-
CRSTS	(8,510)	(8,510)	-
Local Electric Vehicle Infrastructure	(235)	(235)	-
Local Authority Bus Grant	(7,279)	(7,279)	-
Transport Total	(16,585)	(16,585)	-
Total Government Grants	(95,513)	(88,558)	6,955

Business Solutions Grant Funding

Education & Skills

- 3.57 Grant Funding is provided from DFE to deliver Adult Education, Free Courses for Jobs, Bootcamp and Construction courses. Funding is received per calendar year, according to the amount for each academic year.
- 3.58 Youth Trailblazer, Connect-to-Work and Career Enterprise projects are being successfully delivered and continued funding has been confirmed for 2026/27.
- 3.59 Connect-to-Work funding was forecast at Q3 as £1.600m. However, this relates to funding over the 4-year project, and actual claims for 2025/26 are £0.498m. The expenditure for Connect-to-Work is profiled at lower amounts in the early years, increasing in the middle before tailing off in the final year, with a total amount of £3.900m expected.
- 3.60 Hub funding is received annually to fund the activities of the Net Zero Hub. An additional £0.500m was received from Mayoral renewables funding for Net Zero activities.
- 3.61 Investment Zone funding was received in year. During 2025/26 projects were in development and unspent grant income has been carried forward and will be reprofiled in line with approval from MHCLG.
- 3.62 CRSTS grant funding of £8.510m has been received in year. There was also a carry forward from a previous year of £9.168m (included within earmarked revenue reserves) and Grant funding for 2026/27 of £11.406m. This funding is used to fund the revenue cost of the transport programme and the underspend of £24.700m at the end of 2025/26 has been transferred to a reserve at outturn. A new transport programme is being delivered from 2026/27. During this programme the revenue reserves will be planned and utilised over the term of the funding and drawn down as required.
- 3.63 Local authority bus grant is received annually and administered by TVCA in collaboration with the local authorities.

4 Treasury Management

- 4.1 The Treasury Management Outturn report for 2025/26 is presented to Cabinet under a separate agenda item but a summary of the key impacts on the revenue budgets are set out below.
- 4.2 The approved budget for 2025/26 included a £1.75m interest receivable income budget, which is based on maintaining average cash balances of £30m and earning an interest rate of 0.583%. Total interest received during 2025/26 from investing cash balances was £2.168m.

4.3 The interest payable budget for 2025/26 is £19.518m. This assumed further borrowing in year of £100m. However, due to significant slippage in the capital programme and improved cashflow position this borrowing is now not required. As a result of the reduced need to borrow, interest payable has reduced from £19.518m to £15.611m. This includes scheduled payments on existing loans, £0.596m Interest payable related to two new loans taken out in-year and an amount of £0.025m due to an under-accrual of interest payable in prior year.

4.4 Table 10 below summarises the Authority's current loan portfolio and the interest payable on the loans drawn down for 2025/26.

Table 10: TVCA borrowing portfolio 2025/26

Loan Type	Original Loan Principal £'000	Term Years	RATE	Start Date	Maturity	2025/26 Interest Payable £'000
PWLB Fixed Annuity	£30,000	20	2.67%	22/01/2020	22/01/2040	674
PWLB Fixed Annuity	£37,500	20	3.92%	01/12/2022	01/12/2042	1,356
PWLB Fixed Annuity	£37,500	25	4.04%	01/12/2022	01/12/2047	1,432
PWLB Fixed Maturity	£25,000	3	5.31%	29/09/2023	29/09/2026	1,328
PWLB Fixed Maturity	£20,000	3	5.12%	22/11/2023	22/11/2026	1,024
PWLB Fixed Annuity	£70,000	20	4.63%	21/12/2023	21/12/2043	3,113
PWLB Fixed Annuity	£30,000	25	4.98%	12/09/2024	12/09/2049	1,471
PWLB Fixed Annuity	£30,000	14	4.98%	13/12/2024	13/12/2038	1,477
PWLB Fixed Maturity	£20,000	1.25	4.83%	17/03/2025	17/06/2026	727
UKIB Fixed Annuity	£111,049	50	1.99%	01/05/2024	01/05/2074	2,175
PWLB Fixed Maturity	£20,000	4.5	4.75%	31/12/2025	30/06/2030	338
PWLB Fixed Maturity	£20,000	5	4.79%	26/11/2025	25/11/2030	258
						15,373

Interest receivable – Group and third-party loans

4.5 The interest receivable budget for 2025/26 is £12.063m and the draft outturn for 2025/26 is £17.716m as shown in Table 11 below.

4.6 Interest payable for the TIAL/Goosepool loans of £5.925m has been accrued for in the TVCA financial outturn but was not budgeted for. However, a bad debt provision for the total interest accrued will similarly be provided for, meaning a net nil impact on the Authority's outturn position. This is to ensure a prudent approach to the Authority's management of debt is adopted.

- 4.7 Interest accrued on the loan made to Liberty Steel, as included within Table 11 below will now also be provided for as a bad debt and doubtful debt, as attempts to contact have been unsuccessful and they are no longer at the address on file.
- 4.8 Interest receivable for the loans to Goosepool 2019 Ltd has been included in the draft outturn for 2025/26 and reflected in Table 11 below.

Table 11: TVCA interest Receivable 2025/26

Borrower	Interest Receivable 2025/26 £'000
Goosepool 2019 Ltd Loan interest	5,925
Liberty Steel	109
Waste Loan	89
Middlesbrough Council – TeesAMP	34
STDC – Quay	2,175
STDC - Heavy Lift Platform	315
STDC - Investment Plan Remediation	1,640
STDC - Remediation - Loan 1	3,178
STDC - Remediation - Loan 2	3,437
STDC - NZT - Loan 1	715
	17,617

- 4.9 Within the TVCA budget, under the treatment of the existing loans to STDC, there is an assumption that loans are deemed to be drawn down on 31 March each year with interest becoming payable on the second financial year after the loan is drawn down i.e. a one-year interest holiday is granted to STDC.

5 Minimum Revenue Provision (MRP)

- 5.1 An underpinning principle of the local authority (Combined Authority) financial system is that all capital expenditure is required to be financed either from capital receipts, capital grants (or other contributions) or from revenue income. This can be from revenue contributions to capital (RCCOs) or through a minimum revenue provision charge to revenue budgets.
- 5.2 The broad aim of prudent MRP provision is to require local authorities to put aside revenue cash over time to ensure that there is sufficient cash to repay borrowing as loans mature. In doing so, local authorities should align the period over which they

charge MRP to one that is commensurate with the period over which their capital expenditure, funded by borrowing, provides benefits.

- 5.3 In March 2025 Cabinet approved a Minimum Revenue Provision Policy. This policy does not currently provide for MRP on loans (treated as capital expenditure) to group entities or third parties where principal repayments are due to be made.
- 5.4 In line with statutory requirements a revised MRP policy was approved by Cabinet for the forthcoming financial year 2026/27 on 20 March 2026. This included a change in MRP for loans advanced to Goosepool with a new charge approved for 2025/26 and 2026/27. However, following external advice and conclusion of work that has been carried out on the backlog accounts, approval is also being sought to apply that revised policy to all Goosepool loans from the date of the loan. This is a specific recommendation in the Treasury Management Outturn report for 2025/26. The draft outturn includes an additional charge for MRP in line with the revised policy.
- 5.5 The 2025/26 budget included a £6.978m budget for MRP. However, following advice received from external advisors, provision will now be made for MRP on the Goosepool 2019 Ltd loans where principal repayments are not being met. This has resulted in an additional charge in year of £3.043m which is the total of all MRP payable for loans to Goosepool 2019 Ltd from 2019.

6 Investment Properties – net returns

- 6.1 TVCA has two investment properties, 6 Centre Square and Zetland Car Park. Table 12 below presents the 2025/26 draft outturn position of these investment properties.

Table 12: Net Financial Position 2025/26 – 6 Centre Square

6 Centre Square	Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance £'000	Q3 Forecast £'000	Variance to Q3 £'000
Electricity	-	33	33	13	20
Rates	-	67	67	67	0
Professional Fees	111	27	(84)	10	17
Security	-	132	132	100	32
Repairs and maintenance	-	168	168	80	88
Facilities Management	-	102	102	85	17
Utilities Provision	-	212	212	150	62
Government Grants	-	(223)	(223)	(223)	(0)
Rents Receivable	(464)	(471)	(7)	(531)	60
Electricity Recharge	-	(105)	(105)	(92)	(13)

6 Centre Square	Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance £'000	Q3 Forecast £'000	Variance to Q3 £'000
Recharged Costs	-	(13)	(13)	(13)	0
Service Charge	-	(392)	(392)	(234)	(158)
Net (surplus)/deficit	(353)	(463)	(110)	(588)	125

- 6.2 The draft outturn for 6 Centre Square is additional income of £0.463m compared to an expected income budget of £0.353m. A comprehensive review of Centre Square has been carried out. The building consists of office space over three floors and floors 1 and 2 are both occupied, whilst floor 3 remains vacant and has been vacant since the property was constructed.
- 6.3 TVCA are responsible for any void costs. £0.033m has been paid for electricity for the void unit and £0.067m for the business rates owed for the void unit.
- 6.4 Electricity costs for 6 Centre square are shown above in utilities provision at £0.212m. Income is received for the electricity costs for the occupied offices (1st & 2nd floor) in the electricity recharge £0.105m. The remaining costs relate to the electricity charges for the void 3rd floor.
- 6.5 Rental income for the occupied units overachieved against budget with a favourable variance of £0.029m.
- 6.6 £0.223m of income was carried forward from a prior year, which must be accounted for in year.

Zetland Car Park

- 6.7 Table 13 below presents the draft outturn position compared to the Q3 forecast for 2025/26.

Table 13: 2025/26 Net Financial Position – Zetland Car Park

Zetland Car Park	Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance £'000	Q3 Forecast £'000	Variance to Draft Outturn £'000
Electricity	-	91	91	100	(9)
Rates	20	30	10	32	(2)
Repairs and Maintenance	2	44	42	41	3
Water Rates	5	5	0	5	0
Professional Fees	-	(0)	(0)	2	(2)
Management Fees	62	28	(34)	50	(22)
Zetland Car Park Income	(100)	(144)	(44)	(156)	12
Net (surplus)/deficit	(11)	53	64	74	(21)

- 6.8 The draft outturn for Zetland car park is an expense of £0.053m compared to an expected income budget of £0.011m. This adverse variance is mainly due to prior year electricity invoices which were not received due to the change in ownership of the car park.
- 6.9 Electricity costs in year are £0.035m. £0.056m relates to prior year and budgets have been amended in the approved budget for 2026/27 to reflect this expense.
- 6.10 Business Rates costs were forecast at £0.02m in 2025/26. However, the invoice has now been received and costs were £0.03m for 2025/26, an increase of £0.01m above budget.
- 6.11 Repairs and Maintenance costs are largely ad-hoc costs which cannot be forecast. £0.044m has been spent on repairs and maintenance of the car park in year including works to lifts (£0.016m).
- 6.12 Car park income is budgeted at £100k per year. In year £0.070m was received for April to November and £0.023m for December to March, which is a small underachievement against budget. However, £0.050m was also received in year for December 2024-March 2025 which has led to a favourable variance against budget.
- 6.13 The draft outturn position has improved by £0.021m from Q3. This is due to a £0.012m reduction in Income against quarter 3 forecast and a reduction of £0.022m from the Q3 forecast for management fees as this service started within the year.

7 Capital Programme Draft Outturn 2025/26

- 7.1 The Capital budget for TVCA for 2025/26 was £237.223m. The capital draft outturn for 2025/26 is £155.610m, which is an underspend of £81.613m against the budget.

Table 14 – Summary of the 2025/26 Capital outturn by Directorate

	2025/26 Budget £'000	Draft Outturn £'000	Variance £'000	Q3 Forecast £'000	Movement from Q3 £'000
Infrastructure	119,781	47,373	(72,408)	47,214	159
Business Solutions	87,512	69,085	(18,427)	40,742	28,343
Inward Investment and Marketing	-	1,749	1,749	18,889	(17,140)
Development Corporations	29,930	37,404	7,474	-	37,404
Total	237,223	155,610	(81,613)	106,845	48,765

- 7.2 This variance of £81.613m relates primarily to the Transport Programme, which has significant slippage in year. A new Transport programme was approved in March 2026 which sets out Transport capital expenditure to 2026/27-2031/32. A revised funding profile is being developed in collaboration with the Department for Transport to provide confidence that the funding will be committed.
- 7.3 The CRSTS funding not spent due to the slippage in the transport programme will be held in reserve to be spent over the remaining period of the new transport programme.
- 7.4 £37.404m has been accounted for within Capital Expenditure across the group for the Mayoral Development Corporations.

Table 15- Group Capital Expenditure

	2025/26 Budget £'000	Draft Outturn £'000	Variance £'000
South Tees Development Corporation	29,930	29,127	(803)
Hartlepool Development Corporation	-	807	807
Middlesborough Development Corporation	-	7,470	7,470
Total	29,930	37,404	7,474

- 7.5 HDC/MDC have a loan facility of £10m each which can be drawn down to fund Capital activities. There are no loans currently in place. HDC has drawn down £0.807m of grant funding from TVCA to fund film studio project development costs. The MDC Capital Expenditure for 2025/26 is £7.470 which will be funded through grant funding from TVCA.

- 7.6 During the financial year, TVCA (as per previous practice) incurs capital expenditure costs on behalf of STDC. At the end of the financial year, all capital expenditure costs are reconciled on 31 March, and the total then becomes the deemed loan for that financial year. The draft capital programme outturn assumes that all of this expenditure is funded by borrowing from the Public Works Loan Board (PWLb). The total capital loan for STDC for 2025/26 was £29.127m for 2025/26.
- 7.7 Table 16 provides a summary of the funding required for 2025/26 Draft Capital Outturn and the variance from the Q3 position.

Table 16- Funding for Capital Programme 2025/26

Capital Funding	2025/26 Budget £'000	Draft Outturn £'000	Variance £'000	Q3 Forecast £'000	Variance from Q3 £'000
Use of Reserves	(56,974)	(3,990)	52,984	(23,200)	(19,210)
Capital Grants	(98,103)	(70,139)	27,964	(77,545)	(7,406)
Revenue Contributions	(5,250)	(6,000)	(750)	-	6,000
Borrowing Required	(76,896)	(75,482)	1,414	(6,100)	69,382
Total Funding	(237,223)	(155,610)	81,613	(106,845)	48,765

8 Reserves

- 8.1 As a Combined Authority, TVCA maintains both a General Fund balance and earmarked reserves for revenue purposes. The Authority also maintains capital reserves which cannot be used for revenue purposes.
- 8.2 The General Fund balance is a general contingency for unplanned or unforeseen expenditure arising during a financial year. Earmarked reserves have been set aside for specific purposes. Within earmarked reserve balances, there can be ringfenced reserves which must be used for the purposes for which they are set aside for. For TVCA, this would ordinarily relate to unspent government grants which are rolled to future years but must be spent in line with the grant terms & conditions. For un-ringfenced reserves, Cabinet can take a decision to repurpose those reserves if the original purpose has been superseded or a different priority identified.

Revenue Draft Outturn Reserves position

- 8.3 The budget approved in January 2025, included the use of £5.772m of the earmarked reserves in setting the budget for 2025/26 (£3.275m from the Devolution Fund reserve and £2.497m from the Adult Education Skills reserve). However, the draft outturn position is a net drawdown from reserve of £5.798m made up of a contribution from reserve of £8.700m and a contribution to reserves of £2.903m.

- 8.4 Movements to Reserves has increased in year by a significant contribution to reserve of £24.700m from the CRSTS revenue grant. This has led to the significant amount of grant being transferred to grant reserves in year, £8.182m as approved in Q2 and a further £16.518m at year end to give a total of £24.700m of unspent revenue grant to be used in future years. These funds will be utilised over the life of the Local Transport plan. To ensure that a true presentation of directorate spend is presented this movement is presented within the directorate totals.

Table 17: Summary of Revenue Reserves at 31 March 2026

Revenue Reserve Description	Balance as at 01/04/2025 £'000	Contribution to/from Draft Outturn £'000	Balance as at 31/3/2026 £'000
General Fund	(1,500)	-	(1,500)
General Fund Total	(1,500)	-	(1,500)
Earmarked Grant Reserves - Ringfenced	(18,693)	(22,036)	(40,729)
Earmarked Grant Reserves - Ringfenced Total	(18,693)	(22,036)	(40,729)
Earmarked reserves – non-ringfenced			
Business Rate Growth	(2,856)	2,474	(382)
Devolution Reserve	(7,852)	2,918	(4,934)
Transformation Reserve	(1,000)		(1,000)
Financial Resilience Reserve	(3,000)		(3,000)
Earmarked reserves – non-ringfenced Total	(14,708)	5,392	(9,316)
Total Revenue Reserves	(34,902)	(16,644)	(51,545)

- 8.5 The opening balance for revenue reserves on 1 April 2025 was £34.902m. The draft outturn position is an increase to reserve balances of £16.644m resulting in reserve balances as of 31st March 2026 of £51.545m. However, whilst this is a significant increase from the forecast position reported at Q3, the increase has arisen due to the rolling forward of unspent grant or expenditure budgets (if approved). Overall, non-ringfenced reserves have reduced from their opening position of £14.708m to £9.316m at the end of March 2026. This reduction of £5.392m is due to the additional MRP charges of £3.013m that were unbudgeted for against the Goosepool Loans and the reversal of the backdated business rates of £2.2474m in relation to the Enterprise Zone income.
- 8.6 Table 18 below shows the movements to and from reserve at draft outturn compared to the presented forecast Q3 position.

Table 18: Summary of Revenue Reserves at Draft Outturn 2025/26

Budget 2025/26 £'000	Draft Outturn £'000	Movements to/from reserves	Q3 2025/26 £'000
		Transfers from reserve	
2,497	2,497	Adult Education	2,497
-	58	Concessionary Fares	-
-	54	One Public Estate	-
-	700	Active Travel	-
0`	1,320	SSI Devolved Funds RCCO	-
3,275	5,392	Net Deficit for 2025/26	-
-	717	Transfer to Capital reserve	717
-	221	Release of non-ring-fenced reserve	221
5,772	10,959	Transfers from reserve	3,435
		Transfers to reserve	
-	(24,700)	Approved transfer to CRSTS reserve	(8,182)
	(1,046)	Revenue Transport Capacity	-
	(25)	Low Carbon Action plan	-
-	(1,832)	Transfer to lease wrap reserve	(839)
-	-	Net Surplus for 2025/26	(1,064)
-	(27,603)	Transfers to reserve	(10,085)
5,772	(16,644)	Total Reserve movement	(6,650)

8.7 The variance from the Budget is primarily due to CRSTS revenue as detailed above. However, there is also a change from a contribution to reserve for the Q3 forecast of a net surplus of £1.064m, to a draft outturn position of a contribution from reserves for a net deficit of £5.392m after reserve movements.

8.8 Detailed revenue reserves are shown in **Appendix C**.

Capital Reserves on 31 March 2026

8.9 The Authority had opening capital reserves of £162.128m for 2025/26, and this will increase to £194.060m on 31 March 2026 as set out in Table 19 below.

8.10 £0.717m will be transferred from revenue reserves to capital reserves due to a capital grant for Active Travel being incorrectly allocated to revenue reserves.

8.11 £3.990m will be drawn down from capital reserves to fund capital activities in year.

Table 19: Summary of Capital Reserves forecast position 2025/26.

Capital Reserve	Opening Balance 2025/26 £'000	Planned Use / (Contribution) 25/26 £'000	Closing Balance 2025/26 £'000
Active Travel	(4,268)	62	(4,206)
Brownfield Housing	(12,351)	-	(12,351)
CRSTS	(99,872)	(34,583)	(134,455)
Levelling Up Fund	(3,352)	-	(3,352)
LEVI	(6,471)	-	(6,471)
Rural England Prosperity Fund	(124)	-	(124)
Smart Infrastructure Pilot	58	-	58
SHDF 2	(151)	-	(151)
TCF	(18,101)	-	(18,101)
TSOG	(1,493)	1,493	-
UKSPF	124	-	124
Wynyard	(270)	-	(270)
Green Homes Grant	(613)	-	(613)
STDC Business Case	(739)	-	(739)
LUF2 Programme Management	(5,379)	(621)	(6,000)
Urban Traffic Management	(215)	-	(215)
Freeport (Capital)	(1,979)	-	(1,979)
RNEP	(273)	-	(273)
ZEBRA- DFT	(6,659)	1,717	(4,942)
	(162,128)	(31,932)	(194,060)

9 Matters to finalise for outturn.

9.1 **Enterprise Zone Business Rates income** - £2.918m of income is dependent on the Valuation Office Agency (VOA) issuing formal rating values and confirming the deemed operational dates of the entities liable for business rates. Discussions are ongoing with both Redcar and Cleveland Borough Council and the VOA to obtain assurance on the expected commencement of billing and the timing of business rates income receipts.

- 9.2 **Minimum Revenue Provision (MRP)** - Under the Authority's Minimum Revenue Policy approved in March 2025, provision for MRP was not required in respect of on-lending to group entities. As highlighted in this report, following advice received, MRP is now to be provided in respect of the Goosepool 2019 Ltd loans. Professional advice has been received from Arlingclose and discussions are on-going with External Audit to ensure that the MRP is applied correctly.
- 9.3 **Statement of Accounts restatement** - Cabinet will be aware that both the 2023/24 and 2024/25 statutory accounts remain unsigned due to the external auditor's consideration that the draft published accounts may contain material errors. A comprehensive review of these accounts has now concluded. At the time of writing the draft outturn report, the only matter having a direct impact on TVCA's financial position is the MRP matter highlighted in the report. However, until the audit is concluded and the accounts signed, there is always the risk that a further matter could arise, although the likelihood of a material change or impact is low at this stage.

10 Conclusion

- 10.1 The draft revenue outturn is a deficit of £5.798m set against a budgeted deficit of £5.772m, a variance of £0.026m. Funding the deficit reduces available non-ringfenced reserves by 34%, reducing future resources available to the Authority.
- 10.2 The negative movement of £5.204m from Quarter 3 is due to £3.043m of additional MRP costs (£2.330m relating to prior years) and a shortfall of £2.4m in expected Enterprise Zone income. However, once the VOA has confirmed operational dates and issued formal ratings, there may be additional funds flowing in 2026/27 if the rates are indeed backdated to a period prior to 2025/26. Should this position arise, then Cabinet will be asked to transfer these funds back to reserves to replenish the Devolution Fund to provide greater financial resilience for the Authority.
- 10.3 Ring-fenced revenue reserve levels have increased for both revenue and capital in year and plans for expenditure will be presented to Cabinet for consideration in due course.
- 10.4 Non-ringfenced revenue reserves at 31 March 2026 are £9.316m, including £4.934m in Devolution Reserve, £3m in financial resilience reserve and £1.500 remaining in the GF balance reserve.
- 10.5 To protect reserve levels and maintain strong financial health, going forward, any activities funded by TVCA will be carefully assessed to ensure that they can be delivered within available core funding and approved budgets to prevent any further draw downs on non-ringfenced reserves. Close monitoring of the Authority's borrowing costs and on-lending position will be required over the MTFP as there is no

headroom within core funding to absorb any increased borrowing costs other than those already included within approved budgets or the MTFP.

Cabinet is requested to consider the following identified implications:

Financial Implications

11	The financial Implications are covered in the body of the report.

Legal Implications

12	This report complies with the Authority's Constitution and governance procedures. There are no other legal implications.

Equality & Diversity Implications

13	The recommendations in this report do not impact on any of the protected characteristics.

Other Significant Implications

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

Risk	x	Assurance Framework		Procurement	
Improvement		Environment		HR & IT	
14	The risks associated with the recommendations are articulated throughout the report.				

Appendix A - detailed breakdown of the variances against budget by Directorate

Mayoral Costs	Budget 25/26 £'000	Draft Outturn Q4 £'000	Forecast Variance Adverse/ (Positive) £'000
Mayor	272	291	19
Mayoral Costs Total	272	291	19

Chief Executive	Budget 25/26 £'000	Draft Outturn Q4 £'000	Forecast Variance Adverse/ (Positive) £'000
Chief Executive	566	699	133
Mayoral Election	(1,500)	65	1,565
Chief Executive Total	(934)	764	1,698

Legal & Governance	Budget 25/26 £'000	Draft Outturn Q4 £'000	Forecast Variance Adverse/ (Positive) £'000
Legal, Procurement & Governance	1,669	1,974	305
Legal & Governance Total	1,669	1,974	305

Infrastructure	Budget 25/26 £'000	Draft Outturn Q4 £'000	Forecast Variance Adverse/ (Positive) £'000
Bus Capacity	(0)	(385)	(385)
Capability Fund (Active Travel)	-	352	352
Concessionary Fares	-	58	58
CRSTS	111	(6)	(117)
Digital Testbed	-	(38)	(38)
Levelling up Fund- Revenue	172	(79)	(250)
Local Electric Vehicle Capability Fund	-	(235)	(235)
Infrastructure Total	283	(331)	(614)

Operations	Budget 25/26 £'000	Draft Outturn Q4 £'000	Forecast Variance Adverse/ (Positive) £'000
Electric Charge point Opex	-	(221)	(221)
HR	292	285	(7)
ICT	585	572	(13)
Improvement	-	117	117
Interns	-	0	0
Operations	947	883	(64)

Appendix A - detailed breakdown of the variances against budget by Directorate

Performance, Risk & Assurance	844	860	16
Policy & Strategy	-	25	25
Research & Evaluation	-	114	114
Infrastructure Total	2,668	2,636	(32)

Finance & Resources	Budget 25/26	Draft Outturn Q4	Forecast Variance Adverse/ (Positive)
	£'000	£'000	£'000
Borrowing	(402)	-	402
Employee Benefits	-	52	52
Finance	738	1,078	340
Group Recharges	(1,129)	(1,003)	126
TVCA Running costs	684	651	(34)
Finance & Resources Total	(108)	778	885

Business Solutions	Budget 25/26	Draft Outturn Q4	Forecast Variance Adverse/ (Positive)
	£'000	£'000	£'000
Adult Education	2,497	2,497	-
Apprentice Support for Employers	-	39	39
Business Growth Hub	186	-	(186)
Business Solutions	14	-	(14)
Carbon Capture Storage	-	(26)	(26)
Careers Education Programme	-	121	121
Community Forest	-	16	16
Creative Place Programme	5,635	5,632	(3)
EES: Skills for Growth	-	10	10
Hydrogen Refuelling Stations	1,225	1,225	-
Net Zero	32	28	(4)
Net Zero Hub	126	13	(113)
One Public Estate	-	55	55
Sector Network Innovation	535	535	0
South Tees District Heating	-	(38)	(38)
Teesworks Skills Academy	-	56	56
Business Solutions Total	10,250	10,162	(88)

Inward Investment	Budget 25/26	Draft Outturn Q4	Forecast Variance Adverse/ (Positive)
	£'000	£'000	£'000
Business Board	121	78	(43)
Marketing & Communications	1,007	940	(67)
Freeports- Revenue	-	392	392

Appendix A - detailed breakdown of the variances against budget by Directorate

Inward Investment	350	268	(82)
Inward Investment Total	1,479	1,678	199

Appendix B - Income and Expenditure by expenditure type CIPFA category by Directorate.

Mayoral Directorate	Budget 25/26	Draft Outturn Q4	Forecast Variance
	£'000	25/26	Adverse/ (Positive)
	£'000	£'000	£'000
Employee Costs	272	291	19
Mayoral Total	272	291	19

Chief Executive	Budget 25/26	Draft Outturn Q4	Forecast Variance
	£'000	25/26	Adverse/ (Positive)
	£'000	£'000	£'000
Employee Costs	1,439	1,492	53
Agency Costs	-	134	134
Employee Costs Recharged	(877)	(984)	(107)
Transport Costs	3	12	9
Supplies and Services	1	110	109
Income	(1,500)	-	1,500
Chief Executive Total	(934)	764	1,698

Legal & Governance	Budget 25/26	Draft Outturn Q4	Forecast Variance
	£'000	25/26	Adverse/ (Positive)
	£'000	£'000	£'000
Employee Costs	1,666	1,298	(368)
Agency Costs	-	361	361
Employee Costs Recharged	-	-	-
Transport Costs	-	2	2
Supplies and Services	3	313	310
Income	-	(1)	(1)
Legal & Governance Total	1,669	1,974	305

Infrastructure	Budget 25/26	Draft Outturn Q4	Forecast Variance
	£'000	25/26	Adverse/ (Positive)
	£'000	£'000	£'000
Employee Costs	2,271	2,040	(232)
Agency Costs	-	-	-
Employee Costs Recharged	(2,262)	(2,039)	223
Premises Costs	-	7	7
Transport Costs	6	16	11
Supplies and Services	4,861	8,059	3,198
Third Party Payments	12,786	13,854	1,068
Income	(17,380)	(22,268)	(4,888)
Infrastructure Total	283	(331)	(614)

Operations	Budget 25/26	Draft Outturn Q4	Forecast Variance
	£'000	25/26	Adverse/ (Positive)
	£'000	£'000	£'000
Employee Costs	2,003	1,972	(32)

Appendix B - Income and Expenditure by expenditure type CIPFA category by Directorate.

Agency Costs	-	10	10
Employee Costs Recharged	(534)	(682)	(148)
Transport Costs	4	5	0
Supplies and Services	1,195	1,641	446
Income	-	(309)	(309)
Operations Total	2,668	2,636	(32)

Finance & Resources	Budget 25/26	Draft Outturn Q4	Forecast Variance
	£'000	25/26	Adverse/ (Positive)
		£'000	£'000
Employee Costs	772	749	(23)
Agency Costs	-	460	460
Employee Costs Recharged	-	(54)	(54)
Premises Costs	30	49	19
Transport Costs	1	30	29
Supplies and Services	700	791	91
Income	(1,611)	(1,248)	363
Finance & Resources Total	(108)	778	885

Business Solutions	Budget 25/26	Draft Outturn Q4	Forecast Variance
	£'000	25/26	Adverse/ (Positive)
		£'000	£'000
Employee Costs	4,148	3,792	(356)
Agency Costs	-	-	-
Employee Costs Recharged	(4,042)	(3,671)	371
Transport Costs	23	341	319
Supplies and Services	59,276	60,834	1,558
Income	(49,154)	(51,134)	(1,980)
Business Solutions Total	10,250	10,162	(88)

Inward Investment	Budget 25/26	Draft Outturn Q4	Forecast Variance
	£'000	25/26	Adverse/ (Positive)
		£'000	£'000
Employee Costs	848	713	(135)
Agency Costs	-	-	-
Employee Costs Recharged	-	(24)	(24)
Transport Costs	0	20	19
Supplies and Services	646	1,004	358
Income	(15)	(33)	(18)
Inward Investment Total	1,479	1,678	199

Appendix C - Detailed Reserves Movements in 2025/26

Revenue Reserve Description	Balance as at 01/04/2025 £'000	Contribution to/from Draft Outturn £'000	Balance as at 31/3/2026 £'000
General Fund	(1,500)	-	(1,500)
General Fund Total	(1,500)	-	(1,500)
Adult Education	(8,156)	2,497	(5,659)
Kickstart	(238)	-	(238)
Seah Lease	(2,368)	(1,832)	(4,199)
Concessionary Fares	(470)	58	(412)
DECC City Deal	(51)	-	(51)
Low Carbon Action Plan	(41)	(25)	(66)
SSI Reserves	(2,221)	-	(2,221)
SSI Devolved Funds	(1,334)	1,320	(14)
Sales, Fees and Charges	(221)	221	-
One Public Estate	(54)	54	-
Beis Net Zero Hub	(1,614)	-	(1,614)
LEVI Capability Fund	(555)	(235)	(790)
Consolidated Active Travel Fund	(1,371)	685	(686)
ICTS DFT	-	(3,232)	(3,232)
CRSTS	-	(21,469)	(21,469)
Levelling up Fund	-	(79)	(79)
Earmarked Grant Reserves - Ringfenced Total	(18,693)	(22,036)	(40,729)
Earmarked reserves – non-ringfenced			-
Business Rate Growth	(2,856)	2,474	(382)
Devolution Reserve	(7,852)	2,918	(4,934)
Transformation Reserve	(1,000)		(1,000)
Financial Resilience Reserve	(3,000)		(3,000)
Earmarked reserves – non-ringfenced Total	(14,708)	5,392	(9,316)
Total Revenue Reserves	(34,902)	(16,644)	(51,545)

Cabinet

Tees Valley Combined Authority

Date			26 June 2026
Agenda Item			12
Report Title			Treasury Management Outturn Report 2025/26
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			Tayo Lawal – Head of Financial Accounting
Report considered by			A draft version of this report was discussed at an informal Cabinet meeting on the 12 June 2026.
Key Decision	Yes	No	This is not a key decision in accordance with the Constitution.
		X	
Public Report	Yes	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
	X		
Voting arrangements			In accordance with the Constitution.
Recommendation(s)			
The Combined Authority Cabinet is recommended to note:			
A	The Treasury Outturn Report for 2025/26.		
B	That all treasury and prudential indicators approved for 2025/26 have been complied with.		

1. Purpose

- 1.1 This report informs Cabinet of the TVCA performance against the treasury management and prudential indicators set in the Treasury Management Strategy 2025/26, approved by the Authority on 28 March 2025.

2 Executive Summary

- 2.1 The Authority has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires the Authority to present treasury management semi-annual and annual performance reports.
- 2.2 The Authority's Treasury Management Strategy for 2025/26 was approved at the Cabinet meeting on 28 March 2025 setting out the treasury and prudential indicators to be complied with during the forthcoming financial year. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Authority's treasury management strategy.
- 2.3 This report complies with the requirements set out in the 2021 Code of Practice and updates Cabinet on borrowing and investment decisions taking during the previous financial year, under delegated authority. This reports also considers the prevailing economic context within which those decisions were taken. External treasury advisors support the Authority in its treasury management activity and have provided the economic background below.
- 2.4 Key highlights to report from the 2025/26 treasury management performance are as follows:
 - a. The Authority complied with all approved indicators during 2025/26.
 - b. Total borrowing at 31 March 2026 was £429.17m and this had increased by £30.94m from 1 April where total borrowing was £398.23m. The increase is mainly due to additional loans taken for principal repayments of existing loans and additional borrowing required to fund capital spending.
 - c. Cash invested at 31 March 2026 was £53.49m compared to £46.44m at 1 April 2025. With £72.3m and £35.2m being the maximum and minimum invested in year respectively.
 - d. The Authority's Capital Financing Requirement (underlying need to borrow) increased by £65.46m.
 - e. Actual borrowing of £429.17m at 31 March 2026, compared to a Capital Financing Requirement (CFR) of £668.65m, which indicates that the Authority has not yet undertaken external borrowing to fully meet its underlying need to borrow for capital purposes. This position reflects the use of internal borrowing, whereby cash balances and reserves are utilised to temporarily fund capital expenditure, thereby reducing the need for immediate external borrowing and associated interest costs.
 - f. The Authority's average cost of borrowing for 2025/26 was 4.04% compared to 3.87% for 2024/25. Higher rate of interest was paid on new loans because borrowing has become more expensive generally
 - g. The Minimum Revenue Provision Charge for 2025/26 is £10m as set out in the Quarter 4 Draft Revenue and Capital Outturn 2025/26 report, including new MRP charges for loans made to Goosepool 2019 Ltd.

3 Background

- 3.1 The Authority has borrowed significant funds to fund long-term regeneration schemes through on-lending to South Tees Development Corporation and invested in the acquisition and development of Teesside International Airport (through Goosepool 2019 Ltd).
- 3.2 It is therefore exposed to financial risks, including the loss of invested funds and the revenue effect of changing interest rates. Moreover, whilst the borrowing requirement has been for long-term schemes and assets, much of the borrowing undertaken is on a relatively short-term basis and not linked to the life of the schemes or assets. This is predominantly because long-term interest rates continue to be far more expensive than short term rates.
- 3.3 This exposes the Authority to re-financing risk and demonstrates that the successful identification, monitoring and control of risk are central to the Authority's treasury management strategy.
- 3.4 The Authority has adopted the CIPFA Code of Practice, which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports. The 2021 Prudential Code also includes a requirement for the authority to provide a Capital Strategy, a summary document approved by Cabinet covering capital expenditure and financing, treasury management and non-treasury investments.
- 3.5 The Authority's Capital Strategy and Treasury Management Strategy for 2025/26, complying with CIPFA's requirement, was approved by Cabinet at its meeting on 28 March 2025.

4 External economic context

- 4.1 The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.
- 4.2 After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook, together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.
- 4.3 The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.

- 4.4 The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.
- 4.5 Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.
- 4.6 The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.
- 4.7 While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.
- 4.8 After cutting the Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting the Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.
- 4.9 Following the March MPC meeting, Arlingclose, the Authority's treasury adviser, revised its central interest rate view and now predicts the Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of a higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if the Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.
- 4.10 The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

- 4.11 The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.

5 Financial Markets

- 5.1 After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.
- 5.2 Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.
- 5.3 The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31st March.

6 Credit review

- 6.1 Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
- 6.2 Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.
- 6.3 Moody's affirmed OP Corporate's rating at Aa3 in May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.
- 6.4 After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at

the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

- 6.5 Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.
- 6.6 Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

7 Local Context

- 7.1 As at 31 March 2026, the Authority reported net debt of £375.68m, arising from its operations, compared to borrowing of £351.79m as at 31 March 2025. Total cash investments increased by £7.05m during the year to £53.49m at 31 March 2026. The treasury management position as at 31 March 2026, together with movements over the year, is set out in Table 1 below.

Table 1: Treasury Management Summary

	31.3.25 Balance £m	(Increase) /Decrease £m	31.3.26 Balance £m
Long-term borrowing	(333.23)	9.06	(324.17)
Short-term borrowing	(65.00)	(40.00)	(105.00)
Total Borrowing	(398.23)	(30.94)	(429.17)
Long-term investments	-	-	-
Short-term investments	-	-	-
Cash and cash equivalents	46.44	7.05	53.49
Total Investments	46.44	7.05	53.49
Net Investments / (Debt)	(351.79)	(23.89)	(375.68)

- 7.2 Delivery of the Investment Plan has continued at pace during the year, with the increased delivery of capital projects increasing the borrowing requirement. The Authority has taken a deliberate decision to progress priority schemes to meet strategic, economic, or service delivery objectives, supported by borrowing.
- 7.3 Grants paid in advance from Government have been utilised, on delivery of a variety of projects and programmes.

8 Borrowing Strategy

- 8.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any

investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return. No borrowing was undertaken during 2025/26 to invest primarily for yield.

- 8.2 The Authority continued to adopt an under-borrowing strategy, utilising internal balances (known as “internal borrowing”) before taking external loans.
- 8.3 **Borrowing Undertaken** - During the year, the Authority secured an additional £40m of long-term borrowing from the Public Works Loan Board (PWLB). This was used to offset in-year principal repayments of £9.06m, which was refinanced, leaving a net increase in borrowing of £30.94m.
- 8.4 At 31st March 2026, the Authority held £429.17m of loans as part of its strategy for funding the capital programme, outstanding loans on 31st March 2026 are summarised in Table 2 below.

Table 2: Borrowing Position (Loan Providers)

	31.3.25 Balance £m	Net Movement £m	31.3.26 Balance £m	31.3.26 Weighted Average Rate	31.3.26 Weighted Average Maturity (years)
Public Works Loans Board	(288.58)	(32.37)	(320.95)	4.36%	11.82
UK Infrastructure Bank	(109.65)	1.43	(108.22)	1.99%	48.12
Total borrowing	(398.23)	(30.94)	(429.17)	4.04%	22.08

- 8.5 The Authority’s chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority’s long-term plans change being a secondary objective.
- 8.6 There was an increase of 0.17% in the average rate of borrowing in 2025/26 compared to 2024/25. This reflects the higher cost of borrowing during the year, driven by prevailing market conditions, including elevated interest rates and tighter monetary policy, which resulted in new borrowing being undertaken at rates above those secured in previous years.
- 8.7 The Authority has an increasing capital financing requirement due to the capital programme, and an estimated borrowing requirement as determined by the Liability Benchmark which also takes into account usable reserves and working capital requirements (to act as a buffer) – see Table 3.

Table 3: Capital Financing Requirement

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Opening CFR (capital to be funded by borrowing)	603,186	668,647	660,861	652,751
In-year Capital Expenditure	155,610	120,889	137,882	152,935
In-year Capital Funding (Incl MRP)	(90,149)	(128,675)	(145,991)	(152,943)
Closing CFR	668,647	660,861	652,751	652,743

8.8 Capital expenditure for 2025/26 totalled £155.610m. Of which £75.482m was financed through borrowing including £37.404m attributed to Capital Expenditure within the Mayoral Development Corporations across the group. The level of borrowing reflects the continued delivery of the Authority's capital programme and the need to support investment priorities, including strategic development initiatives.

8.9 Following advice received from external advisors, the Authority has applied a Minimum Revenue Provision (MRP) to the Goosepool 2019 Ltd loans where contractual principal repayments are not being met. This has resulted in an additional in-year MRP charge of £3.043m, increasing the total MRP charge for the year to £10.0m.

9 Treasury Management Activity

9.1 The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

9.2 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances fluctuated due to timing differences between income and expenditure. The investment position at the end of March 2026 is shown in table 4 below.

Table 4: Treasury Investment Position

Counterparty	Amount	Start	Maturity
	£ m	Date	Date
Blackrock	11.6	07-Dec-16	Money Market Fund
Aberdeen Standard	9.6	06-Oct-16	Money Market Fund
Federated	11.5	06-Oct-16	Money Market Fund
Legal & General	11.3	06-Oct-16	Money Market Fund
Insight	9.4	07-Dec-16	Money Market Fund
	53.4		

- 9.3 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 9.4 As demonstrated by the liability benchmark (Table 9) in this report, the Authority expects to be a long-term borrower, and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.
- 9.5 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.20212	4.30	AA-	92%	11	0.50
31.03.2023	4.63	A+	75%	10	0.02
31.03.2024	4.13	AA-	38%	3	0.01
31.03.2025	4.72	A+	100%	1	3.62
31.03.2026	5.02	A+	72%	7	5.62
Similar LAs	4.96	A+	46%	67	5.00
All LAs	4.82	A+	61%	9	5.03

10 Non-Treasury Investments

- 10.1 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

- 10.2 The Authority can lend money to its subsidiaries, constituent Local Authorities, and local businesses to support delivery of the strategic priorities and stimulate local economic growth. Loans are not issued by the Authority for purely financial return. They are provided if the proposal meets the priorities set out in the Investment Plan and related strategies. Loans may be given in order to comply with state aid regulations, or alternatively it may be that the applicant has the ability to repay the support via increased revenues as a result of the investment.
- 10.3 Loans made for these purposes form part of the Authority's capital expenditure. As at the end of March 2026 the Authority held £561.44m of such capital investments in:
- Loans to subsidiaries £550.66mm
 - loans to constituent local authorities £9.30m
 - loans to local businesses £1.48m

Table 6: Capital Loans made as at 31 March 2026

	Opening Balance April 2025	Compound- ed interest	New Loans	Interest charged in year	Principal repayment	Interest repayme- nt	Closing Balance March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loans to STDC	393,499	743	0	11,460	(1,427)	(11,460)	392,815
Loans to Goosepool 2019 Ltd	128,119	23,765	39	5,925	0	0	157,848
Loans to Outside Bodies	11,321	0	0	232	(749)	(30)	10,773
	532,939	24,508	39	17,617	(2,177)	(11,490)	561,437

11 Compliance

- 11.1 The Group Director of Finance and Resources reports that all treasury management activities undertaken complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy and indicators therein. Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 7 below.

Table 7: Debt Limits

Debt remained within approved maturity limits, ensuring no undue refinancing risk.

	Maximum in-year £m	31.03.26 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied Yes / No
Borrowing	429.17	429.17	675.38	1,237,000	Yes
Total	429.17	429.17	675.384	1,237,000	Yes

Table 8: Investment Limits

Compliance with specific investment limits is demonstrated in Table 8 below.

	Maximum In-year	31.3.26 Actual	2025/26 Limit	Complied? Yes/No
Any single organisation, except the UK Central Government	£15m	£0m	£15m per organisation	Yes
UK Central Government	£15m	£0m	Unlimited	Yes
Any group of organisations under the same ownership	£29m	£0	£15m per organisation	Yes
Any group of pooled funds under the same management	£0	£0	£37.5m	Yes
Negotiable instruments held in a broker's nominee account	£0	£0	£37.5m	Yes
Foreign countries	£0	£0	£15m	Yes
Registered providers and registered social landlords	£0	£0	£37.5m	Yes
Unsecured investments with building societies	£0	£0	£15m	Yes
Loans to unrated corporates	£0	£0	£15m	Yes
Money Market Funds	£0	£53.4m	Unlimited	Yes
Real estate investment trusts	£74.5m	£0	£37.5m	Yes

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

11.3 **Liability Benchmark:** This new indicator compares the Authority's actual, existing borrowing against a liability benchmark. The Liability Benchmark is a tool that has been required in recent years, and it is a financial measure used by local authorities to determine the optimum level of borrowing, comparing outstanding debt with available resources and liquidity needs.

11.4 The liability benchmark is an important tool to help establish whether the Authority is likely to be a long-term borrower or long-term investor in the future and so shape its

strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Authority must hold to fund its current capital and revenue plans while keeping treasury investments at a minimum level of £30m required to manage day-to-day cash flow. The minimum level is not a prescribed amount but is a buffer built in based on an individual authority's specific working capital needs.

- 11.5 Table 9 below indicates that the authority was under borrowed in 2025/26. The organisation remains below the established liability benchmark, indicating a prudent level of borrowing relative to its agreed limits. While the loan balance has increased due to capital investment and financing needs, it is important to note that overall debt levels are still within acceptable and manageable thresholds. This suggests that, despite the increase in loans, the organisation continues to operate within its liability benchmark, reflecting a sound and responsible approach to debt management.

Table 9: Liability Benchmark

	2025/26	2026/27	2027/28
	Actual (Unaudited) £'000	Estimate £'000	Estimate £'000
Loans CFR	668,647	660,861	652,751
Less: Balance sheet resources	(246,831)	(110,620)	(96,220)
Plus: Liquidity allowance	30,000	30,000	30,000
Liability benchmark	451,816	580,241	586,531
Existing borrowing	429,177	552,855	588,601
Net loans requirement	421,816	550,241	556,531
Liability benchmark less existing borrowing	22,639	27,386	(2,070)

- 11.6 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing are set out in Table 10 below.

Table 10: Borrowing Maturity

	31.3.26 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	14.83%	100%	0%	Yes
12 months and within 24 months	0.00%	100%	0%	Yes

24 months and within 5 years	9.13%	100%	0%	Yes
5 years and within 10 years	0.00%	100%	0%	Yes
10 years and above	76.04%	100%	0%	Yes

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

Table 11: Long Term Investments

	2024/25	2025/26	2026/27	2027/28
Actual principal invested beyond year end	£0	£0	£0	
Limit on principal invested beyond year end	£15m	£10m	£5m	
Complied?	Yes	Yes	Yes	

12 Risk Management

12.1 Treasury risks were effectively managed throughout the year:

- Counterparty risk controlled via approved lending list
- Liquidity risk maintained through short-term cash planning
- Interest rate risk monitored and managed via strategy

12.2 No defaults or losses were incurred.

13 Compliance and Governance

13.1 The Authority complied with:

- CIPFA Treasury Management Code
- Treasury Management Practices (TMPs)
- Approved Treasury Strategy

13.2 Regular monitoring reports were presented to Cabinet as required.

14 Conclusion

14.1 Treasury management performance in 2025/26 was strong, with:

- Full compliance with strategy and indicators

- Enhanced returns on investments
- Continued prudent management of borrowing to minimise associated borrowing costs and reduce exposure to interest rate risk

14.2 The Authority remains well-positioned to manage future economic uncertainty.

15 Partnership & Engagement

15.1 A version of this report was discussed with Informal Cabinet on 12 June 2026.

Appendices

None

Cabinet is requested to consider the following identified implications:

Financial Implications

16 The financial implications are addressed throughout the report.

Legal Implications

17 There are no legal implications arising from the recommendations in the report.

Equality & Diversity Implications

18 There are no equality or diversity implications arising from this report.

Other Significant Implications

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

Risk	X	Assurance Framework		Procurement	
Improvement		Environment		HR & IT	

19 **Risk**

The risks are summarised throughout the content of the report.

Cabinet

Tees Valley Combined Authority

Date	26 June 2026		
Agenda item	13		
Report Title	Tees Valley Local Growth Plan and Investment Pipeline		
Accountable Cabinet Member	Mayor Ben Houchen Portfolio Holder		
Accountable Chief Officer	Sarah Walker TVCA Director of Business Solutions		
Accountable Employee	Elaine Fryett TVCA Interim Head of Investment Development		
Report considered by	A draft version of this report was circulated in advance of an Informal Cabinet meeting on the 12 June 2026.		
Key Decision	Yes X	No	This is a Key Decision on the basis that: a. It is significant in terms of its effects on persons living or working in an area comprising two or more local authority areas in the Combined Authority's area.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.
Voting arrangements	Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A	<u>Approve</u> the Tees Valley Investment Pipeline Priority Packages as set out on pages 138-145 of the Local Growth Plan.
B	<u>Approve</u> the Tees Valley Local Growth Plan and agree that it can be published and adopted, in accordance with section 8 of the Guidance for Mayoral Strategic Authorities on developing Local Growth Plans.
C	<u>Delegate</u> authority to TVCA's Director of Business Solutions to update and amend the Local Growth Plan if required where these changes would not alter the strategic intent or priorities of the document.

Purpose

1. The purpose of this report is to seek a decision from Cabinet to approve for publication and adoption the Tees Valley Local Growth Plan and associated Investment Pipeline Priority Packages.

Executive Summary

2. In September 2024 Cabinet noted an update on the development of the Tees Valley Local Growth Plan following the announcement of the introduction of an English Devolution Bill in The King's Speech on the 17 July 2024.
3. The English Devolution and Community Empowerment Act 2026 received Royal Assent on 29 April 2026. The Act articulates that at the centre of the Government's approach for local economic growth is a new statutory requirement for the production of Local Growth Plans by Mayoral Strategic Authorities.
4. In April 2026 Cabinet was provided with an update on the Tees Valley Local Growth Plan noting that the Local Growth Plan would be reported back to Cabinet for approval at a future meeting.
5. The Guidance for Mayoral Strategic Authorities on developing Local Growth Plans notes that Local Growth Plans should include an investment pipeline that sets out how Mayoral Strategic Authorities can support opportunities in the region.

6. This report asks Cabinet to approve the Investment Pipeline Priority Packages and Tees Valley Local Growth Plan for publication and adoption.

Detail

Local Growth Plan

7. An update on the Tees Valley Local Growth Plan and Investment Pipeline was reported to Cabinet in April 2026. Cabinet noted the update and the proposed approach to timescales for the development of the Local Growth Plan and associated Investment Pipeline.
8. Between September and December 2025, TVCA ran a comprehensive engagement programme involving stakeholders from across the region. These events were shaped around the five Local Growth Plan priorities and included events in each of the five local authority areas, specific business led sessions and engagement with voluntary, community and social enterprise organisations.
9. The outcomes of these sessions were consolidated and shaped into a revised Local Growth Plan document.
10. The Local Growth Plan meets the expectations of Government by including the following three core elements:
 - a. Economic overview
 - b. Shared priorities
 - c. Investment pipeline

Investment Pipeline

11. The intention of the Tees Valley Investment Pipeline is to attract public and private investment across our region.
12. The vision for the Investment Pipeline is to:

Boost regional competitiveness and build resilience through maximising investment across the Tees Valley to bring forward key strategic projects, programmes, sites and investments that have the greatest impact to the economic growth and sustainability of the region.

13. The Tees Valley Investment Pipeline identifies some of the major opportunities for growth in the region aligned with Local Growth Plan priorities that can be unlocked



through private sector investment and, in some cases, support from central government (including from public financial institutions).

14. The Tees Valley Local Growth Plan therefore includes priority packages that have specific significance for enabling growth.
15. The Investment Pipeline will remain a live document providing a real-time comprehensive and robust pipeline of projects, programmes, sites and investments across the Tees Valley.
16. A series of workshops were held in the autumn of 2025 with the Investment Pipeline Task and Finish Group to co-develop the approach and methodology for the development of the Investment Pipeline.
17. Meetings were also held with local authority representatives to capture projects, programmes and opportunities to feed into the Investment Pipeline long list.
18. Between September 2025 and March 2026, TVCA engaged with stakeholders to support the development of the Tees Valley Investment Pipeline.
19. In June 2026 TVCA engaged with Cabinet to consider the priority packages that would be included in the Local Growth Plan.

Next Steps – Communications Strategy

20. Once the Local Growth Plan is approved a communications strategy to promote the Tees Valley Local Growth Plan will be mobilised.
21. Successful communication of the plan will play a fundamental role in delivering on its objectives.
22. The proposed communications approach is being designed to position the Tees Valley Local Growth Plan as a credible, ambitious and deliverable roadmap for regional growth, driving awareness, confidence and stakeholder buy-in.
23. It combines a strong, consistent narrative focused on jobs, investment and improved opportunities with a phased programme of activity spanning pre-briefing, high-impact launch and sustained post-launch engagement.
24. The plan integrates media, digital, stakeholder and event communications to maximise reach and influence, ensuring alignment with key audiences including residents, businesses, government and investors.

25. Central to the approach is an emphasis on clear, accessible messaging, demonstrable delivery, and strong partnership advocacy, supported by proactive risk management and defined success measures to track impact and effectiveness.

Background

26. On 10 July 2025, the Government introduced the English Devolution and Community Empowerment Bill to Parliament with the intention that it will provide provision to deliver further on their commitment to deepen and widen devolution across England.
27. The Bill confirms that a new duty will be placed on Mayors to produce Local Growth Plans. Local Growth Plans provide a long-term 10-year strategic framework for growth in their region. They are produced and owned by Mayoral Strategic Authorities, focused on the holistic needs and opportunities in their region, and should set out the priorities where the authority will focus its devolved powers and funding to drive productivity and growth.
28. The Government also published Guidance for Mayoral Strategic Authorities on developing Local Growth Plans. It includes a section on how Mayoral Strategic Authorities can develop an investment pipeline to support opportunities in the region.
29. As part of the Local Growth Plan guidance, Government have also published the agreed shared Local Growth Plan priorities. Shared priorities are a region's most significant opportunities and constraints to economic growth which would most benefit from central-regional collaboration, as determined using robust evidence. They are cross-cutting priorities that can benefit a wide range of sectors and the regional economy at large.
30. The published Guidance for Mayoral Strategic Authorities on developing Local Growth Plans, sets out that these shared priorities will guide both national and regional policy – informing collaborative working to design and develop services and interventions and make investment decisions. These shared priorities will benefit from the support via both the Mayoral Strategic Authorities' devolved powers and national government levers.

Tees Valley Local Growth Plan

31. Following the publication of the UK's Modern Industrial Strategy and guidance on Local Growth Plans, including specifically the Investment Pipeline, there has been an opportunity to review and reflect on these publications, understanding what they mean for Tees Valley.

32. Work included the production of a robust evidence base and economic overview, the 'why' we should do something, alongside the identification of 'what' we should do.
33. The overarching aim of the Tees Valley Local Growth Plan is to 'secure sustained and inclusive growth to exceed the UK growth rate by building on our success to date, to power a diverse and balanced economy, with job growth and productivity gain that creates opportunities for everyone'.
34. Alongside the development of the Local Growth Plan, is the Get Tees Valley Working Plan. The Get Tees Valley Working Plan includes analysis of key local labour market challenges and drivers for different groups of people across our economy and is intended to inform a whole system approach (work, health and skills) to tackling the supply and demand side challenges within local labour markets. The alignment of this work ensures that the Local Growth Plan addresses the inclusive growth agenda and seeks to integrate with other agendas to address health and socio-economic inequality.
35. The Local Growth Plan and the Get Tees Valley Working Plan are both locally owned documents and whilst Government will not 'micromanage' the production of Local Growth Plans they do expect Local Growth Plans, as a minimum, to include the following three core elements:
- a. Economic overview - Local Growth Plans must set out an economic overview of the region that identifies the key strengths, opportunities, and challenges for the regional economy. This should include an overview of the most significant growth-driving sectors for the region.
 - b. Shared priorities - Local Growth Plans must include shared priorities, which should underpin the plan as a whole. Shared priorities should be the region's most significant opportunities and constraints to economic growth.
 - c. Investment pipeline - Recognising that Mayoral Strategic Authorities are already developing and managing investment pipelines, Local Growth Plans must include a shorter investment pipeline of priority projects that have specific significance for enabling growth.
36. With reference to paragraph 29 above, the Shared Priorities for Tees Valley are:
- a. **Skills and Employment:** Increase the skills base and reduce economic inactivity to enable residents to rejoin or increase participation in the workforce and support them into better employment opportunities.
 - b. **Transport:** Improve transport accessibility and travel experiences to better connect workers across the region to employment and industrial sites.
 - c. **Housing and Commercial Development:** Increase the availability and viability of high-quality commercial land and space, such as office, industrial, research and



development space, and appropriate housing, to increase business density and to attract and retain talent.

Tees Valley Investment Pipeline

37. The government guidance on developing Local Growth Plans, states that, 'Mayoral Strategic Authorities will need to work closely with the private and public sectors to secure the necessary strategic investment to deliver Local Growth Plans'.
38. The vision and objectives, and approach to the development of the Investment Pipeline were agreed by TVCA Cabinet in June 2025. The agreed vision for the Tees Valley Investment Pipeline is to 'Boost regional competitiveness and build resilience through maximising investment across the Tees Valley to bring forward key strategic projects, programmes, sites and investments that have the greatest impact to the economic growth and sustainability of the region.'
39. As agreed at Cabinet in June 2025, a Task & Finish Group (consisting of officers from TVCA and the constituent Local Authorities) has developed the Investment Pipeline in collaboration.

Monitoring and Evaluation Framework

40. So that we can demonstrate the impacts of the Tees Valley Local Growth Plan at both a local and national level, we will develop a new monitoring and evaluation framework. This framework will ensure successful delivery of the Local Growth Plan and give confidence to businesses, strategic partners and stakeholders, and Government.
41. The resulting outcomes framework will align to TVCA's Single Assurance Framework (SAF) and is being developed alongside the SAF.
42. TVCA is also aligning this work to the Government's Integrated Settlement Outcomes Frameworks for 2026/27 to 2028/29 that outline the strategic priorities, outcomes, indicators, and targets for the established Mayoral Strategic Authorities. This is to ensure TVCA can demonstrate readiness for established status and provides TVCA with a structured framework for monitoring and evaluation.

Partnership & Engagement

43. Working with Local Authority officers through the Local Growth Plan Working Group and Tees Valley Management Group, a high-level, indicative engagement plan for the Local Growth Plan has been delivered.

44. Individual meetings with Leaders and Chief Executives on the Local Growth Plan and Investment Pipeline took place in July and August with follow up meetings completed between November 2025 and March 2026.
45. Between June and December 2025, a comprehensive engagement programme was delivered with the support and input of Local Authorities, partners and stakeholders from across the region.
46. The partner and stakeholder engagement was led by an external organisation and included hosting and facilitating the engagement events across Tees Valley.
47. Throughout the engagement process, work continued with our Local Authorities, Tees Valley Business Board and wider partners and stakeholders to test and strengthen our robust evidence base and to test the economic growth ambitions and narrative.

Appendices

48. Appendix 1 – Tees Valley Local Growth Plan

Cabinet is requested to consider the following identified implications:

Financial Implications

49. The development of the Tees Valley Local Growth Plan has been delivered within existing budget provision.

At this stage, approval of the Plan does not commit the Combined Authority to any additional financial expenditure beyond existing approved programmes. The Investment Pipeline identifies a range of potential projects, programmes, and opportunities; however, inclusion within the pipeline does not constitute a funding commitment.

Future financial implications will arise as individual projects and programmes progress to business case stage. Any proposals requiring funding will be subject to the Combined Authority's established governance processes, including appraisal in line with the Single Assurance Framework and approval through Cabinet or delegated authority as appropriate.

The Local Growth Plan is intended to support the attraction of external funding and private investment into the region, including potential support from central government and public financial institutions. As such, it is expected to enhance the Combined Authority's ability to leverage additional investment rather than place additional pressure on existing resources.

Ongoing costs associated with monitoring, evaluation, and communications will be met from existing operational budgets.

Legal Implications

50. Schedule 22 of the English Devolution and Communities Act 2026 amends the Local Democracy, Economic Development and Construction Act 2009 and inserts the requirement for a mayoral authority to produce and publish a local growth plan for its area. The recommendation to approve the appended local growth plan ensures compliance with these legislative provisions. The authority must also have regard to any guidance issued by the Secretary of State in relation to local growth plans. As set out in body of the report, this guidance has been applied during the development of the TVCA local growth plan.
51. The English Devolution and Communities Act 2026 also places a duty on public authorities to have regard to shared local growth priorities as follows:
(1) A relevant public authority must have regard to a shared local growth priority of a mayoral combined authority when:
(a) exercising, at the request of the mayoral combined authority, a function which could reasonably be expected to have an effect on that priority;
(b) preparing a bid for public funding for an activity the objectives of which align with that priority;
(c) preparing a statutory plan or strategy which relates to that priority.
- This will need to be considered when working with public authority partners to implement the plan.

Equality & Diversity Implications

52. The Local Growth Plan will be the overarching framework for inclusive regional economic growth. The Local Growth Plan will need to include priorities and interventions to get more people into work, many of whom have disabilities and/or long-term health conditions, and tackle inequality.
53. At this stage in the preparation of the plan and pipeline there are no direct equality and diversity implications.
54. Equality Impact Assessments will be produced as the plan is further developed.

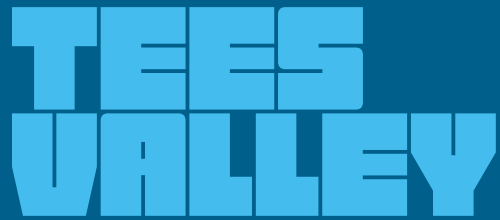
Other Significant Implications

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

Risk	X	Assurance Framework		Procurement	
Improvement		Environment		HR & IT	

Risk Assessment

55. Approval and publication of the Tees Valley Local Growth Plan and Investment Pipeline present a manageable strategic risk and support compliance with the English Devolution and Community Empowerment Act 2026.
56. The principal risks are:
 - failure to maintain alignment with statutory guidance and evolving government expectations
 - inability to convert the plan and pipeline into deliverable, prioritised programmes and investable propositions at pace
 - stakeholder or partner misalignment affecting confidence, delivery and cross-authority collaboration
 - the pipeline becoming out of date if market conditions, funding availability or scheme readiness change
 - reputational risk if the plan raises expectations which cannot be met within available powers, resources or timescales.
57. These risks are mitigated through use of the Government's Local Growth Plan guidance, extensive engagement with local authorities, businesses and wider stakeholders, governance through Cabinet and officer working groups, and the intention for the Investment Pipeline to remain a live document capable of regular refresh.
58. Delivery risks will be further controlled through development of detailed delivery plans, scheme level business cases, clear prioritisation criteria, monitoring and evaluation arrangements aligned to the Single Assurance Framework, and ongoing review of financial, legal, equalities and communications considerations as implementation progresses.
59. On this basis, the overall risk associated with approving the report is considered medium and acceptable, subject to continued governance oversight and the preparation of more detailed programme and project risk assessments during delivery.

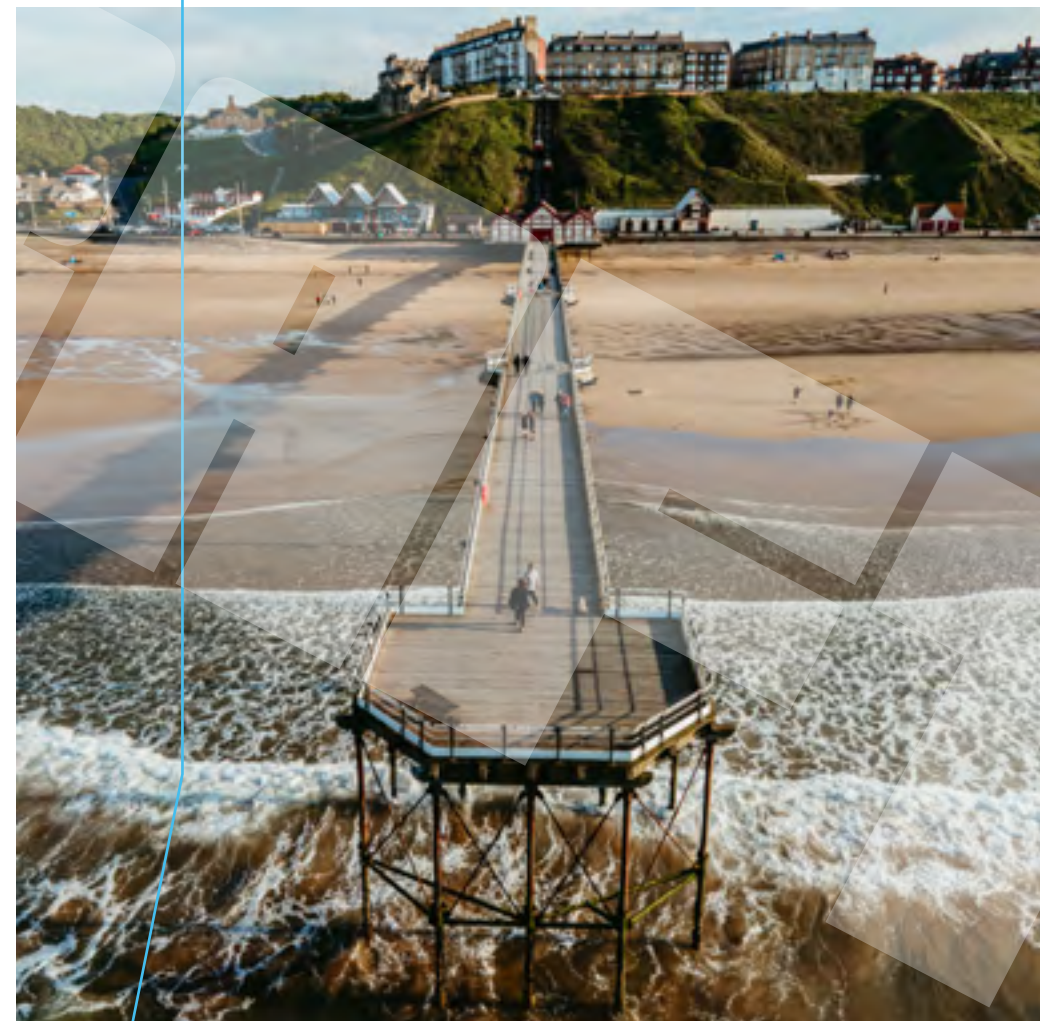


Our Plan for Regional Prosperity

Tees Valley Local Growth Plan

CONTENTS

2	Foreword
4	Executive Summary
6	Tees Valley Plan
8	Introduction
18	Regional Offering
34	Our Vision
38	National Positioning
82	Driving Opportunity
110	Strengthening Foundations
130	Delivering Prosperity
148	Embedding Resilience
152	Changing Tees Valley
156	Get Involved





TVCA CABINET FOREWORD

Tees Valley's potential is set to be unleashed like never before.

Our region's long history of innovation, from its Herculean iron and steelmaking industry to rich rail heritage, built the world and got it moving. Ever since, we've not slowed down, turning every setback into an even stronger comeback.

For the past 30 years, starting with the Tees Valley Joint Strategy Unit and Tees Valley Development Company, our towns have been working hand in glove to drive our economy forward. Since 2016, our devolution deal with Government has helped accelerate the development of our infrastructure, skills, arts and culture, inward investment sites and much more – all underpinned by a Strategic Economic Plan and Ten-Year Investment Plan.

And now it's time for the next chapter.

This Local Growth Plan sets out our strategic vision for the future – one in which a high quality of life is not the end goal; it's fundamental to our economy.

Where we're confident, outward-facing and rightly proud about all we have to offer.

Whether it's our cutting-edge chemicals and process, clean energy, life sciences and biomanufacturing, advanced manufacturing or digital and creative industries – and everything in-between – we harness our inventive spirit to get things done.

We're strengthening our foundations to drive opportunity to deliver prosperity, increasing outcomes for people and businesses, building resilience and growth for our fantastic local businesses and – ultimately – putting more money in people's pockets.

We know we live in an incredible place, with our vibrant and unique boroughs – connected and defined by the mighty river Tees – each offering something unique. For visitors, for businesses, for investors and for our local people. This document makes clear our vision and shouts about all we have to give.

But this isn't simply a sales pitch, it's a collaborative, considered and comprehensive plan of our key sectors, priorities and cross-cutting actions that can and will make real and lasting changes to our area. It sets out our investment pipeline and key interventions to capitalise on our strengths, all backed by robust economic analysis.

Our ten-year Local Growth Plan is a collective effort in which we will all play a part to truly make Tees Valley a region where anything is possible.



Ben Houchen
Tees Valley Mayor



Councillor Steve Harker
Leader of Darlington
Borough Council



Councillor Graham Harrison
Leader of Hartlepool
Borough Council



Mayor Chris Cooke
Mayor of Middlesbrough



Councillor Alec Brown
Leader of Redcar & Cleveland
Borough Council



Councillor Lisa Evans
Leader of Stockton-on-Tees
Borough Council



Matthew Ord
Chair of the Tees Valley
Business Board

EXECUTIVE SUMMARY

This document sets out Tees Valley's 10-year strategic framework for regional prosperity and economic growth.

It was developed as a response to Government's requirements for Mayoral Strategic Authorities to produce Local Growth Plans in support of the UK's Modern Industrial Strategy - setting out the priorities where devolved powers and funding will be focused.

The vision is for Tees Valley to become celebrated for combining industrial strength, digital creativity and quality of life with confidence, distinctiveness and action where people choose to live, work, visit and invest.

This Plan sets out how this will be achieved, where shared priorities of Skills & Employment, Transport, Housing & Commercial Development feed into high-level local growth priorities to target innovation, productivity, connectivity and ensure talent is retained, developed and attracted. We will use our assets, levers, powers and funding to change the landscape, underpinned by partnership working and built-in resilience through co-working locally, regionally and nationally.

The document highlights our exceptional offering as the place which built the world and which will change the future, highlighting our unique assets, opportunities and physical and economic positioning ready to capitalise on our key sectors.

The ambitious, evidence-based strategy outlines our nationally important sectors such as Chemical & Process, Clean Energy, Life Sciences & Biomanufacturing, Advanced Manufacturing and Digital & Creative and how they currently contribute to the UK's economy – and their future potential.

It examines key drivers for opportunity, including how we can strengthen our physical and digital connectivity, drive good-quality and appropriate housing stock, capitalise on our area as one of huge innovation, and

where businesses and entrepreneurs are supported to be as competitive and profitable as possible.

It details how we will strengthen our foundations through a growing economy, developing thriving places and building strong communities that are home to remarkable businesses delivering prosperity for all. Through a list of six targeted packages of intervention, each focused on one of our Local Authority areas and one further cross-cutting project, a joined-up and holistic approach to regional development will change Tees Valley for the better.

At its core, the strategy reflects a clear proposition: that Tees Valley is a region of opportunity – leading the UK in innovation, attracting investment, and creating a better future for its people.



TEES VALLEY PLAN

Vision:

Our Vision for Tees Valley is a place:

Celebrated for combining industrial strength, digital creativity and quality of life with confidence, distinctiveness and action where people choose to live, work, visit and invest.

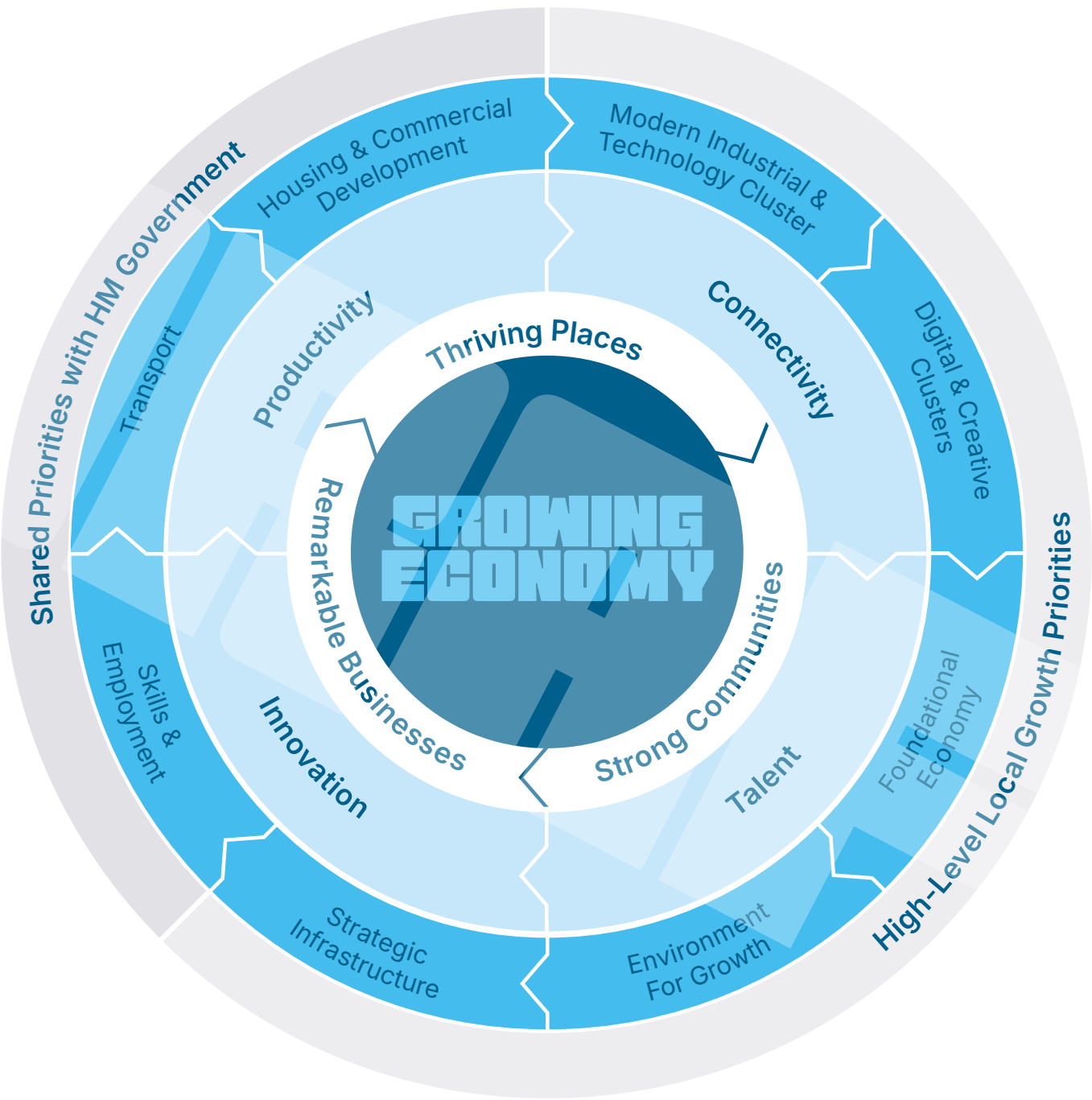
It is a place:

- That gets things done
- Of invention and reinvention
- That is connected and partnership matters
- Where quality of life is an economic asset
- Of confidence, pride and ambition

Economic Indicators:

Source: ONS

-  **713,000** Total Population
-  **£18.9billion** GDP
-  **£5.5billion** Foreign Direct Investment
-  **17,450** Business Base
-  **435,500** Working Age Population
-  **£35.40** GVA per hour worked
-  **£2.96billion** Goods Exports
-  **£16.7billion** Gross Value Added



Commitments:

Our Tees Valley – a place where...

- Everyone shares in opportunity
- People are proud to live, work and belong
- People succeed and thrive
- Our sectors power a sustainable future
- Businesses start, grow, invest and lead

Investment Pipeline Priority Package:

- **Tees Valley's Gateway:** Transforms Darlington into a highly connected regional entry point.
- **Regional Care and Health Innovation:** Develops a major health and care cluster centred on Stockton-on-Tees.
- **Digital Core:** Positions Middlesbrough as a leading digital and tech hub.
- **Creative Destination:** Builds a vibrant creative and cultural economy centred in Hartlepool.
- **Industrial Strength, Industrial Growth:** Expands globally significant industrial and clean energy clusters from their core locations in Redcar and Cleveland.
- **Our River and Coastline:** Enhances the River Tees and coastline as a unifying regional asset.

Assets

Levers

Powers

Funding

Partnerships

Resilience

INTRODUCTION

Tees Valley forms a compact, well connected, functional economic geography with significant economic assets. Covering more than 300 square miles and being centrally located on the UK's east coast between Edinburgh and London, Tees Valley is perfectly placed for investment thanks to significant land available, notable assets and a Freeport and Investment Zone.

Our region is home to 713,000 people and made up of the five boroughs of Darlington, Stockton-on-Tees, Middlesbrough, Hartlepool and Redcar & Cleveland which are different in character, but united by shared purpose and collectively contribute £18.9billion to the national economy.

Through its rich industrial heritage, Tees Valley is the region which built the world – and with a pioneering rail and maritime history, helped to make it more connected. Significant investment has already been made across our boroughs to ensure the region has the infrastructure to support further major investments and continue being an industrial powerhouse.

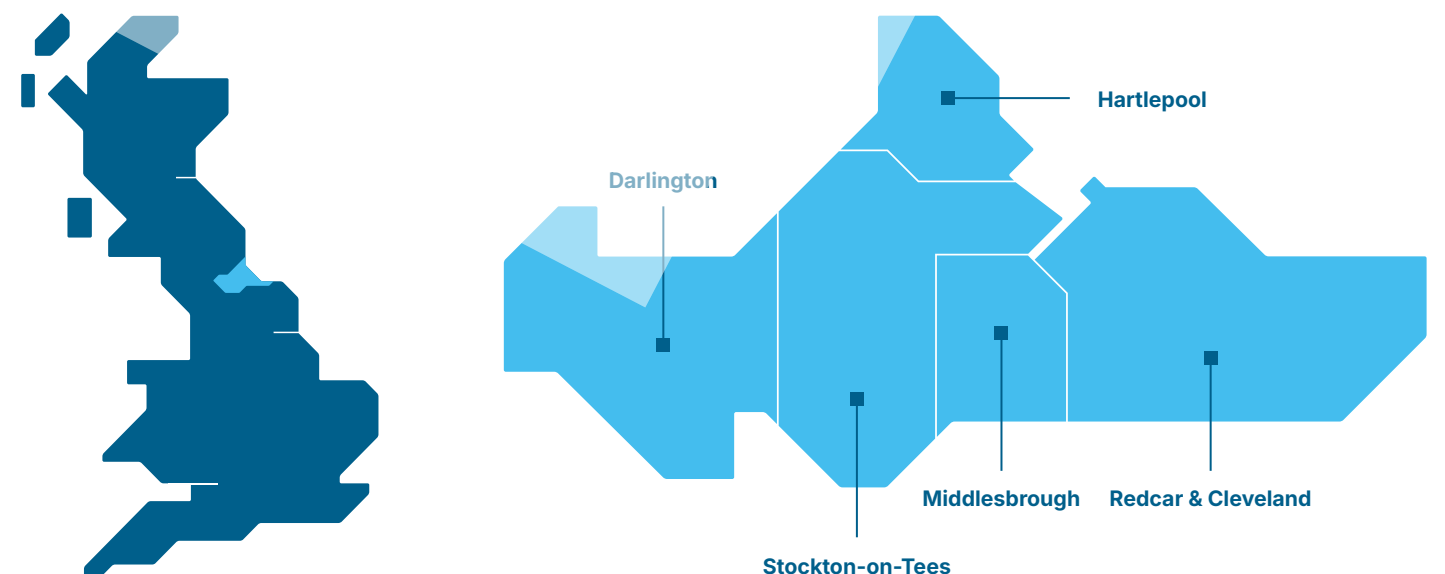
With strong rail, sea, air and road connections, and one of the least congested road networks in the UK, the region offers an accessible base for business and travel, while providing open leisure space just minutes from our town centres.

The River Tees and North Sea coastline help define the landscape and identity of the area, with beaches, riverside walks, cycling routes, water sports and access to the North York Moors all close at hand.

As the globe stands at the cusp of the new clean and digital industrial revolutions, Tees Valley is ideally positioned to lead the charge – and make sure our businesses, communities and local people benefit from our success.

We have the vision to make Tees Valley the UK's most confident, distinctive and delivery-focused region – known for combining industrial scale, digital creativity and quality of life in a way few places can match.

Tees Valley will be a place that people choose to live well, build businesses, invest with confidence and be part of something that is moving forward.



CURRENT ECONOMIC OVERVIEW



713,000
total population



17,450
total business base



£18.9billion
gross domestic product



48.9% | 51.1%
male female split



63.0
business density rate



£16.7billion
gross value added



Age split
Age 0 – 15 19.2%
Age 16 – 64 61.1%
Age 65+ 19.7%



71.9%
employment rate



£5.5billion
foreign direct investment



435,500
working age population



0.71
job density



£2.96billion
value of total goods exported



Gross Disposable
Household Income
Tees Valley £17,994
England £23,338



£35.40 productivity
(GVA per hour worked)



£55,284 productivity
(GVA per job filled)



Around 89%
(255,000 people)
of working residents live
and work in Tees Valley



25,000 residents of
surrounding areas choose to
work within Tees Valley



32,000 residents commute
to surrounding areas for
employment

Source: ONS

Local Growth Plans

The Government have been clear that economic growth is a key priority and England’s Mayors are crucial to this.

In June 2025, the Government published the **UK’s Modern Industrial Strategy**, setting out their plan for the next decade to increase business investment and grow the industries of the future in the UK. To achieve this, the Government is focused on the critical need to increase business investment, capturing a greater share of internationally mobile capital, spurring domestic businesses to scale up, and supporting small and medium-sized businesses reliant on resilient supply-chains. Eight growth-driving sectors were identified due to them having the highest potential from a national perspective. These sectors are supported by foundational industries and their supply chains which provide vital materials and parts or manage essential infrastructure.

To achieve economic growth and recognising the role of regions, Mayoral Strategic Authorities across England are required to produce Local Growth Plans. These plans must provide a 10-year strategic framework for regional economic growth, be focused on the holistic needs and opportunities, and set out the priorities where devolved powers and funding will be focused. They must include an economic overview, shared priorities and an investment pipeline.

Our Plan for Regional Prosperity is our Local Growth Plan and responds to this requirement while going one step further, capturing the importance of ensuring that economic growth is not the sole focus, and that improving the lives of our residents remains the ultimate objective.

This plan has been informed and driven by evidence and builds on our solid track record of delivery to date, positively articulating the opportunities to power a diverse and balanced economy that creates opportunities for everyone. It also makes clear that Tees Valley is opportunity rich and primed for further investment.

It has been developed collaboratively with our constituent local authorities, the Tees Valley Business Board and wider engagement with partners and stakeholders including the public sector, business and industry, education providers, and the voluntary, community and social enterprise sector. This was a conscious decision as it is our collective responsibility to foster economic growth with the ultimate aim to raise the living standards and opportunities of all Tees Valley residents.

Our Plan for Regional Prosperity will therefore be used to inform evidence-based decisions focused on creating a systems thinking approach around our functional economic geography.

THE UK'S MODERN INDUSTRIAL STRATEGY

8 Growth Driving Sectors


Advanced Manufacturing


Defence


Finance


Digital and Technology


Clean Growth


Life Sciences


Creative


Business Services

Foundational Industrial Inputs


Chemicals


Critical Minerals


Composites


Construction


Electricity Networks


Materials


Ports


Steel



A Growing Economy

Investment is the key determinant of stimulating and unlocking further economic growth. For Tees Valley to raise living standards, we need more investment and more businesses to bring in more jobs and increased employment, which in turn will generate more money for people and households and more money for the country.

A greater income means more money in people’s pockets, an improved standard of living and quality of life, ultimately tackling the perennial challenges of poverty and deprivation which are experienced all too often in Tees Valley. Therefore, creating **thriving places, strong communities and remarkable businesses**.

The critical issue is sequencing. Economic growth flows from investment and more businesses. This is reliant on four pillars of **connectivity, talent, innovation and productivity**, creating a prosperous society, communities and region.

Included in this plan are a set of high-level local growth priorities and shared priorities that were agreed early on in the development process. These have informed the plan and will be used to guide our work over the next decade. These priorities recognise the current strengths of our regional economy based on our traditional industries and emerging sectors in addition to where we need to focus our collective efforts.

Shared Priorities with HM Government

 SKILLS AND EMPLOYMENT

Increase the skills base and reduce economic inactivity to help residents rejoin or increase participation in the workforce and support them into better employment opportunities. This will deliver a more joined-up approach which addresses local workforce challenges, providing the talent pipeline for key growth sectors.

 TRANSPORT

Improve transport accessibility and travel experiences to better connect workers across the region to employment and industrial sites. This will support residents to access more economic opportunities, with businesses better able to attract talent across a wider geography and facilitate growth and inward investment.

 HOUSING AND COMMERCIAL DEVELOPMENT

Increase the availability and viability of high-quality commercial land and space, such as office, industrial, research and development space, and appropriate housing, to increase business density and to attract and retain talent. This will provide the foundations for greater business investment and expand available talent for businesses, boosting growth and productivity in key sectors.

High Level Local Growth Priorities



Grow our globally competitive modern industrial and technology cluster – which includes the Chemical and Process, Clean Energy, Life Sciences and Biomanufacturing sectors – **and enabling Advanced Manufacturing sector** by securing further investment, deepening our innovation expertise and attracting and retaining talent.



Accelerate our rapidly growing digital cluster and creative cluster by securing further investment, growing our business base and attracting and retaining talent.



Diversify and drive the growth of our foundational economy by increasing business density and developing the skills of our people to get more people into work.



Create the environment for growth and accelerate regeneration of our communities, making Tees Valley an attractive place to live, study, work, invest and visit.



Accelerate the development of strategic transport, energy, digital and housing infrastructure to maximise the potential of our growth opportunities and create the environment for growth.

Reflecting on these priorities we are committed to making Tees Valley a place where...

Everyone shares in opportunity:

Growth creates real opportunity for people, where good jobs and incomes and a strong local economy improve everyday lives in every community.

People are proud to live, work and belong:

Vibrant places, quality homes and a healthy environment support fulfilling lives, and people feel connected, safe and proud of where they live.

People succeed and thrive:

People of all ages build skills, access opportunity and achieve their potential – staying local to go far.

Our sectors power a sustainable future:

Our industrial strengths drive innovation and productivity build resilience and secure long-term prosperity.

Businesses start, grow, invest and lead:

Businesses of all sizes thrive – innovation is supported, investment is secured, and enterprise creates lasting opportunity for local people.

OUR COMMITMENTS

The plan also includes an investment pipeline and six priority packages that have specific significance to unlock further economic growth through mobilising both public and private investment.

Tees Valley's Gateway

Transforms Darlington into a highly connected regional entry point, leveraging rail investment, town centre regeneration, and new commercial, residential, and STEM assets to attract business services, boost innovation, and drive inward investment.

Regional Care & Health Innovation

Develops a major health and care cluster centred on Stockton and Tees Central, integrating new clinical facilities, housing, education, and digital health innovation to address inequalities, support life sciences, and strengthen regional connectivity.

Digital Core

Positions Middlesbrough as a leading digital and tech hub through infrastructure upgrades, investment zones, improved transport connectivity, and town centre revitalisation to attract talent, support business growth, and enable a smart region.

Creative Destination

Builds a vibrant creative and cultural economy centred in Hartlepool, through regeneration, production facilities, heritage assets, and innovation hubs, enhancing tourism, supporting creative industries, and strengthening regional identity.

Industrial Strength

Expands globally significant industrial and clean energy clusters from their core locations in Redcar and Cleveland by leveraging deep-water ports, chemical processing expertise, and major brownfield sites to attract investment in offshore wind, SAF and advanced manufacturing.

Our River & Coastline

Enhances the River Tees and coastline as a unifying regional asset through placemaking, transport links, tourism development, environmental resilience, and investment promotion to support economic growth and quality of life.

Underpinning our system for change are a range of assets, levers, funding and powers which will be used to enhance outcomes for households and businesses. Working in collaboration with partners is crucial to this - all with a fixed focus on achieving our collective vision for Tees Valley, building upon the journey we have been on.

A journey which has initially involved reducing our past overreliance on a single industry – albeit one which our region is rightly proud of, and which put us on the map – given the need to embed greater resilience into our regional economy. We are ensuring history does not repeat itself by diversifying our economy and repositioning our region.



Tees Valley is a great place to live, study, work, invest and visit. We built the world and we will change the future from here.



REGIONAL OFFERING

THE PLACE WHICH BUILT THE WORLD...

Through its rich industrial heritage, Tees Valley is the region which built the world – and with a pioneering rail and maritime history, helped to make it more connected.

In 1825, the development of the Stockton & Darlington Railway – which gave birth to the modern railway – drove forward our towns and changed how the world traded, travelled and communicated.

The discovery of iron ore in the Cleveland Hills just 25 years later shaped our businesses and communities, leading them to become one of the country's dominant iron and steel producers.

Our unparalleled skills contributed to the First World War effort – largely producing the metal for ships and munitions – and supported efforts to rebuild, with Dorman Long's 1917 blast furnace creating steel for the Sydney Harbour and Golden Gate bridges.

Over time, this knowledge and skills have mixed with a generational spirit of determination and innovation, resulting in Tees Valley building one of the largest industrial clusters in Europe, with numerous longstanding,

established businesses being concentrated in key economic sites and supported by critical infrastructure.

One common thread running through the region's history and geography is the mighty River Tees, connecting our boroughs and providing port infrastructure vital to our past, present and future success.

Because our story isn't over yet...



India Railway Network
The entire original India Railway Network was built in Tees Valley.



Red Dead Redemption Game
Double Eleven, based in Middlesbrough, played a key role in bringing the game to modern platforms, developing the PlayStation 5, Xbox Series X/S and Nintendo Switch versions.



Petronas Towers
The Teesside Beam Mill in Redcar was used to manufacture the steel and beam sections of the Petronas Towers.



Sydney Harbour Bridge
The world's largest steel arch bridge was constructed in Middlesbrough by Dorman Long.

THE PLACE WHICH WILL CHANGE THE FUTURE...

As the globe stands at the cusp of the new clean and digital industrial revolutions, Tees Valley is ideally positioned to lead the charge – and make sure our businesses, communities and local people benefit from our success.

By doing the same thing for clean energy and hydrogen that we historically did for steel and chemicals, local people in Tees Valley are changing the future. The region's long history in engineering and process industries means the foundations are already in place, and our compact industrial cluster gives it a real advantage when it comes to rolling out new low carbon energy projects at speed and scale. What really sets the region apart is how all the pieces are coming together.

Tees Valley's strengths in low carbon power, hydrogen and Carbon Capture and Storage are brought together in our – first of a kind – Net Zero Industrial Cluster. The **Tees Valley Cluster Plan** describes how we intend to unite our region's attributes into a coherent roadmap to deliver a low-carbon cluster by 2030 and to achieve the world's first net zero industrial cluster by 2040.

Combined with Tees Valley's Freeport benefits, deep water port access, and a workforce with generations of technical expertise who are determined, ambitious and innovative, the region offers a uniquely strong platform for any organisation (whether they be clean energy focused or not) looking to develop, test or grow clean energy projects.

Tees Valley is small but mighty, a region that gets things done quickly, with coordinated activity to make anything possible.

Our region's innovative approach to capitalise on opportunity and tackle challenges goes beyond our traditional strengths in chemicals, manufacturing and clean energy. Tees Valley is determined to be the UK's first truly Smart Region to create opportunities for all local people and businesses, ensuring every community is digitally connected and able to access education, employment and services with confidence wherever they live.

We have successfully deployed an Urban Traffic Management and Control system and the UK's first Traffic Digital Twin Project to maximise our road network and reduce delays – initial priority hotspots delivering an average 13.7% improvement in corridor journey times.

Our region is also mobilising the UK's first Digital Trade Testbed with the support of Teesside University to transform how we – and the UK – carry out global trade. These examples are just some of the proof we have that Tees Valley continues to be a region which innovates with purpose – which is as true today as it has ever been – making Tees Valley a prime location for the Industrial Revolution 4.0 and beyond.





TEESSIDE FREEPORT & INVESTMENT ZONE

Located in a region with a rich history of industry and innovation, Teesside Freeport – the UK’s first operational Freeport – builds on established strengths in chemicals and materials processing, biomanufacturing, offshore wind, and renewable energy.

As the UK’s largest Freeport by investment, it sits across Britain’s best connected trade region. The Freeport’s heart is Teesworks, a 4,500-acre area south of the river Tees primed for investment as the UK’s largest industrial zone – however the Freeport has locations in every corner of the region.

It encompasses one of the UK’s largest ports, alongside four additional ports, including the UK Ports Innovation Award 2026 winning Steel River Quay – a 450 metre quay purpose-built to support Freeport operations and the offshore sector. It also includes Teesside International Airport, offering global connections through flights to the major hub Schiphol, as well as FedEx’s airfreight handling facility.

Game-changing projects are already underway, including the UK’s first large-scale Carbon Capture and Storage project, Net Zero Teesside Power, and SeAH Wind’s £1billion investment in a monopile manufacturing facility located within a Teesside Freeport tax zone.

The Freeport aims to create thousands of jobs, while helping the area realise its ambition to become the UK’s first net zero cluster.

The region’s Freeport status means that investors can benefit from tax and customs incentives, which are particularly attractive to large exporting businesses. These include rates relief, stamp duty land tax exemptions and duty flexibility including exemptions and suspensions. It is also the location of the 5G Digital Trade Test Bed, driving international digital trade innovation.

Tees Valley is also home to an Investment Zone that is unique in its specialisation in the digital and creative industries. Tees Valley is one of only three areas in the country to be home to both an Investment Zone and a Freeport – recently combined by central government into an Industrial Strategy Zone to reflect their similar focus.



TEESSIDE DIGITAL TRADE TESTBED

International digital trade is now a significant driver of productivity and business growth in the UK. In 2019 the digital sector contributed £150.6billion to the UK economy and the UK’s remotely delivered trade with the world was £326billion – around one quarter of Britain’s total trade in that year. Globally, some estimates suggest that digital transformation investments could total \$6.8trillion between 2020 and 2023.

The International Centre for Digital Trade and Innovation (iC4DTi), based at Teesside University, is a global initiative that will see the creation of a modern, digital trading system that is cheaper, faster, simpler and more secure for businesses. Trade transactions can happen in real time, reducing trade frictions.

The new Teesside Digital Trade Testbed has a private 5G network covering a significant area of Teesside International Airport’s northern estate to help test and trial digital trade innovation in a controlled environment. It is equipped with Internet of Things sensor networks, secure data integration platforms, and edge compute capability to link

physical cargo movements with live digital trade data. Its findings will inform the UK Border Strategy, delivering large-scale cost and time savings while shaping digital trade policy and digital inclusion in global supply chains.

It is also leading work testing and verifying autonomous vehicles as part of the CAM Testbed UK. It is using cutting-edge digital twin technology to trial autonomous vehicles to serve passengers and luggage.

“The Teesside Digital Trade Testbed is a world-leading asset and set to be a critical part of the UK’s innovation ecosystem. I’m not aware of anywhere else like it in the world, so it’s fantastic to see it up and running and showcase it to industry. This will play a key part in bringing trade and commerce into the 21st century and firmly establish Teesside at the centre of that transformation.”

Chris Southworth, Secretary General of ICC UK and Co-Founder of iC4DTI

THE REGION WHICH HAS IT ALL...

Tees Valley forms a compact, well connected, functional economic geography with significant economic assets. Covering more than 300 square miles and being centrally located on the UK's east coast between Edinburgh and London, Tees Valley is perfectly placed for investment. Our region is home to 713,000 people and made up of the five boroughs of Darlington, Stockton-on-Tees, Middlesbrough, Hartlepool and Redcar & Cleveland that collectively contribute £18.9billion to the national economy.

Significant investment has already been made across our boroughs to ensure the region has the infrastructure to support major investments and continue being an industrial powerhouse.

Development projects have been completed, and are continuing, at an extensive range of sites and premises, including the £55million Tees Advanced Manufacturing Park (TeesAMP). The region's supportive infrastructure also includes multiple deep-water sites, one of the UK's busiest ports, access to utilities, including uninterrupted water and competitively priced low-carbon power.

The regional commercial property market provides the industrial and office development space needed to support growing businesses and new investments. This is coupled with established local supply chains and clusters of successful companies across processing, manufacturing, energy, and digital sectors, giving Tees Valley businesses a competitive edge.

It is no surprise, therefore, that a recent national study ranked Darlington, Middlesbrough and Stockton-on-Tees in the top 15 areas for business survival rates. This is proof that our region is not just starting businesses – we are growing them, backing them and making sure they last.

Our region is one of opportunity, which goes hand in hand with exceptional quality of life. The average house price across Tees Valley was £155,000 in Q1 2024, compared to £280,000 nationally.

With strong rail, sea, air and road connections the region offers an accessible base for business and travel, while providing open leisure space just minutes from our town centres.

The River Tees and North Sea coastline help define the landscape and identity of the area, with beaches, riverside walks, cycling routes, water sports and access to the North York Moors all close at hand. This creates a distinctive and dynamic landscape shaped by our industrial heritage, agricultural use,

and diverse natural assets which combine to create a varied ecological network. Tees Valley is also home to Middlesbrough Football Club, with their home ground at the Riverside Stadium. Our towns each have their own character, with independent shops, cafés, restaurants, markets, cultural venues, festivals and events creating lively places to spend time as a resident, student, worker or visitor.

This regional offering contributes to a growing hospitality, leisure and visitor economy, which also includes accommodation and heritage attractions. In 2025 alone, this attracted 21.3million people to the region, contributing £1.523billion to the regional economy.

Tees Valley also has a noticeable education offering. Nine out of ten Tees Valley primary schools have been either good or outstanding. We also have high performing secondary and independent schools and colleges with plenty of renowned further education options such as, technical training providers NETA and TTE. There are plenty of apprenticeships and support schemes which create pathways for our

young people. The region is also home to Teesside University and within easy reach of another six universities, four of which are Russell Group.

Not many areas allow you to live less than 30 minutes from outstanding coastline and countryside, picturesque villages and charming market towns and the office. With a high quality of life and low cost of living, the perfect work-life balance is easier to find when you live in Tees Valley.

Our strong sense of community, growing cultural and leisure offer, and easy access to the wider North East and Yorkshire means Tees Valley offers a balanced and attractive place to build a career, raise a family and enjoy life outside of work.

Tees Valley is the ideal place to live, study, work, invest and visit.

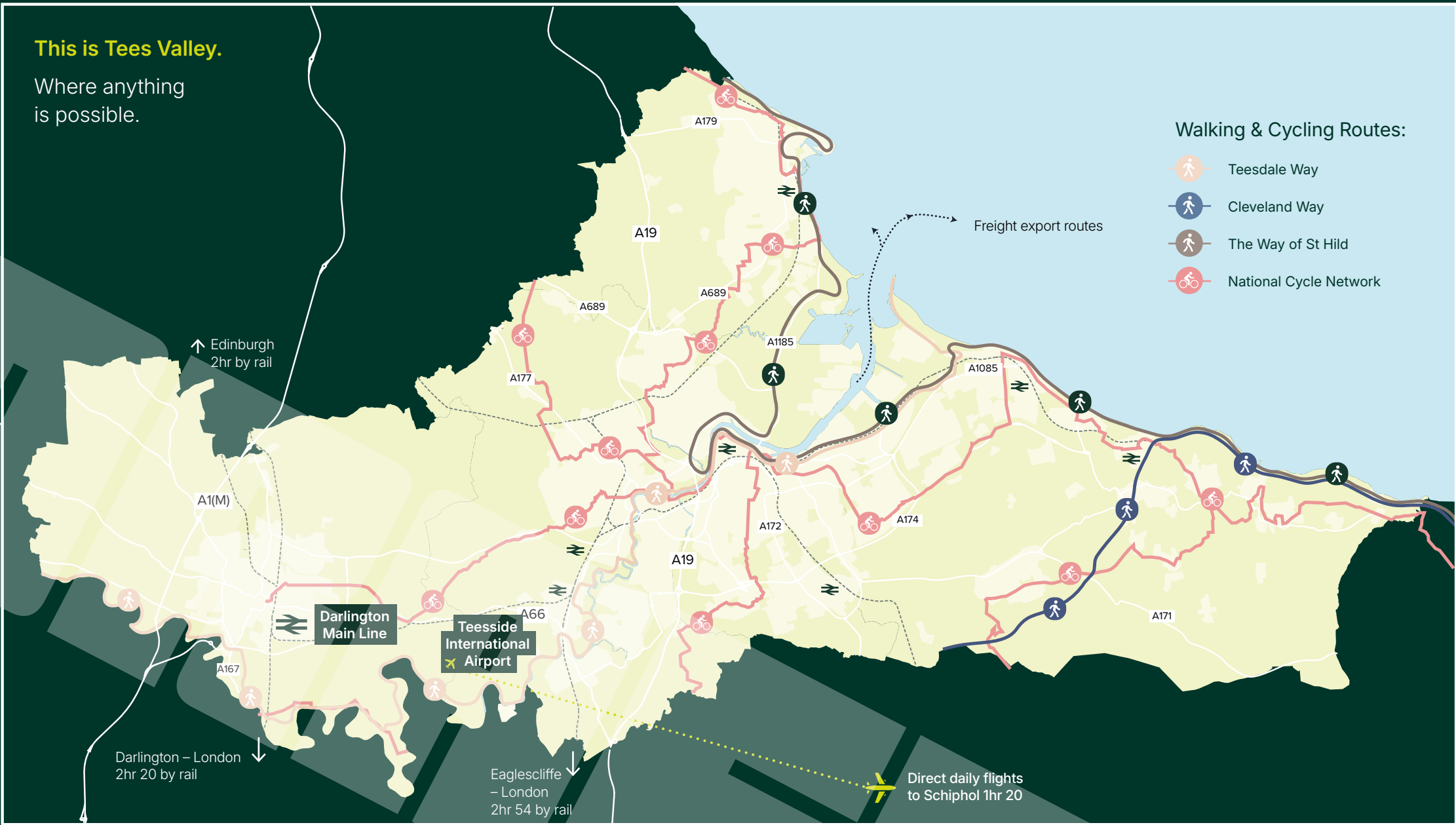


REGIONAL OFFERING



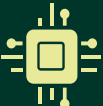
This is Tees Valley.

Where anything is possible.



Walking & Cycling Routes:

- Teesdale Way
- Cleveland Way
- The Way of St Hild
- National Cycle Network

 Home to leading research institutions and a reputation for innovation and industry	 Our businesses have the highest percentage of turnover in the UK from new product introduction	 Largest combined industrial and municipal effluent plant in the UK at Bran Sands	 Served by several airports, with Teesside International Airport offering daily flights to Schiphol	 Excellent transport links with national and international connectivity via road, rail, sea and air	 The East Coast Main Line at Darlington enables a direct journey to central London and Edinburgh
 Home to the UK's largest industrial zone	 Home to Government's Darlington Economic Campus	 Home to the deepest port on the east coast of England	 Selected as the first place in the UK as Amazon's drone delivery service	 Home to the UK's largest private-wire electricity distribution network	 Near-universal superfast broadband – higher than the UK average – and rapid 5G rollout
 Situated nearby key universities including; Teesside, Durham, Newcastle and York	 Three out of our five boroughs are in the top 15 for business survival rates	 63% of UK distribution and manufacturing centres within four hours	 Kielder Water is the UK's largest artificial reservoir. Providing uninterrupted access to water supply.	 Four national parks within 1.5 hours drive	 A regional Mayor with devolved powers
 2.5million people located within an hour's drive	 We are at the vanguard of deploying smart digital infrastructure	 Home to the first and most successful Freeport and the UK's only digital and creative Investment Zone	 Nine out of ten primary schools are either good or outstanding by Ofsted	 One of the most affordable places to live in the country. Affordability of median house price to earnings ratio is 4.8 compared to 8.3 nationally	 Birthplace of the modern railway which sparked the industrial revolution

WITH LOTS TO SEE & DO...

In recent years, our region has welcomed massive music events such as Radio 1's Big Weekend, concerts by Take That, The Killers, Arctic Monkeys and James Arthur, and as an official Eurovision 2023 partner. Alongside Middlesbrough FC's fixtures, it has hosted sporting events like Lloyds Tour of Britain, British Cycling National Road Championships, Rugby League World Cup and the Great North CityGames.

New and existing attractions and venues are bringing huge opportunities our way. The Middlesbrough Institute of Modern Art was named host of the 2026 Turner Prize, Darlington's rail heritage attraction Hopetown has become a multi-award winner, with Hartlepool's National Museum of the Royal Navy spotlighting our maritime history. Elsewhere venues across the region secure the biggest names in music, comedy and theatre so there's always something to do.

Funding and support has also helped significant local festivals flourish, including the world-renowned Stockton International Riverside Festival (SIRF), Festival of Thrift, Middlesbrough Mela and more. Further investment is turning the region into an engine room of cultural production, backing local musicians, artists, creators and makers and helping put them on an international stage.

Food and drink is a major visitor draw, with well-known regular markets and festivals like Middlesbrough's Orange Pip and Saltburn Food Festival. You can enjoy regional delicacies such as the Parmo and Lemon Top ice cream alongside towns and villages which are nestled between stunning coastline and beautiful countryside bursting with independent and boutique cafes, bars and restaurants.

Tees Valley's Local Visitor Economy Partnership status has unlocked new support opportunities for the region's tourism offer from the likes of VisitEngland, with greater local, regional and national collaboration. It means our area can go toe-to-toe with other areas including Manchester, Liverpool, County Durham and Northumberland to drive our tourist economy forward.

All this has seen Tees Valley record the highest Visitor Economy figures since 2018, with a total economic impact of £1.523billion in 2025 – up by £141million on the previous year. This is boosting jobs, increasing footfall and driving our local businesses and high streets forward.

Tees Valley's leisure and tourism sector – and its related visitor economy – is thriving like never before and continues to grow. With the region now firmly in the global spotlight, we're ready and able to capitalise on our experience and reputation to grow our local tourism offering while delivering more big-ticket events to benefit local people, visitors and businesses.

Scan here to find out more about Visit Tees Valley



Key Metrics STEAM Data



Visitor Numbers
21.3million



Visitor Expenditure
£1.122billion



Visitor Days
24.64million



Overnight Visitors
2.32million



Economic Impact
£1.523billion

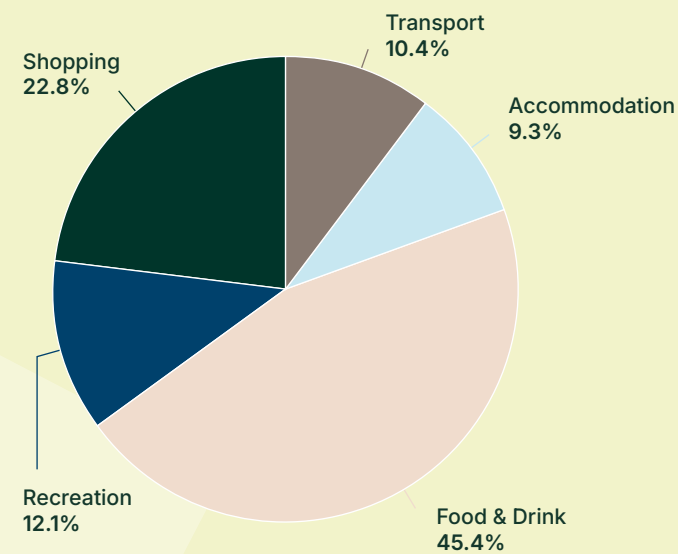


Food & Drink
£510million
Biggest economic contributor



Jobs in Tourism
13,488

Economic Contribution



Five unique boroughs. One remarkable region. This is Tees Valley. Where anything is possible.

Home to a landscape that's
breathtaking and dramatic.

Where the beauty of the countryside,
meets the serenity of the coast.

And where our diverse town
centres are alive with culture.

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

Where our adaptive, resilient and
down to earth nature stands proud.

And where grit, determination and
transformation form part of our DNA.

Today, we're carrying the same flame that
lit the first friction match, from the place
that built the world and kept it on track.

We're setting sail on a new journey, guided
by an enduring spirit of opportunity.

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

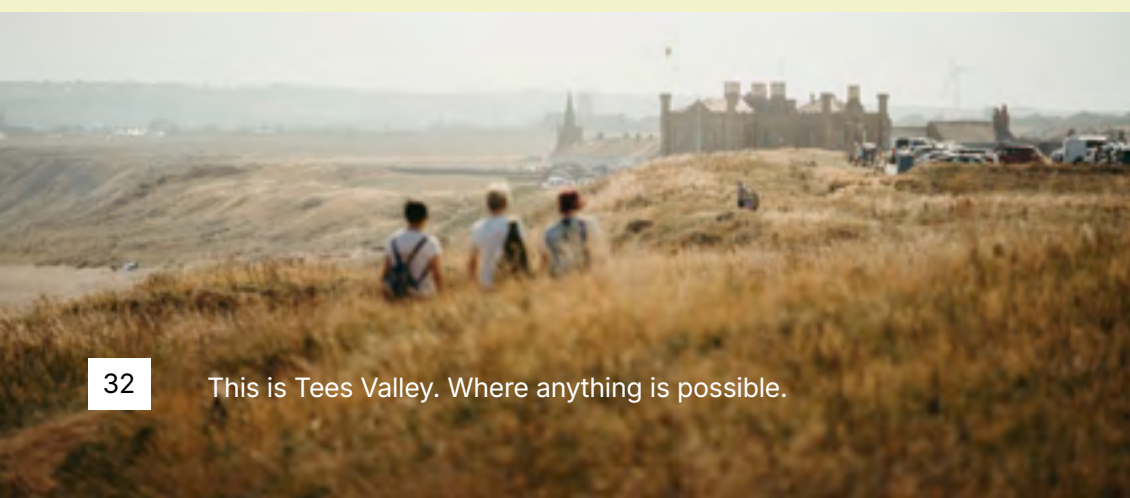
Where the next generation of creators,
makers and doers are defining tomorrow.

And where boundaries are being
pushed like never before.

A land of hard grafters, fine
crafters and good laughs.

A region that's surprising, inventive,
and unstoppable all at once.

**This is Tees Valley.
Where anything is possible.**





OUR VISION

The Tees Valley is the UK’s most confident, distinctive and delivery-focused region – known for combining industrial scale, digital creativity and quality of life in a way few places can match.

It is a place that people choose to live well, build businesses, invest with confidence and to be part of something that is moving forward. Specifically, the Tees Valley is:

The Place That Gets Things Done – Tees Valley is defined by action

- Doing business here is easy.
- We are a region that turns ambition into delivery, at pace and at scale.
- Major investment, nationally significant infrastructure and transformational projects have been enabled by a culture of pragmatism, partnership and speed. In the Tees Valley we do not wait for opportunity, we make it happen.
- This capability is a core competitive advantage and will remain central to future growth.

The Place of Invention and Reinvention – Tees Valley has always been shaped by innovation

- Our future builds on that history - not by repeating the past, but by reinventing it.
- Advanced industry, clean energy, digital and creative sectors sit alongside one another, forming a resilient and diverse economy. Industry is not something to move on from, but something to evolve - providing skilled jobs, strong identity and sustainable futures.

One Economy, Many Strengths – Tees Valley functions as a single, connected economy where partnership matters

- Our towns and communities are different in character, but united by shared purpose. People, businesses and ideas move freely across our region, reinforcing each other’s strengths. Growth is driven by collaboration, not competition.
- We are one region - the whole is greater than the sum of its parts and the proceeds from success are realised and experienced everywhere.

Quality of Life as an Economic Asset – quality of life is not peripheral – it is fundamental.

- In Tees Valley we offer a rare combination of affordability, accessibility, culture, nature and community. People can live close to work, reach coast and countryside in minutes, and be part of places with character and pride.
- This quality of life underpins productivity, supports talent attraction and retention, and makes Tees Valley a compelling alternative to more congested city regions.

A Confident, Outward-Facing Region – Tees Valley is known for its confidence and ambition.

- We are a proud region and tell our story clearly and consistently, led by businesses, communities and residents. Negativity is replaced by pride, and challenge by ambition.
- Our future is not defined by what Tees Valley has lacked - but by what it delivers.





NATIONAL POSITIONING

CHEMICAL & PROCESS

Tees Valley has a long, rich chemical industry history beginning in the 1830s which has resulted in the region becoming a global leader for the sector, with one of the most significant integrated industrial economies in the world.

The story began with the extraction of salt in Middlesbrough and significant investment largely led by Imperial Chemical Industries. This industry grew rapidly thanks to community and political support, and a willingness to invest and build an interconnected chemical cluster, with one manufacturer's product being the feedstock of another's.

The chemical industry was joined by iron and steel works, when iron ore was discovered in the 1850s. Businesses stretched from Middlesbrough to Redcar, leading to Teesside Steelworks following early innovations by the likes of Middlesbrough Ironworks, Bolckow, Vaughan & Co Ltd and Dorman Long.

Today, the region remains the largest and most compact chemical complex in the UK, and the second largest in Europe in terms of manufacturing capacity. The complex benefits from strong supply chain relationships, knowledge sharing between sectors, and research, development and innovation assets.

Our main exports include petrochemicals, polyethylene terephthalate (PET), fertiliser, pigments and speciality chemicals. These underpin national manufacturing supply chains and domestic foundations – the chemical sector is foundational to the national economy and to us here in Tees Valley.

The region's chemical industry is concentrated across a relatively small area with a well-developed infrastructure and a skilled, dedicated workforce supported by experienced educational settings and skills providers. The three main sites of Wilton International, Billingham, and Seal Sands & North Tees run approximately 12 miles east to west either side of the River Tees and contain major international

companies, such as Alpek Polyester, Lianhentech, Conoco Phillips, CF Industries, Marlow Foods Ltd (Quorn) and KP Snacks, with other notable businesses located in the region such as Glanbia Performance Nutrition and Tees Valley Lithium.

These companies are well served by Teesport, the Ports of Hartlepool, Redcar Bulk Terminal and Port of Middlesbrough. The former of which provides businesses with the sixth largest maritime complex, world-class infrastructure and facilities and unparalleled connectivity to key global markets. PD Ports – who operate Teesport and the Port of Hartlepool – have the ambition to create the UK's most successful port region.




alpek[®]
polyester


Lianhentech


ConocoPhillips


Quorn


KP Snacks


Glanbia


TEES VALLEY LITHIUM

WILTON INTERNATIONAL

Wilton International is a 2,000-acre, multi-occupancy manufacturing site located within Teesside Freeport and in the heart of Teesside's industrial area – home to one of the UK's leading process manufacturing clusters.

For investing, energy intensive industrial businesses, Wilton International integrates ready-to-go energy, development land, infrastructure, utilities and security, enabling manufacturers to realise significant savings.

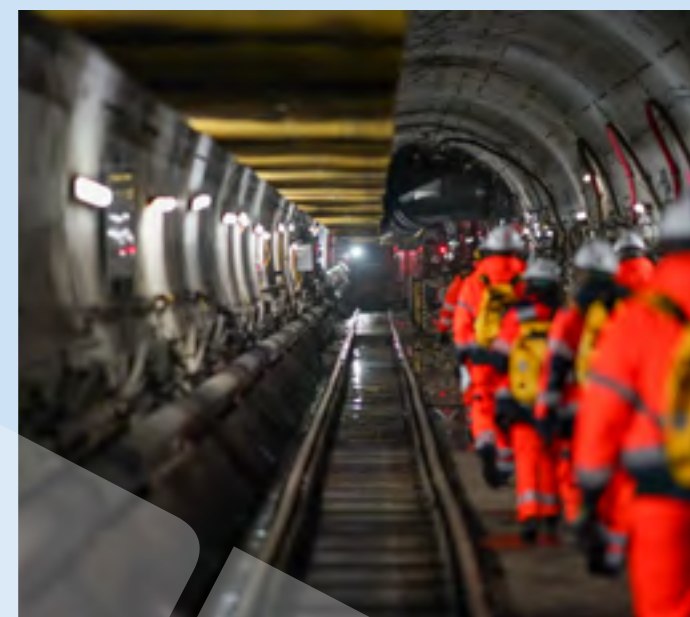
Major businesses established at Wilton International include Ensus, Alpek Polyester UK, Huntsman, Sembcorp Energy UK, Biffa Polymers, Nippon Gases and Anglo American.

Wilton International's on site power generation units and the UK's largest private wire electricity network delivers reliable, resilient and cost savings for businesses with large energy demands.

It offers large-scale, pre-consented, 'plug and play' land for industrial development – enabling investing businesses to deliver projects quickly and cost-effectively.

Adjacent to Wilton International is the Wilton Centre, one of Europe's largest research and development facilities, housing a number of leading global and regional businesses in chemical, manufacturing, material and life sciences. It offers flexible laboratories and scale-up facilities, offices and pilot plant accommodation. It is ideally suited to growing businesses seeking to harness the region's legacy knowledge to create sustainable manufacturing practices for the biotech products of the future.

This all makes the site a prime location for the future of decarbonised power, offering direct access to a skilled workforce alongside potential Freeport tax incentives.



THE WOODSMITH PROJECT

Anglo American is currently developing what will become one of the world's largest fertiliser producing mines, located in Tees Valley and North Yorkshire.

Since construction started in 2017, the project has already added £1.94billion to the regional economy, generated £34million of social investment to support local projects and become a major local employer. 1,000 people are working on the project, with 450 of these being from Tees Valley. They have an active Thriving Communities Programme and Woodsmith Foundation which are doing great work in the North East and Yorkshire.

The site was chosen due to its proximity to abundant polyhalite deposits and port handling facilities in Tees Valley. The mine will have a full production capacity of c.13million tonnes per

annum, with the product – POLY4 – helping to increase crop yields, support soil health and limit emissions.

The product will be processed at a Materials Handling Facility on the Wilton International site, before being shipped to key global markets from a purpose-built port facility on the River Tees.

Anglo American's Woodsmith project will help the UK to become a major global fertiliser producer – driving growth, creating high value jobs and generating large-scale exports – and a leader in sustainable food production, one of the most pressing challenges facing the world today.



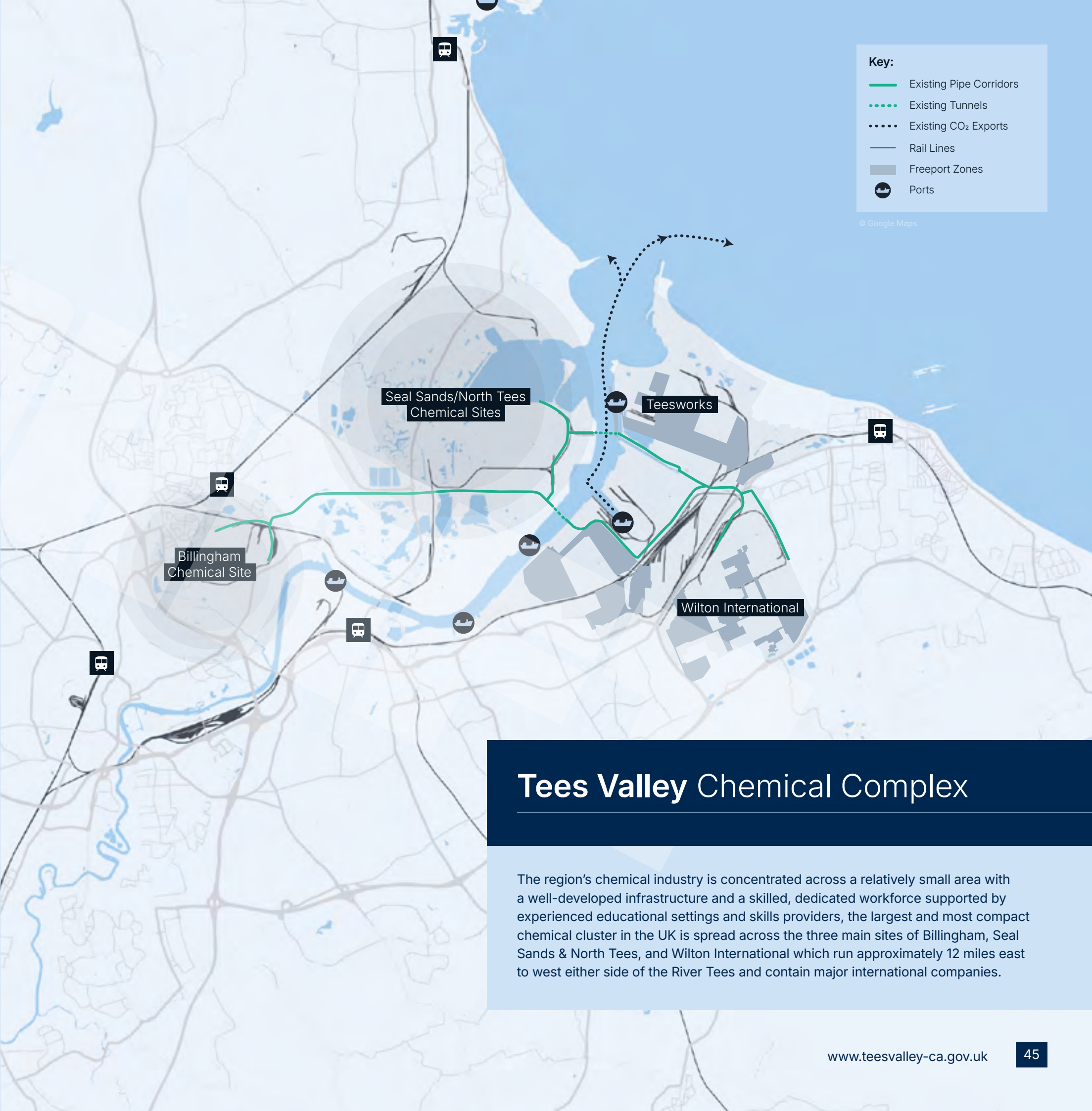
NATIONAL POSITIONING

The significant generational knowledge and skill which has built up in the region has enabled Tees Valley to lead the way as we build a greener economy and develop new-to-world products in chemicals, clean energy, medicines, novel foods, agritech, and sustainable materials and fuels.

Tees Valley Combined Authority is now partnered with York & North Yorkshire Combined Authority, the University of York and Teesside University to form the BioIndustrial Cluster North. Collectively, we have the vision to establish the UK as a global leader in the industrial bioeconomy by harnessing the combined strengths and assets of Tees Valley and York and North Yorkshire. In practice, this partnership represents collaboration between scientific excellence and industrial scale-up to drive the UK's transition to bio-industrial advanced manufacturing in sustainable materials and chemicals – delivering national and global impact for the UK.

Green Lizard Group, for instance, is hard at work developing and manufacturing sustainable power-to-liquids to create green fuels and chemicals within a dedicated, zero carbon ecosystem at their site in North Tees. Sustainable chemicals being produced in Tees Valley include e-methanol, bio-ethanol, e-ammonia and sustainable aviation fuel which are crucial alternatives to fossil fuels currently used in sectors which are hard to abate, such as maritime, chemical manufacturing and aviation. Ensus, who operate one of Europe's largest renewable ethanol production plants at Wilton International, were given £100million by the Government due to its strategic importance in the production of bio-ethanol (E10) for road vehicles and biogenic CO₂ for the food, beverage and healthcare industries Mura Technology's subsidiary ReNew ELP are building the world's first Hydro-PRT advanced plastic recycling site in Tees Valley.

Tees Valley boasts these chemical capabilities alongside nearby clean energy sources – one of just a handful of locations that offer this across the UK. It is for these reasons that Tees Valley was selected by the Government as one of two clusters to lead efforts to demonstrate Carbon Capture and Storage at scale. This, alongside the development of sustainable chemicals, provides a clear pathway to decarbonisation, securing the chemical industry's future and strengthening economic and national security.

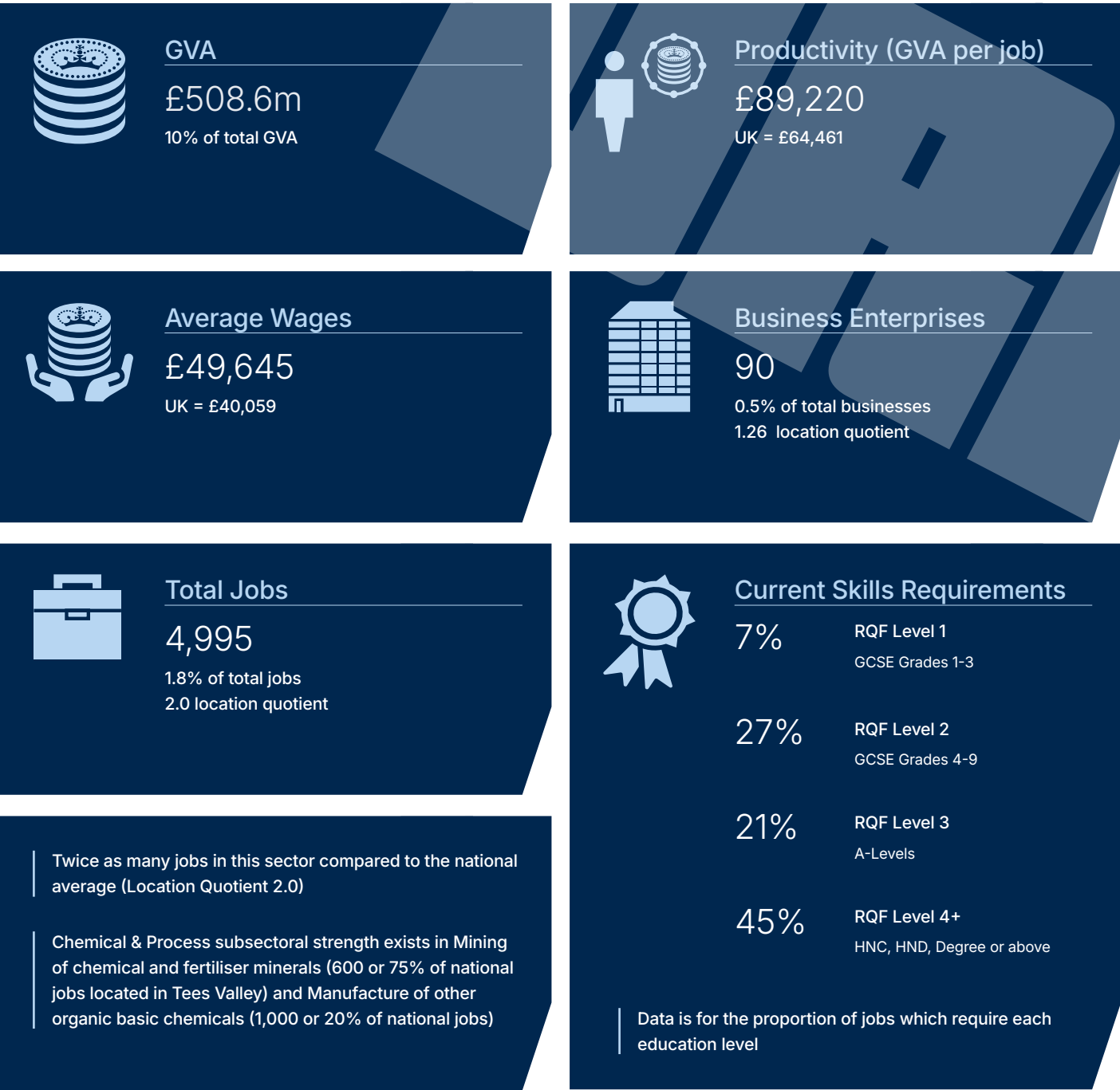


Tees Valley Chemical Complex

The region's chemical industry is concentrated across a relatively small area with a well-developed infrastructure and a skilled, dedicated workforce supported by experienced educational settings and skills providers, the largest and most compact chemical cluster in the UK is spread across the three main sites of Billingham, Seal Sands & North Tees, and Wilton International which run approximately 12 miles east to west either side of the River Tees and contain major international companies.



Key Metrics Chemical & Process



Source: Lightcast 2025.1, ONS



CLEAN ENERGY

Clean energy sources on our doorstep come as a direct result of Tees Valley’s ideal positioning, both geographically and industrially. It means our region can support the transformation of our energy system and economy, with the aim of increasing energy security and sovereignty while reducing energy bills and emissions.

It is more than just our positioning which makes Tees Valley ideal. Our region is home to communities with generational expertise in specialisms such as complex fabrication – a key skill in wind turbine production – and experienced, knowledgeable professional and business services with subject matter knowledge in the likes of asset management and inspection. Put simply, Tees Valley is primed to capitalise on the global clean energy transition – the economic opportunity of the century.

The UK is already taking advantage of this by being a world leader in offshore wind, with the North East of England being home to what will be the world’s largest Offshore Wind Farm. The strong project pipeline and existing supply chain strengths are being built right here in Tees Valley. As part of Energi Coast – the North East’s offshore wind cluster – we have established ourselves as a major centre for offshore wind manufacturing, directly supporting national ambitions to go further.

“Each gigawatt of new offshore wind adds £2-3billion of value to the UK economy and the sector supports over 30,000 jobs.”
RenewableUK

The region is a designated Offshore Manufacturing Centre and has UK Government Centre for Offshore Renewable Engineering status, recognising our existing port infrastructure, skilled workforce and experienced local supply chains Able Seaton Port, for instance, are a major Offshore Wind Project Port operator and are the market leader in the field of demolition and marine decommissioning.

In 2025, SeAH Wind’s giant £1billion offshore wind monopile foundation production facility became operational, with exports shipping from the adjacent £114million Steel River Quay to locations in the North Sea.

The development cements Tees Valley’s role in the UK’s offshore wind supply chain and will create thousands of jobs across manufacturing, engineering and logistics, marking a significant step in the region’s clean energy transition. There are also direct economic returns, with offshore wind exports amounting to more than £2billion a year, according to a recent study by the Office for National Statistics.

TEESWORKS OFFSHORE WIND HUB

Tees Valley’s ambitions to become the UK’s premier offshore wind hub are well under way. Developments are taking place on the Teesworks site to create 4.5million sq ft of advanced manufacturing and industrial space across 450 acres of the site, becoming home to cutting-edge offshore wind companies.

The region’s Offshore Manufacturing Centre designation and UK Government CORE status enables rapid growth in the offshore wind sector.

There are around ten miles of operational river along the Tees, including the deepest port facilities on the East Coast and England’s largest

exporting port. Tees Valley is in close proximity to strategic offshore wind sites and has access to around 10GW of wind farm development.

2.5 GW already comes on shore from Dogger Bank C and Sofia Wind Farms via the Lackenby Substation near Wilton International to feed into the national grid.



TEESWORKS



NATIONAL POSITIONING

“The UK has strengths across the fission life cycle including fuel production, new build, decommissioning, professional services, and specialised equipment manufacturing. The UK is well positioned to build upon existing strengths and seize opportunities provided by new technologies.”

The UK’s Modern Industrial Strategy

Our region is no exception when it comes to seizing the opportunities of new technologies. Tees Valley is already home to a nuclear power station in Hartlepool that accounts for 2% of Great Britain's peak electricity demand, which also has significant nuclear licensed land available for development and an existing, experienced workforce. X-energy and Centrica intend to capitalise on this and have signed a development agreement to develop a fleet of 12 Advanced Modular Reactors near the site. Hartlepool Nuclear Power Station also represents a century of decommissioning potential when it reaches its end of generation in March 2028.

Community Nuclear Power’s project in Tees Valley is arguably the UK’s most advanced privately funded Small Modular Reactor deployment. The reactors will be based on land owned by Green Lizard Group and supply clean, reliable baseload power to support long-term industrial growth and inward investment.

Further major developments are expected, including significant progress on the £4billion Net Zero Teesside Power, the world’s first gas-fired power station with Carbon Capture and Storage capabilities produced by a consortium led by BP and Equinor. The region already imports and processes around 25% of the UK’s natural gas, which is then used as feedstock to fuel power stations and possible future blue hydrogen production.

There is the potential for the UK to become the CO₂ storage hub for Europe, and the East Coast Cluster and Northern Endurance Partnership are key to this. The Carbon Capture and Storage availability being developed in Tees Valley is co-located with green energy and hydrogen production, enabling the decarbonisation of existing industrial assets and new opportunities in sustainable bio-based manufacturing, new fuels and net zero supply chains – it is not just about decarbonising and capturing the emissions from energy production but also investing in new forms of energy.



EAST COAST CLUSTER

Carbon Capture and Storage is widely acknowledged as the only viable technology able to reduce industrial CO₂ emissions and achieve cost-effective decarbonisation across industry.

Net Zero Teesside Power will be the anchor project to deliver this by forming a hub of decarbonised industries, who will share the CO₂ storage infrastructure being developed by the Northern Endurance Partnership to serve the East Coast Cluster.

The East Coast Cluster is bringing together communities, business, industry and academia to deliver the infrastructure needed to decarbonise key industrial sites of the UK in Tees Valley and the Humber.

In total, the East Coast Cluster has the potential to remove half of the UK’s industrial CO₂ emissions, establishing a globally-competitive climate-friendly industrial hub for industry and innovation – protecting jobs and the planet.

Read more at www.eastcoastcluster.co.uk

EAST CO₂AST CLUSTER



NATIONAL POSITIONING

“Hydrogen plays an important role in achieving the UK’s clean energy and net zero transition, and in securing the UK’s energy independence.” “It is vital for the decarbonisation of hard-to-electrify industrial sectors and heavy transport.”

The UK’s Modern Industrial Strategy

The emerging hydrogen market alone has the potential to be worth more than \$1 trillion a year by 2050, according to Deloitte and Tees Valley has long been established as the UK’s premier investment destination for the gas.

Boasting an operational hydrogen grid and storage capability, the region is well placed to produce the hydrogen volumes needed to power industry, with significant quantities of the UK’s hydrogen already being produced here.

That momentum is being strengthened even further by East Coast Hydrogen, a major programme that will link Tees Valley with the Humber, Yorkshire and the East Midlands through a combination of new and repurposed pipelines. This will create the essential backbone for moving hydrogen across the North of England and connecting producers, storage operators and end users in a way that makes the whole system more robust, reliable and future ready to match supply and demand. East Coast Hydrogen alone could enable connections of up to 5 GW of hydrogen production capacity and multiple large scale storage facilities, creating a strong network that supports both industry and new investment.

As well as hydrogen production, Tees Valley is leading the way in its innovative application – being selected as Government’s first ever hydrogen transport hub. Funding from central government has allowed the region to develop hydrogen-powered ground-based support vehicles and hydrogen refuelling stations at Teesside International Airport, decarbonise grocery deliveries and to launch a competition to help local colleges run hydrogen skills training. This is not a hypothetical – it is a reality taking place in Tees Valley right now.

Projects are also underway in our region which combine our strengths and assets in industrial scaling alongside hydrogen production, captured CO₂ and other feedstocks into sustainable aviation fuel. Several local firms have been backed by national funding and investment, recognising that businesses in Tees Valley are leading the way – putting us on the map as the UK capital for creating sustainable aviation fuel.

Tees Valley businesses continue to demonstrate what is possible by setting the standard again and again in how we generate power from low-carbon sources. In 2007, Sembcorp opened Wilton 10, the UK’s first large-scale wood-to-energy power station, supplying electricity equivalent to around 30,000 homes. This was followed by Wilton 11, commissioned in 2017 as an energy-from-waste facility, and together these power stations now save around 330,000 tonnes of carbon emissions each year. This legacy is being built on by the likes of MGT Teesside who have published proposals for the world’s largest purpose-built biomass power plant – the Tees Renewable Energy Plant will generate nearly 300MW of power to supply 600,000 homes.

Power is also being produced in other innovative ways. Northumbrian Water, for instance, is undertaking groundbreaking innovation at their Bran Sands Advanced Anaerobic Digestion facility in Middlesbrough following the discovery of a unique microalgae. Following successful testing at smaller volumes, Northumbrian Water are now scaling up the approach to provide full treatment of digested sludge liquor while reducing treatment costs, enhancing biogas production and reducing their carbon footprint.

Our region is also making the most of other forms of waste. The Tees Valley Energy Recovery Facility is a prime example of this. The project aims to support partner authorities – which include all local authorities in our region – to meet their ambitions to send zero residual waste to landfill by providing a solution for treating region’s general rubbish and turning it into energy.



SUSTAINABLE AVIATION FUEL

Tees Valley is rapidly becoming the go-to region for research and development into Sustainable Aviation Fuel (SAF) and, coupled with Teesside International Airport’s net zero ambitions, an ideal environment to promote its uptake.

As a prolonged unstable geopolitical situation continues to produce volatile markets around traditional fuel options, and with air travel being a major contributor to carbon emissions, the aviation industry is increasingly shifting its focus to SAF. This converts sustainably sourced products such as biomass into aviation fuel, also potentially generating renewable raw materials like naphtha for the petrochemical industry as a co-product.

Recent government funding has seen seven local firms awarded a total of £65million into SAF R&D development, which could result in hundreds of millions – or even billions – of future investment in the region.

One such scheme is Alfanar’s Lighthouse Green Fuels in Seal Sands, which is set to produce 180m litres of SAF each year, enough to offset 27,000 short-haul flights or 4,500 transatlantic flights annually, from what will be one of the largest

second-generation SAF plants globally. When operational, it is expected to create more than 600 roles in the region, 300 direct roles at the site and more than 3,400 full-time equivalent jobs across the UK.

SAF is central to Government’s Advanced Manufacturing Sector Plan, with its focus on decarbonising aerospace technologies and delivering more efficient technologies to reduce carbon emissions and make air travel more sustainable. Locally, it also connects heavily with our skilled and robust Chemicals and Process sector both in the production of SAF and the use of its co-products.

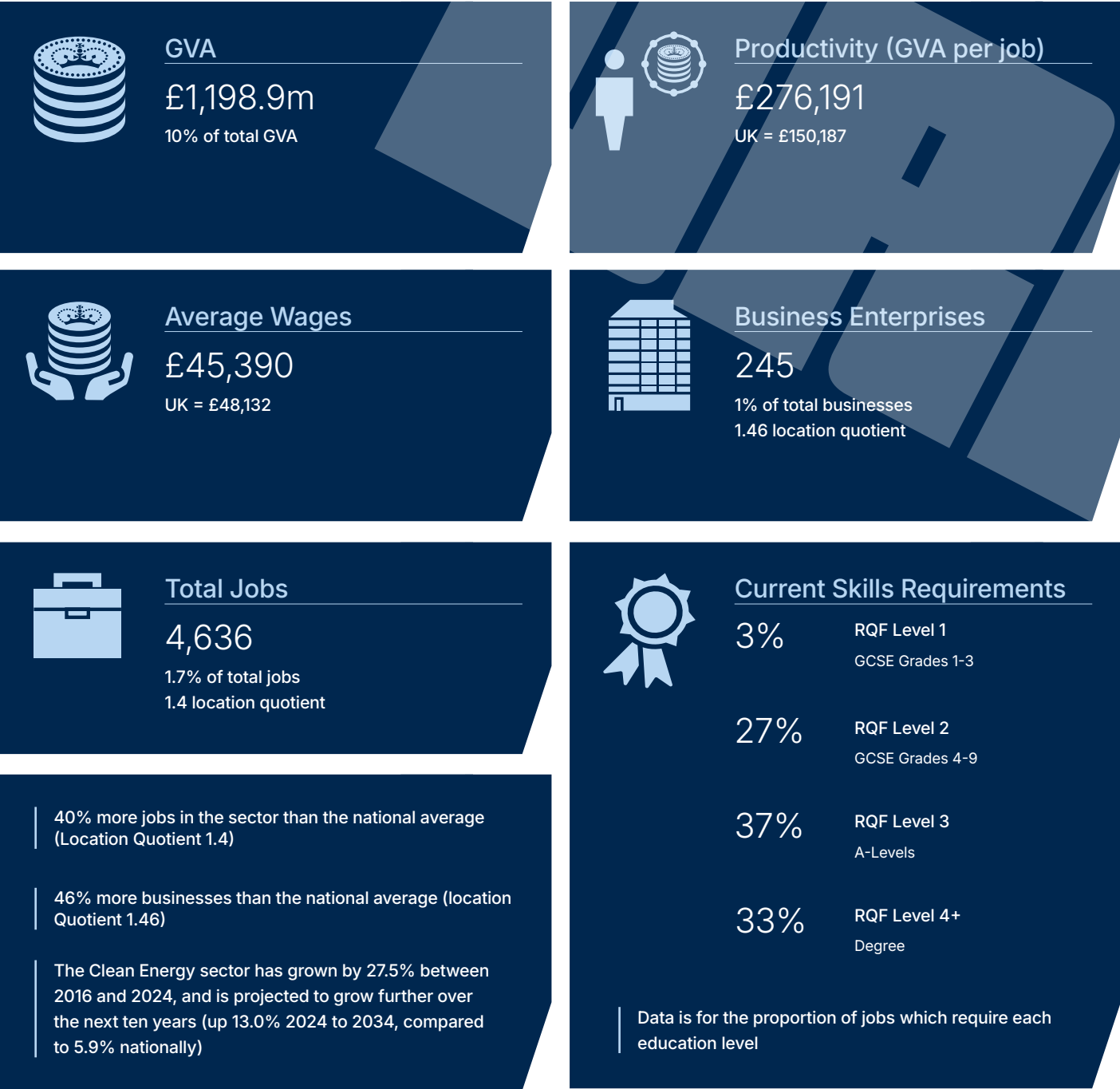
Additionality comes in the form of Teesside International Airport. The airport is increasing the number of destination while developing its associated Airport Business Park, offering airside access to one of the UK’s largest and most integrated industrial economies. Its net zero strategy seeks for the airport to be operationally net zero – including flights – by 2035. It will work with the firms developing SAF in Tees Valley on its testing, adoption and promotion.



Scan here to find out more about Teesside International Airport Business Park



Key Metrics Clean Energy



Source: Lightcast 2025.1, ONS



LIFE SCIENCES & BIO MANUFACTURING

The UK's demand for new forms of clean energy is happening in tandem with growing calls for bioderived materials, lower carbon food, new medicines and the circular economy.

"Tees Valley demonstrates all the major elements of the circular economy, from recycling steel from decommissioned oil platforms to using CO₂ from industry for soft drinks, through energy from waste in industrial processes to anaerobic digesting using industrial effluents."

Innovate UK Tees Valley Local Action Plan

Our region's strengths and assets in the Chemical and Process and Clean Energy sectors are complemented by our Life Sciences and Bio Manufacturing sector. This sector can be demonstrated by CPI's National Biologics Manufacturing Centre and RNA Centre of Excellence which are co-located with Teesside University's National Horizons Centre on Darlington Science Park.

These are complemented by businesses and facilities in around and nearby the Wilton Centre and North Tees, including FUJIFILM Biotechnologies and Marlow Foods Ltd. The latter of which produces the Quorn mycoprotein from a fungus known as *Fusarium venenatum* into a more sustainable and nutritious protein source. The number one performance nutrition brand in the world, Glanbia

Performance Nutrition, manufacture and develop many of their well-known products from their facility in Middlesbrough. Taken together these assets and businesses enable companies to develop cutting-edge products and processes, innovate and manufacture new products that will improve the quality of life of people around the world. Put simply, Tees Valley is a key location for biosciences.



NATIONAL POSITIONING



FUJIFILM BIOTECHNOLOGIES

Fujifilm is of the UK’s leading biopharmaceuticals manufacturing campuses, specialising in the development and production of biologics, vaccines, advanced therapies and microbial-based biomanufacturing.

Its Billingham site serves as its process development and microbial centre of excellence, which has undergone considerable expansion. A new BioCampus was established in 2021, including purpose-built office accommodation and visitor centre, unlocking land for further development.

In 2026 it launched its £400million premises, which is home to Borealis – the largest single-use Contract Development and Manufacturing Organisation facility in the UK. It introduced new bioreactors to provide small and mid-scale antibody manufacturing, alongside its Bioprocess Innovation Centre (BIC UK) which provides continuous process development.

Its sites at Billingham and the Wilton Centre R&D facility employ more than 960 people – the majority of its 1,700 UK employees.

FUJIFILM
Value from Innovation

FUJIFILM Biotechnologies

DARLINGTON SCIENCE PARK

Darlington’s Science Park, centrally located next to the town centre and train station is home to some of the biggest developments in biosciences in the region.

As one the UK’s leading independent technology innovation centres, CPI was selected to be the home of the National Biologics Manufacturing Centre, and the £38million centre is helping UK companies develop a competitive foothold in the growing market for biologics. It promotes industry collaboration across the supply chain, from research through to manufacture and commercialisation.

The site is also home to Teesside University’s £22million National Horizons Centre – a nationally significant, purpose-built asset designed to address

UK technology sector growth through the provision of world-class facilities and equipment for hands-on training. It specialises in biodiscovery, digital health, medicine manufacturing, sustainability and innovation to optimise efficiency and quality in the bioeconomy supply chain. The 30-hectare business park has land available for further commercial development opportunities.

After securing £16million from Government’s Growth Mission Fund, work is underway on a new STEM learning centre of excellence at the site with construction to start in 2026. This will create routes into quality employment for local people in science, technology, engineering and maths, shaped in partnership with leading businesses and industry experts, driving regeneration and sectoral expertise.



“Not only are the medicines and medical technologies the sector develops transformational for health and resilience, they are also vital for growth and productivity, as the sector delivers high value jobs for the UK economy.”

The UK’s Modern Industrial Strategy

Tees Valley is perfectly positioned to support national ambitions to drive significant health improvements. The UK aims to become the leading life sciences economy in Europe, meaning the development of a thriving life sciences ecosystem which directly leads to enhanced healthcare outcomes. This requires greater commercialisation and adoption of life science discoveries.

Our regional assets and infrastructure offer businesses the ability to undertake the entire process lifecycle from invention, innovation, commercialisation and then onto manufacturing. These advantages explain why Tees Valley is a major location in the pharmaceutical industry, with a vibrant innovation hub and sector bioclusters – all the ingredients to be a world-class centre of excellence.

The Northern Bio-Accelerator Partnership (NBioP) – formed by CPI, FUJIFILM Biotechnologies and Teesside University – has created a bioprocessing, biomanufacturing and biopharmaceutical hub in the region. Together, the NBioP provides basic and applied bioprocessing research, through to biopharmaceutical scale-up and ultimately, the commercial manufacture of life-changing medicines.

Driving health innovation is a key pillar of a thriving life sciences ecosystem. This is being realised in regional projects, most notably the in-development Tees Valley Care and Health Innovation Zone which brings together the opportunity to deliver a nationally significant care and health cluster through brownfield land redevelopment and the potential to improve the lives of local people.

The Tees Valley Care and Health Innovation Zone will complement existing national health assets given its focus on the digitisation of healthcare, such as the Middlesbrough-based specialist James Cook University Hospital. The region was recently chosen to be the home for a new NHS 111 Contact Centre in response to growing demand for the service. Practice Plus Group – which runs a network of centres throughout England on behalf of the NHS – is behind the decision which was informed by its Chief Executive Officer’s knowledge of the area and local people who are suitable for high-quality roles.

TEES VALLEY CARE & HEALTH INNOVATION ZONE

Stockton-on-Tees sits at the centre of the region with incredible connectivity to the North East and beyond, contributing more than a third of the region’s economic output.

The town has innovated in the past and continues to innovate through its specialist business support, nurturing the growth of hundreds of firms. 5,600 businesses already call Stockton-on-Tees home, including Fujifilm Biotechnologies.

Looking to the future, we are progressing Tees Central, one of the UK’s largest brownfield regeneration sites in the country. Working with partners, we will redevelop the 70-hectare unused

Tees Marshalling Yards into a new community at the heart of the Tees Valley. This will include 3,000 homes and 1million sq ft of potential employment and commercial development, with a potential platform for significant investment in new clinical facilities.

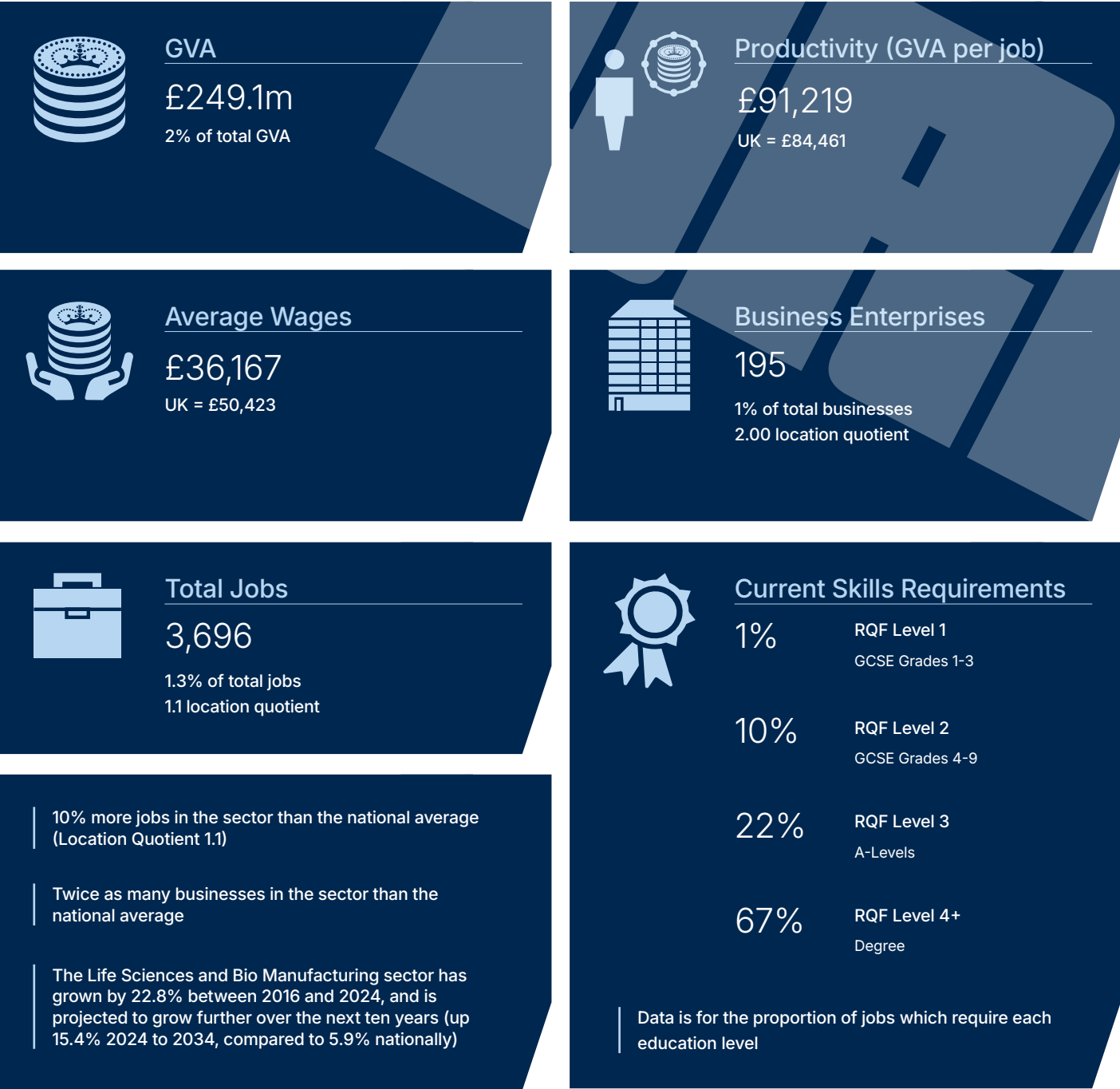
A major part of this is the nationally significant Care and Health Innovation Zone cluster, combining 110-hectares of land. This will provide health and care facilities to support the needs of local people and address health inequalities in Tees Valley, making it more important than ever that local people can access a modern and effective health and care sector.

The Tees Valley Care and Health Innovation Zone will deliver new infrastructure, an environment to nurture health and new housing to support the needs of people of different ages alongside. We are also working with partners to make the most of our assets and provide a new health and care educational anchor.





Key Metrics Life Sciences & Bio Manufacturing

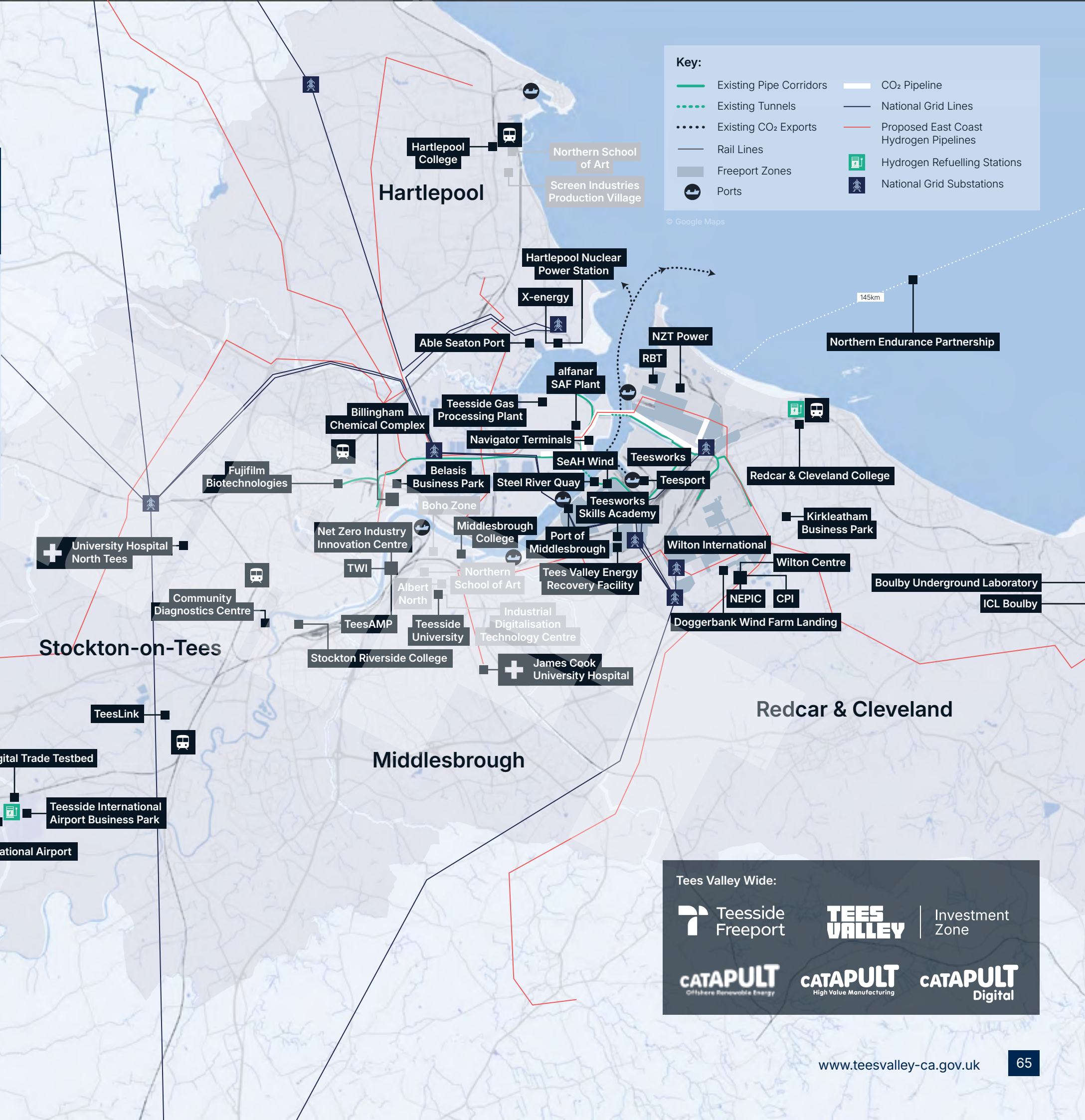


NATIONAL POSITIONING

Tees Valley Assets

Tees Valley forms a compact, well connected, functional economic geography with significant economic assets. This is coupled with supportive infrastructure which includes multiple deep-water sites, one of the UK’s busiest ports, access to utilities, including uninterrupted water and competitively priced low-carbon power.

The density and proximity of our assets in the Chemical and Process, Clean Energy and Life Sciences and Bio Manufacturing sectors – which collectively can be regarded as a Modern Industrial and Technology Cluster – and infrastructure provide unique opportunities for further business development and investment.

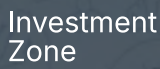


Scan QR code for updates on investment opportunities

Tees Valley Wide:

 Teesside Freeport

 TEES VALLEY

 Investment Zone

 CATAPULT

 CATAPULT

 CATAPULT

ADVANCED MANUFACTURING

The UK's industrial strengths have developed because of a pioneering advanced manufacturing sector, which has arguably been its mainstay. This is as true nationally as it is regionally – Tees Valley is the birthplace of the modern railway, a pioneering transport solution which fostered the development of the area's chemical and steel industries, and transformed the world by sparking the Industrial Revolution.

"By 2035, the United Kingdom will be recognised as the best place in the world to start, grow, and invest in Advanced Manufacturing."

Sarah Jones MP, Minister of State for Industry
July 2024 to September 2025

Tees Valley is a global leader in advanced manufacturing and engineering and home to multinational businesses operating in manufacturing, engineering and process industries. These businesses – which include the likes of Nifco, Darchem Engineering, Paralloy & Firth Vickers and Wilton Engineering – play a critical role in the UK's international trading position, with goods exports accounting for more than three-quarters of the total goods exports in the region, compared to approximately half nationally.

Tees Valley's strong engineering base is supporting innovation in materials, transport, and energy in addition to our role in the UK's offshore wind supply chain. Our region's history of industrial scaling is enabling Tees Valley to solidify its reputation as the UK capital for creating low-carbon sustainable aviation fuel. Tees Valley is not only supporting the supply of new fuels such as hydrogen and sustainable aviation fuel but also growing the demand right here in the region. Teesside International Airport, for instance, was the UK's first pilot area to test hydrogen vehicles and is committed to being the UK's first net zero airport. This ambition will mean the airport will be a fully operationally net zero site by 2030 and provide passengers with zero emission flights by 2035, accelerating the move towards cleaner transport.

TEESLINK

Teeslink is a 55 acre industrial and logistics development situated in the heart of Tees Valley. Located within 1.5 miles of the A66, connecting the A1(M) and A19 trunk roads and directly adjacent to Eaglescliffe railway station, it benefits from multi-modal connectivity regionally, nationally and internationally.

The scheme offers a range of opportunities to occupiers, in a high quality business park setting. Situated in an established location for employment uses, nearby occupiers include Tata Global Beverages, Mersen (UK), Nifco Automotive Plastics and Marshall's PLC.



TEESAMP

TeesAMP was a £55million project led by Middlesbrough Council to transform a strategic development site to the south of the Riverside Park Industrial Estate. The project involved the remediation of contaminated land and the construction of a new advanced manufacturing space at the old Southwest Ironmasters foundry site.

Fostering growth in advanced manufacturing and research-led industries has been identified as a strategic priority, reflected in both the Middlesbrough Investment Prospectus (2017-2020) and the Council's Strategic Plan (2017-2021). These plans emphasise unlocking key

sites, such as TeesAMP, to stimulate business growth, attract investment, and increase the supply of high-quality employment land. The 11 hectare site, which opened in June 2020, became home to nine companies with 16,772 square metres of advanced manufacturing space created, alongside 523 jobs created.

TeesAMP offers some of the best accommodation in the Tees Valley, with 181,000 square feet of accommodation across 14 units of varying sizes. It has been built to a BREEAM 'Very Good' rating and an EPC rating of A.



NATIONAL POSITIONING

The ability to develop and commercialise transport decarbonisation solutions extend beyond aviation. Cummins – a world leader in decarbonisation solutions for commercial vehicles and offroad equipment – produces everything from advanced diesel, clean natural gas and hydrogen engines to battery electric powertrains. Caterpillar have two main sites based in Tees Valley. At their Stockton-on-Tees fabrication facility, they use the latest technology to cut, weld and machine all the major structures for the assembly of small construction machines. In Redcar & Cleveland, Caterpillar produces steel track shoes for use in hydraulic excavators, track type loaders and track type tractors in their 5,000 square metre facility.

Our region's businesses are also working closely with the Ministry of Defence on several contracts. Tees Valley is a part of the North East Regional Defence and Security Cluster, which enables innovation and collaboration to build a connected, forward-thinking defence community.

This is underpinned by infrastructure suited to support defence activity – for instance UK Docks Marine Services, a support contractor for the Ministry of Defence, has two dry docks and afloat facilities within the Tees Offshore Base and offices located in Middlesbrough. Teesside International Airport is also home to a fleet of Draken Europe's aircraft which provide training to our armed forces on how to respond to a range of threats.



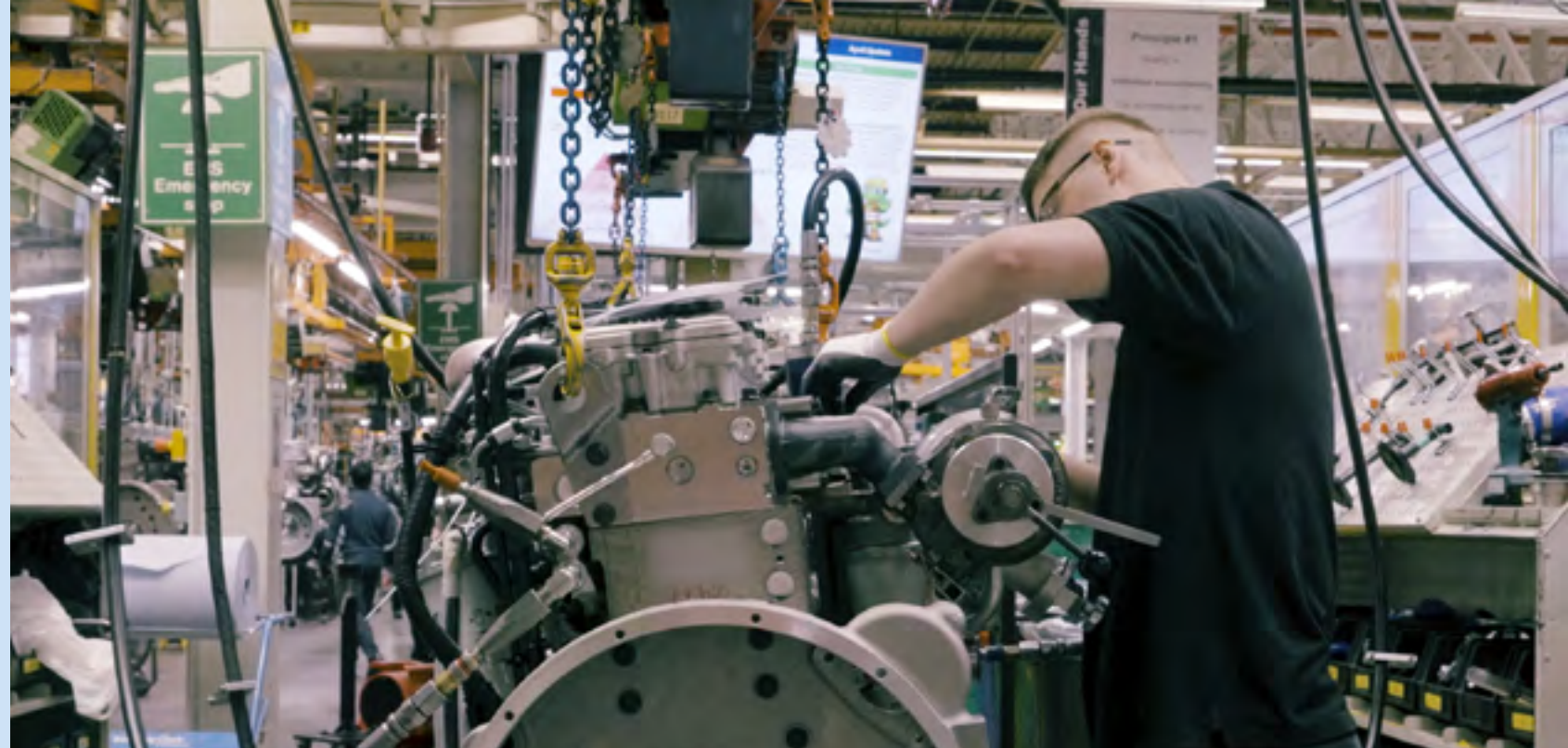
"We now need to industrialise innovative technologies into scaled products and services, working with international partners to secure global advantages in areas critical to economic development and defence."

Advanced Manufacturing Sector Plan

Our strong advanced manufacturing ecosystem provides the infrastructure, skills and expertise to support making the UK a defence industrial leader.

Space technologies are critical to national security, understanding our changing planet, further discovering the solar system and to our everyday lives. There is a notable opportunity to benefit from the growing demand of the global space economy and its associated space industry. Tees Valley has the capabilities and assets to meet this demand with the likes of Boulby Underground Laboratory which has been involved in testing the Rosalind Franklin Mars Rover.

Space North is a collaboration between partners across the North of England, representing our ability to advance space-related technologies and applications. As part of this, our region is well positioned to capitalise on demand and support national ambitions to cement the UK's position as a spacefaring nation.



CUMMINS

Cummins is a global power leader established in 1919. It has been manufacturing in Darlington since 1965 and is one of the region's largest private sector employers with around 1,500 staff at time of writing.

The site handles engine assembly, exhaust aftertreatment manufacturing, technical operations and business support, producing approximately 66,000 engines per year. It also houses a powertrain test facility, enabling the development and testing of vehicles and machinery powered by hydrogen, renewable natural gas, sustainable diesel and battery electricity technologies.

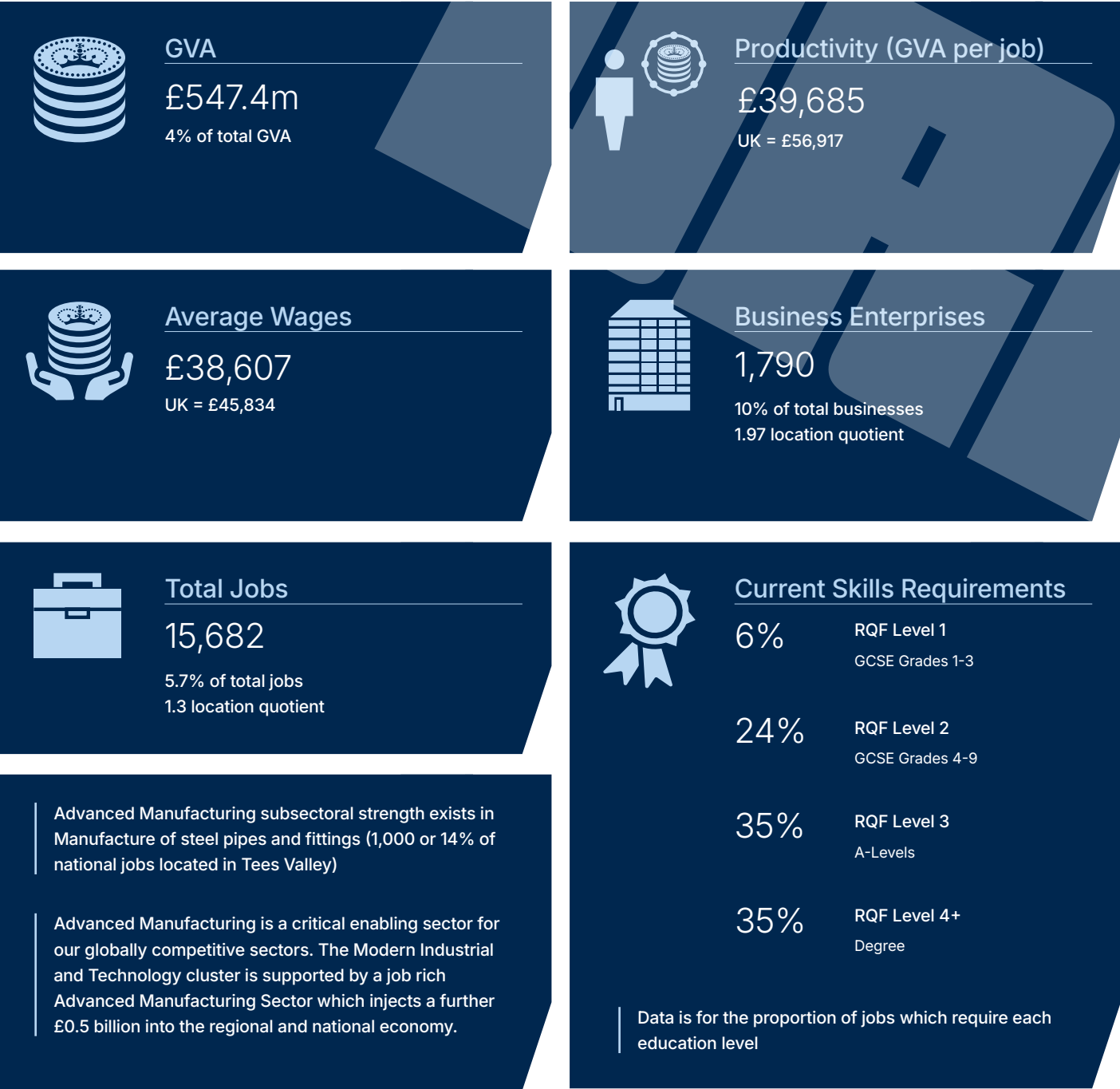
Project Brunel, based in Darlington, developed hydrogen internal combustion engine technology for commercial vehicles. Cummins led a consortium of tech companies – including Tees Valley-based Johnson Matthey – to successfully deliver a 6.7-litre hydrogen internal combustion engine for medium-duty trucks and buses. It delivers more than 99% reduction in tailpipe carbon emissions and further strengthens the Tees Valley Hydrogen Transport Hub, the first in the UK.

It's been supported by a £7.2million UK Government new technology funding award, through the Advanced Propulsion Centre, recognising the opportunity to put Tees Valley, and the UK, at the forefront of this key emerging technology.





Key Metrics Advanced Manufacturing



DIGITAL & CREATIVE

Tees Valley's future competitiveness will be shaped by its ability to combine digital capability, creative content and production, and industrial expertise. Digital innovation plays a central role in diversifying the economy and fostering cross-industry collaboration. It can enhance modern industrial practices including smart technologies helping us to play a role in delivering national initiatives to capitalise on technologies such as Artificial Intelligence.

Our region is ideally positioned to be at the forefront of industrial digitalisation, drawing on globally competitive industrial sectors and established digital capability. This is underpinned by nationally recognised strengths in digital technology, research and production, integrating digital technologies to deliver process and supply chain improvements. Additionally, our region's creative and cultural industries play a distinct economic role, generating intellectual property, shaping place identity, and contributing to a growing visitor and cultural economy supporting talent retention and attraction and improving quality of life.

Our digital sector is the fastest growing outside of London, with successful digital media, technology and creative businesses – Tees Valley is becoming a vibrant digital hub with a worldwide reputation for creativity, imagination and vision. This growth is the result of a strong existing ecosystem that provides the infrastructure, skills and specialisms to contribute to national growth through increased regional production, collaboration and intellectual property exports.

Together, these capabilities drive growth within the sectors and support innovation, productivity and new economic opportunities – particularly where digital technologies and creative content converge.



INDUSTRIAL DIGITALISATION TECHNOLOGY CENTRE

Teesside University's £1.8million Industrial Digitalisation Technology Centre (IDTC) supports SMEs in the Tees Valley to explore the opportunities that Industry 4.0 technologies bring, such as the Internet of Things (IoT), big data analytics, modelling, simulation and sensor technology – creating an essential competitive edge that generates real value for businesses.

Building on the University's reputation for innovation, academic excellence, world-class research and industrial experience, the IDTC



offers consultancy and mentoring for digitalisation projects that typically last from 6 - 12 months. The IDTC offers SMEs a practical opportunity to investigate the digital tools and services available to help a business plan its digitalisation journey.

“The Creative Industries are an economic success story. They are a major UK employer, exporter and a pull for inward investment. They drive innovation and productivity, improve our living standards and drive growth in the wider economy.”

Creative Industries Sector Plan

The North of England has a long history of investing in the cultural and creative industries, with The Great North Creative and the North East Screen Industries Partnership – which is driven by Tees Valley Combined Authority – aiming to further realise the potential of the region and build upon our established regional assets in gaming, animation and immersive technologies and screen industries.

As part of The Great North Creative, Tees Valley is leading the Northern Music Export Office and working in partnership with West Yorkshire Combined Authority, North East Combined Authority and Liverpool City Region Combined Authority. Our region is key to realising national ambitions to make the UK the best place to make and invest in digital and creative content, services, products and skills. Our region is already the fastest-growing in terms of production spend nationally.



We are determined to build on this momentum and continue to back our artists, performers and makers, ultimately positioning Tees Valley as a leading location for cultural production and innovation.

In January, our region launched The Engine Room with support from the Government, Arts Council England and Middlesbrough-based Creative Factory to foster further creative production and export. The Engine Room is designed to transform cultural opportunities and deliver significant improvements to Tees Valley’s creative landscape by nurturing local talent and attracting new creators.

Initiatives like The Engine Room and Northern Music Export Office and programmes such as the Tees Valley Export Fund – funded by the UK Government through the UK Shared Prosperity Fund and delivered in partnership with the Department for Business and Trade– are raising Tees Valley’s national and international profile as a destination for culture and creativity.

The Export Fund has supported growing Tees Valley gaming firms to forge closer ties with global giants. Leaders from Tanglewood Games Ltd, Cardboard Sword Ltd, Observer Interactive, Radical Forge Ltd and Tees Valley accountancy firm Abacus Bean Ltd all attended the 2026 GDC Festival of Gaming in San Francisco with the help of the Fund. Among the key industry companies they met were Netflix, Microsoft, Mattel and Amazon Games.

The Northern Music Export Office has also backed the attendance of local musicians at global festivals like Texas’ South by Southwest. Most recently, Hartlepool five-piece Marketplace and Middlesbrough solo pop artist Loren Heat joined “Northern Sound” – a showcase at UK House during the prestigious music, arts and film festival attended by more than 300,000 people.



NATIONAL POSITIONING

“The sector’s advances are revolutionising industries across the economy, redefining how we live and work and spurring intense global competition to capture the benefits.”
The UK’s Modern Industrial Strategy



DIGITAL

Our existing digital capability is already improving how businesses operate, enabling innovation and creating opportunities across all sectors. Combining this with our strong digital infrastructure – including near-universal superfast broadband and rapid rollout of 5G – we are building a Smart Region by applying data and advanced systems to improve how people, goods and services operate and move in Tees Valley.

Strong regional foundations have been laid by the likes of Teesside University – a pioneer in digital education and research and Europe’s first Adobe Creative Campus. Their Digital Life Building houses cutting-edge technologies, including advanced AI and robotics suites, Virtual Reality and Visual Effects laboratories, animation suites and motion capture studios. Elsewhere Middlesbrough’s Boho Zone provide an ideal base for globally recognised firms including Double Eleven, Behaviour North and Observer Interactive to develop their products – reinforcing our position as a centre for digital production and enterprise.

HARTLEPOOL PRODUCTION VILLAGE

Hartlepool is fast becoming one of the UK’s most compelling production investment opportunities in the screen and creative industries.

At its heart is Northern Studios – the first large-scale TV and film studio complex in the North East. And backed by £15million of Investment Zone funding and more than £18million of government backing, Hartlepool is delivering a flagship Production Village. This purpose-built cluster of studios, facilities and specialist supply chain space for visiting productions and permanent creative businesses will support a broader production economy – music, podcasting, games and digital content.

Through the North East Screen Industries Partnership, TVCA and the North East Mayoral Strategic Authority are co-investing with industry – including the North East Production Fund, which has leveraged more than £55million in production spend.

Production spend in the North East has increased by more than 130% between 2022 and 2024, making it one of the UK’s fastest-growing screen production regions. A long-term partnership with the BBC is driving commissioning, production activity and sustainable growth.

Hartlepool will act as both a cornerstone and a gateway: strengthening capacity in the North East and contributing to a wider shift in UK content creation.

CREATIVE

Tees Valley has a rapidly growing and distinctive creative industries base spanning gaming and animation, film and television production, music and performing arts, and design-led disciplines such as User Experience, digital content and visual communication.

An ecosystem of assets and institutions with increasing national relevance include the Boho Zone and Albert North – a strong centre for digital and creative businesses – while Hartlepool’s Northern Studios and Production Village are making our region a growing hub for screen production.

These are complemented by Teesside University’s internationally recognised digital and creative programmes and the Northern School of Art – a specialist, leading provider of further and higher education in art, design and creative practice. These sit alongside a rich cultural infrastructure including organisations and events such as the Middlesbrough Institute of Modern Art (MIMA), Stockton’s ARC theatre, Festival of Thrift, Stockton International Riverside Festival, The Auxiliary, Tees Valley Arts, Theatre Hullabaloo, Tees Valley Museums Group and Middlesbrough Town Hall.

These assets position Tees Valley as a growing contributor to the UK’s creative economy - strengthening national production capability across games, screen, music and digital content, and developing talent and intellectual property.

Tees Valley is leading the North in these sectors. Through initiatives such as The Great North Creative and the North East Screen Industries Partnership, our area is working with partners across the North to scale production activity and build capacity in key areas including gaming, animation, immersive technologies and screen industries. As part of this, Tees Valley Combined Authority leads the Northern Music Export Office, working with West Yorkshire Combined Authority, the North East Mayoral Strategic Authority and Liverpool City Region Combined

Authority to support international growth for artists and businesses.

This activity is translating into global reach. Programmes such as the Tees Valley Export Fund support local creative and digital firms to engage with global markets and major industry players, while initiatives such as The Engine Room, Sonic Futures, Tees Valley Creates: The Freelancer Network and Tees Valley Artist of the Year are strengthening our region’s ability to develop, attract and retain creative talent and production.

This does not just support our economy but also provides greater value to our region as a result of its contribution to tourism, health and wellbeing and social and educational outcomes.



“The Creative Industries are an economic success story. They are a major UK employer, exporter and a pull for inward investment. They drive innovation and productivity, improve our living standards and drive growth in the wider economy.”
Creative Industries Sector Plan

CONVERGENCE

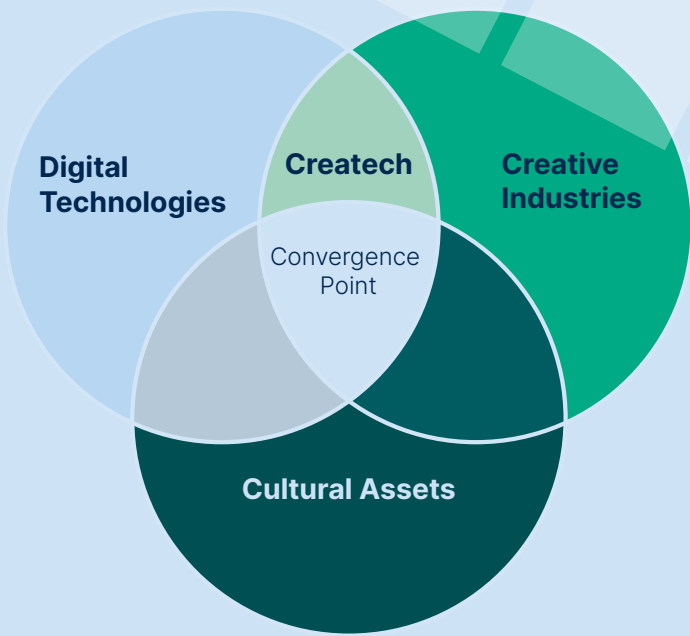
A distinctive opportunity lies in the convergence between Tees Valley’s digital and creative strengths - where technology and creative content combine to create new value.

This is not incidental. It reflects how these sectors increasingly operate, particularly in areas where technology and content are intrinsically linked. Our region has long nurtured this crossover and collaboration, with Teesside University’s Animex being a prime example. Founded in 2000, the festival delivers a world-class games and animation programme including global speakers from studios such as Disney, Pixar, Sony and Dreamworks. We are also home to New Horizons, a games industry-leading conference delivered by Game Republic, attracting global delegates and high-profile speakers. Tees Valley is increasingly the destination of choice for digital and creative events, festivals and conferences, and we are proud to be growing our own.

Tees Valley is well positioned to develop this opportunity and our £160m government-backed Investment Zone – currently the only one in the UK focused on digital and creative sectors – is designed to accelerate this convergence and enable new approaches across the wider economy. Our strengths in digital infrastructure, industrial application and data-driven systems combine with growing capability in creative production and cultural content. Teesside University’s academic and research expertise, specialist facilities, and established industry clusters, alongside increasing international connections and export activity enhance these. Tees Valley is becoming a centre for creative technology and digital production – a place where ideas can be developed, tested and scaled.

Digital and creative capabilities support growth well beyond their core sectors. Digital technologies are transforming manufacturing, energy, health and trade, while creative capability is strengthening how our places are experienced, how products and services are designed, and how organisations engage with people and markets.

Combining technical capability with creative thinking and industrial scale improves productivity, supports innovation and strengthens competitiveness across our key sectors. We are increasingly playing a distinct role within the UK economy – one that links advanced industry with digital creativity and translates innovation into real-world impact. We are not simply developing our digital and creative sectors, we are building a connected ecosystem of technology, content and capability underpinning the wider economy.



TEES VALLEY INVESTMENT ZONE

Tees Valley Investment Zone is a £160million government-backed programme – one of only 12 – and uniquely focused on digital and creative sectors to accelerate growth and position us as a centre of excellence for digital and creative innovation, technologies and production.

It is anchored in Hartlepool and Middlesbrough but designed to benefit the entire region through business growth, skills development, research and innovation, and supply-chain expansion.

Our Investment Zone combines targeted investment and support to strengthen local capability and competitiveness, letting us play a larger role in national and global markets.

Our region is accelerating growth by:

- Developing high-quality business and innovation space to support densification and scale
- Supporting creative production and screen industries, including the expansion of the Northern Studios and the Production Village
- Investing in research, skills and business growth to build a strong and sustainable talent pipeline
- Strengthening digital and creative capability across key locations and supply chains

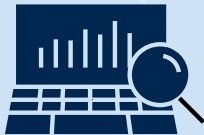
This coordinated approach is expected to:

- Expand the regional business base and support scale-up activity
- Create high-value jobs and attract private sector investment
- Increase exports of digital services and creative content
- Strengthen Tees Valley's role within national strategies and international markets

The Investment Zone supports regional transformation and wider economic objectives, positioning Tees Valley not only as a place of growing capability, but as a key contributor to the UK’s Modern Industrial Strategy and a globally connected centre for innovation, production and creative talent.



Design UX/UI



E-Commerce



Music Production



Cybersecurity



Film & TV



Software Development



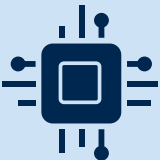
Gaming & Animation



Photography & Videography



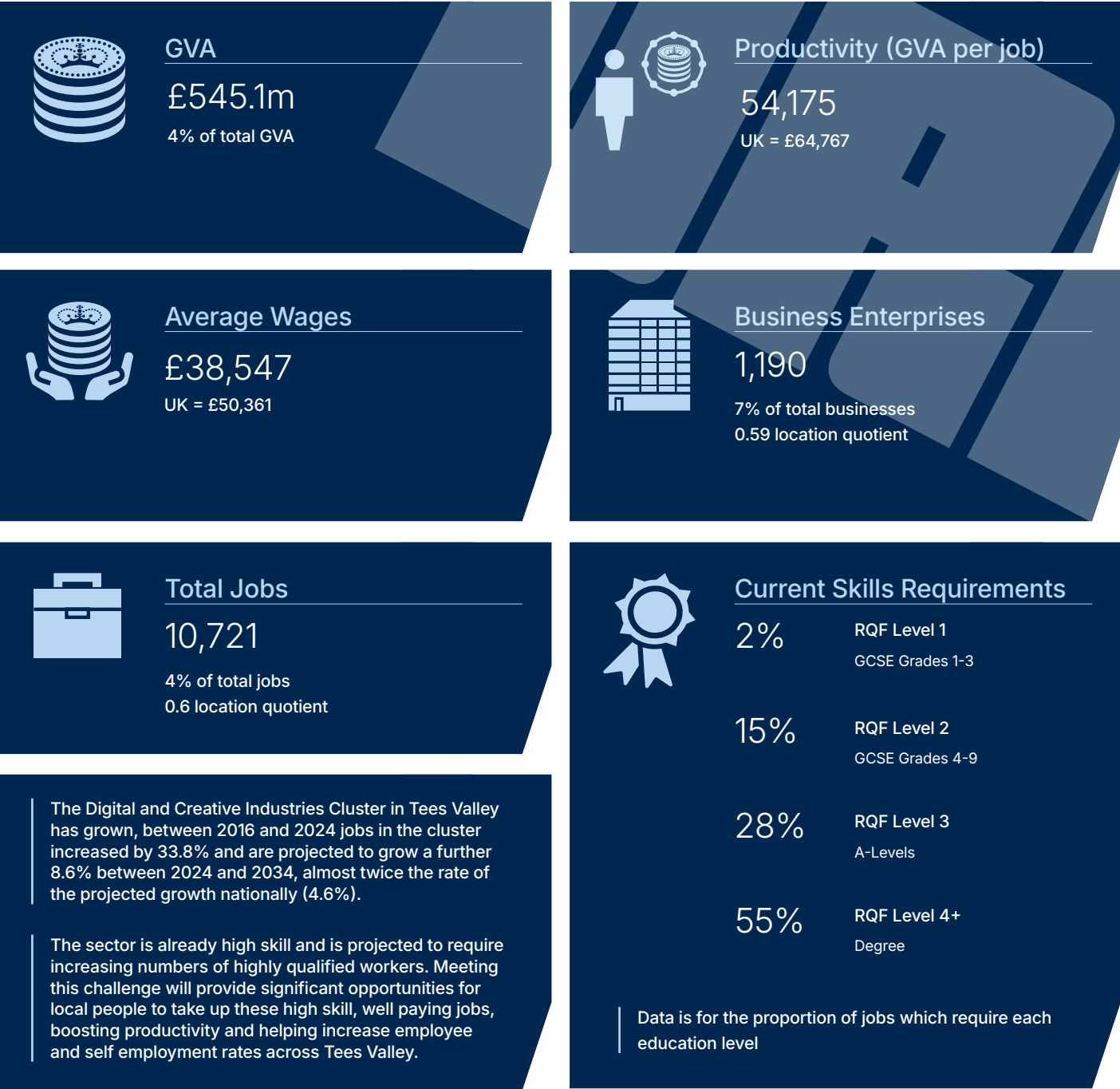
Performing & Visual Arts



Artificial Intelligence



Key Metrics Digital & Creative





DRIVE OPPORTUNITY

To achieve our regional ambitions and support national intentions, it is critical that we enable our sectors with recognised strengths to grow, both in terms of the amount they export and the number of businesses located in our region. Connectivity and human capital are key factors of this, in addition to innovation and productivity. By supporting our sectors, we can drive opportunity and ultimately improve living standards through good, well-paying jobs and increased spending in our foundational economy, boosting our high streets and town centres.

“The cutting edge of the economy – defined as firms in innovation-led and knowledge-based sectors – drives productivity growth.”

Centre For Cities



713,000
people live in Tees Valley
(Source: ONS)



32,000
residents commute
to surrounding areas
for employment
(Source: Census 2021)



2.5 million
people living within
an hour's drive
(Source: Census 2021)



25,000
residents of surrounding
areas choosing to work
within Tees Valley
(Source: Census 2021)



Around 89%
(255,000 people)
of working residents live
and work in Tees Valley
(Source: Census 2021)



Gross Disposable
Household Income
Tees Valley £17,994
England £23,338
(Source: ONS)



Pay differential
Tradeable Sectors £40,543
Foundational Economy £27,994
(Source: Lightcast 2025.1)



CONNECTIVITY

To continue driving opportunity in Tees Valley, further investment in our transport and digital connectivity must be secured and effectively targeted; enabling businesses to start, grow and relocate in our region with ease and ensuring local people can access the opportunities these businesses bring through informed, holistic decisions on housing.

We must also ensure our existing connectivity strengths are resilient, enable economic benefits from clustering, promote healthier communities and ensure people can make the most of our regional offering.

Taken together, connectivity improvements will facilitate greater collaboration, competition and sharing of best practice throughout Tees Valley, while supporting well-connected, liveable places that reduce health inequalities and encourage tourism.



ACTIVE TRAVEL

From walking and cycling, to electric vehicles, bus, rail and road – we’re making it easier to get around Tees Valley and ensuring communities are connected. We are actively empowering residents to walk, wheel and cycle more every day to access opportunities and services, and ensuring visitors can enjoy and discover our region using sustainable transport modes.

Active travel options also offer major health and wellbeing benefits to residents. If more journeys are made by walking, wheeling and public transport then we will have less congested roads and improved air quality – meaning a better environment and healthier communities.

Key to this is making journeys as seamless and convenient as using private cars. We are actively improving the whole journey experience, including how each part connects and integrates with one another.

Continued significant investment is making this happen. Whether by improving existing travel modes through deploying technology, investing in low-carbon transport or planning more routes, we are improving transport across Tees Valley.

It is a team effort. Our region’s established and effective Enhanced Bus Partnership with bus operators is being put to good use as we enhance

connectivity, improve the passenger experience and electrify the bus fleet. The Walk Wheel Cycle Trust and Tees Valley Combined Authority are helping people to take more active journeys through Tees Valley Walking and Cycling Hubs.



Scan QR code
to find out more



Tees Valley Growth Corridors

Indicative growth corridors showing the areas where we have a high concentration of businesses and existing links to assets and employment centres. These can be used to target and maximise investment to increase job creation and trade, ultimately maximising returns.

Key

Chemical & Process Growth Corrdior

Clean Energy Growth Corrdior

Life Sciences Growth Corrdior

Advanced Manufacturing Growth Corrdior

Digital & Creative Growth Corrdior

© Google Maps

← Links to
Barnard Castle

↗ Links to Liverpool
& West Yorkshire

↑ Links to North East

↑ Links to Sunderland

↖ Links to Newton Aycliffe

↓ Links to York



Scan QR code to view
our interactive map

TRANSPORT

"In order to ensure that everyone in Tees Valley is able to study, work, enjoy and fully participate in our ambitious plans for the future, we need a world-class transport system. Delivering a network that is fit for the future is a critical enabler for the success of the area."

Tees Valley Strategic Transport Plan

Tees Valley is already Britain's best-connected region when it comes to trade and there are major ongoing or planned infrastructure improvements across our transport network.

Our region has some of the least congested roads in the country – even though 78% of local people travel by car or van as their preferred mode of transport – with our urban centres being connected by a dual carriageway, with the A1(M), A66 and A19 providing easy access to the whole of the UK.

The road network is complemented by the River Tees and Tees Maritime Cluster, which remain the backbone of our industrial economy and supply chains, with significant potential to build on our existing deep water port capacity. International airports are within reach by road and rail, with Teesside International Airport offering unique airside access to the region's integrated industrial economy.

Darlington Station, on the East Coast Main Line, was redeveloped in 2026 to improve local, regional and national reliability and free up further capacity on the strategic rail network. It connects London to Edinburgh in just over 4 hours, and direct trains to London are also accessible from Eaglescliffe, Hartlepool and Middlesbrough. Nonetheless, further investment in our transport system to improve capacity and connectivity is needed to enable more efficient movement of people, goods and ideas.



Unlocking strategic growth opportunities through significant investment in transport infrastructure



Working with partners to provide a sustainable transport network that is integrated, easy-to-use and feels safe and secure



Taking a digital-first approach to improve the journey experience for all of our users

Our **Tees Valley Strategic Transport Plan** sets out our ambitions to provide a high quality, quick, affordable, reliable, low carbon and safe transport network for people and freight to move within, to and from Tees Valley. By continuing to implement our plan, we will deliver an integrated transport system which enables the full potential of our region to be unlocked, ensuring Tees Valley remains a place known for export and trade and supports our region to be an emerging tourism destination.

An important part of achieving our transport ambitions by road, rail, sea and air relies on future proofing our transport network and international gateways, capitalising on the benefits of digital and innovative technologies.



DIGITAL

The **Tees Valley Digital Strategy** details how we intend to utilise digital infrastructure, digital innovation and digital inclusion to create a world-leading digitally enabled economy that works for every person and every business, retaining and attracting talent and ultimately making Tees Valley a great place to live, study, work, invest and visit.

This will enable Tees Valley to be the UK's first truly Smart Region by 2032 – using world-leading digital infrastructure and innovation to create opportunities for all local people and businesses. Our commitment to digital inclusion aims to ensure the benefits of the internet and digital technologies are accessible to all, by fostering a connected region where individuals have the skills and confidence to engage with education, employment and services, regardless of location.

Our region is off to a positive start with data showing Tees Valley has nearly 99% superfast broadband coverage in addition to nearly 95% gigabit capable and more than 70% full fibre – all above national averages. 5G is also being rolled out at pace.

This digital connectivity is enabling our region to trial innovative transport solutions that improve the movement of people, goods and services. These include a UK-first Digital Twin (a region-wide, automated, real-time, AI-driven traffic management model) and a UK-first Digital Trade Testbed. As part of this, vehicles are being trialled to support the UK's first commercial deployment of autonomous transport, facilitating the movement of both passengers and luggage at Teesside International Airport. Further deployments will see autonomous passenger vehicles improving connectivity and autonomous freight movements, improving efficiency, addressing driver shortages, and increased demand.

Initiatives like these are better connecting our communities and making it easier for businesses in our region to trade internationally. We nonetheless remain focused on improving digital coverage and access across our region, ensuring adequate capacity and resilience.



SMART INFRASTRUCTURE

To better understand mobile signal strength and network performance across Tees Valley, Inakalum was commissioned to assess coverage and capacity for the UK's major mobile operators.

Surveys were conducted at street level using NetworkUX kits installed in waste collection vehicles, enabling continuous monitoring of network performance as the vehicles travelled their usual routes.

More than 12 million data points were collected and integrated into a public coverage checker. This enables local people and businesses to review mobile signal strength and capacity, identify coverage gaps, and make more informed decisions about their network providers. The data also provides valuable evidence to support engagement with mobile network operators, helping to drive targeted investment into areas where connectivity improvements are most needed.



Scan here to visit Tees Valley Mobile Coverage Checker

Digital connectivity is a crucial component of our digital inclusion ambition by ensuring people stay connected, as well as supporting the operational deployment of smart transport infrastructure.

Tees Valley is emerging as a UK leader in AI-enabled transport infrastructure and real-time digital systems, demonstrating how advanced technology can improve connectivity, productivity and regional resilience, supporting our ambition to be the UK's first truly Smart Region by 2032.

The region has delivered one of the UK's most advanced Intelligent Transport Systems programmes, integrating real-time data, predictive analytics and connected infrastructure across the transport network. This is helping create a more responsive, resilient and reliable network to move people and goods, bolstering future inward investment opportunities.

A key element of this programme is the UK's first operational region-wide transport Digital Twin, regarded as a national exemplar. It is enabling predictive and data-led management of the transport network in real time which is leading to measurable improvements. Tees Valley has also deployed advanced adaptive traffic management technology across the highway network to improve reliability, reduce congestion and support more efficient movement.

This shows how Tees Valley is moving beyond digital ambition to operational delivery, helping establish the region as a nationally significant location for smart infrastructure, applied AI, integrated digital systems and future-ready public infrastructure capable of supporting long-term economic growth and investment.

HOUSING

Regional transport and digital infrastructure investments relate to, and are influenced by, the locations of our communities. This is essential in our region as more than one in four households do not have access to a car or van and 12% of households in the North East are affected by transport poverty.

Despite this, 98.0% of working-age residents live within an hour of a Further Education establishment, and all people in Tees Valley live within 50 minutes of an employment centre by public transport.

Importantly, it is not just about where houses are situated but also the supply, type and construction – homes must be affordable, connected, close to job opportunities, low carbon and built by a local workforce to a good quality, with construction supporting regional supply chains.

Tees Valley is already one of the most affordable places to live in the country and we have strong projected growth in our construction sector, which already employs more than 18,000 people.



© Esh Construction and Chapman Brown Photography

UNION VILLAGE

Middlesbrough town centre's Union Village is an intervention at a site of significant housing need.

The scheme has regenerated a 3.5-hectare brownfield site in Gresham, one of England's most deprived neighbourhoods, providing a mixed portfolio of 145 new homes all for affordable rent. The site had sat vacant for years after previous regeneration attempts had stalled.

Delivered by Middlesbrough Council and Thirteen Group in partnership with Esh Construction, with grant support from Homes England's Affordable Homes Programme, it offers five secure communal garden areas providing safe havens in which children play and residents gather. Residents have already formed community groups, established allotments and are hosting events, helping foster ownership and stewardship of these shared spaces.

Union Village has secured a number of awards, including Regeneration Project of the Year at the

Northern Housing Awards, Residential Project of the Year at the Constructing Excellence North East Awards, and the LABC Warranty Bricks Site Recognition Award for consistent high-quality workmanship. It was also selected as a recognised scheme for the Housing Design Awards and shortlisted in the Excellence in Planning for Homes and Communities in the RTP1 North East Awards.

This project was supported by £2.4million of Brownfield Housing Funding providing further flexibility to deliver on our key priorities, creating strategic housing alongside key assets in employment, training and education.



The **Tees Valley Spatial Development Strategy** is currently in development and will consider housing need, strategic infrastructure provision, improving the environment and ensuring climate resilience.

It will set the framework for future Local Plans in Darlington, Stockton-on-Tees, Middlesbrough, Hartlepool and Redcar & Cleveland and Stockton-on-Tees. This is particularly important in Tees Valley as we have no defined city centre and need to favour decisions which increase the density and co-location of business activity and opportunities with communities of high-skilled workers. Our region also works collaboratively through our **Strategic Place Partnership** with Homes England.



© Chapman Brown Photography

TALENT

Tees Valley has, and continues to, invest heavily in our residents. We are committed to delivering a world-class health, education and skills ecosystem which provides a readily available, experienced and skilled labour pool for existing and future businesses, while ensuring that the opportunities that they bring can be accessed by local people – giving residents the skills to be career ready, access well-paid roles and progress as well as the skills they need to go about their day-to-day lives.

To do this, we work closely with our businesses to identify their current and future workforce needs, cooperate with education establishments at all levels – supporting education from primary to Further and Higher Education – health providers and engage our communities with support from partners such as the voluntary, community and social enterprise sector.

This joint working is paying off as today seven in ten working age adults are currently employed across our region. However, we know that there is still work to be done to make Tees Valley a region where everyone can thrive by raising educational success, ambition and awareness of opportunities, ultimately achieving full employment in a well-paid job for anyone who wants one.

“Human capital – the capabilities and skills of individuals and populations – is a key driver of economic prosperity and productivity. It can be developed by ensuring individuals are able to sustain good health, and they are in possession of in-demand skills and capabilities. The value of human capital is realized in the labour market through productive employment, and it is developed through education during the first two decades of an individual’s life as well as through mid-career training investments.”

World Economic Forum

“Boosting employment in sectors which can contribute to aggregate productivity and generate economic growth are key, and a rebalancing of sectoral employment towards high productivity sectors will close both Tees Valley’s productivity gap and output gap.”

Innovate UK Tees Valley Local Action Plan

The **Get Tees Valley Working Plan** is our main health, skills and work plan to realise our aims and maximise the opportunity of our human capital for the benefit of our businesses and communities.

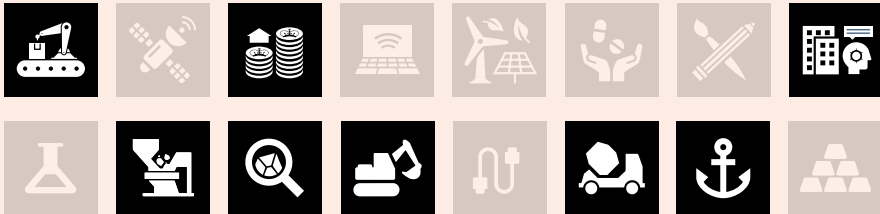
The plan – which sits alongside other regional skills, workforce and health plans and interventions – looks to increase employment, mitigate health-related barriers to work and improve job quality. It details how as a region we are collectively working to address challenges to labour force participation and progression, including through initiatives like the Tees Valley Youth Guarantee Trailblazer and Connect to Work programmes.

Taken collectively, we will continue helping people to stay local and go far with their careers regardless of their backgrounds, focusing on upskilling and retaining to facilitate progression into higher value, higher paid jobs. This, in turn, will help to stimulate the local labour market, allowing those already in work to progress, and provide new opportunities for those entering the labour market for the first time or returning after a pause.

86% of jobs are in our foundational economy, which underpins our existing and emerging regional sectoral strengths. The foundational economy in Tees Valley includes professional and business services, construction, health and social care and our visitor economy – crucial components if we are to grow the economy and contribute to national ambitions.

It is important that we continue the work that is already underway, which is succeeding to increase business density and diversify our regional economy with an eye to securing greater opportunities for local people and allowing progression into well paid, productive jobs.





Key Metrics Foundational Economy



GVA
£9,263
75% of total GVA



Productivity (GVA per job)
£40,339
UK = £48,996



Average Wages
£27,994
UK = £34,238



Business Enterprises
13,935
80% of total businesses
0.98 location quotient



Total Jobs
234,936
86% of total jobs
1.0 location quotient



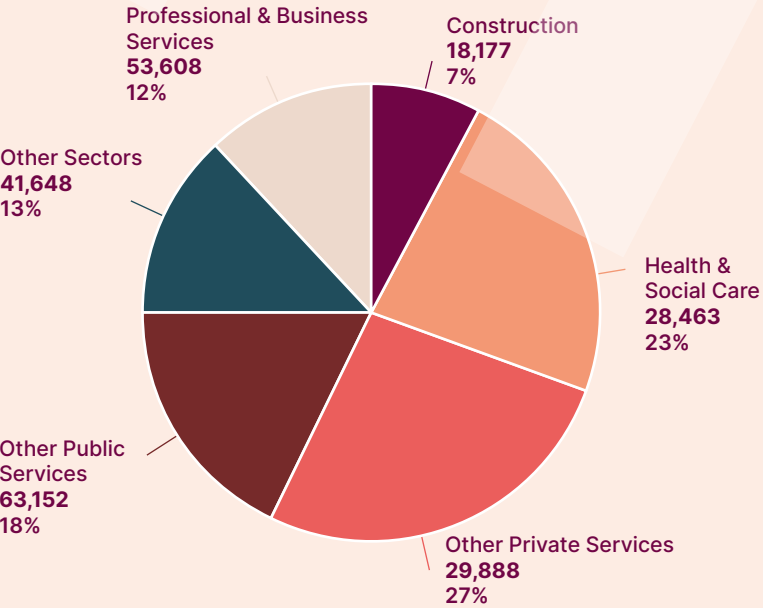
Current Skills Requirements
7% RQF Level 1
GCSE Grades 1-3
44% RQF Level 2
GCSE Grades 4-9
19% RQF Level 3
A-Levels
29% RQF Level 4+
Degree
Data is for the proportion of jobs which require each education level

Significant opportunity for productivity gains in the Professional and Business Services sector through investing in skills and innovation to help these businesses export. Represents a key opportunity for boosting the region's overall productivity rate and increase the aggregate economic growth rate.

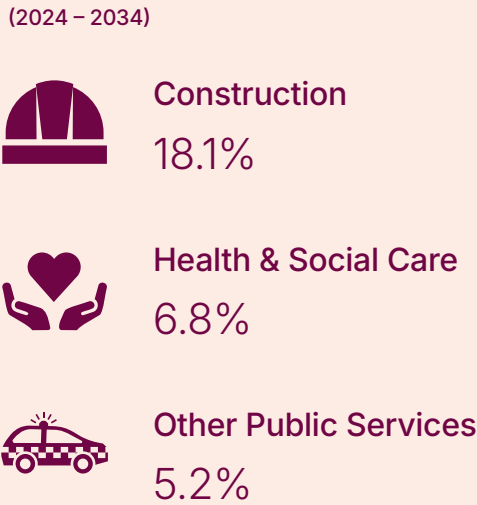
New investment in our Health and Social Care sector is leading to improved productivity through digitalisation.



Foundational Economy Jobs 2024



High Growth Sectors





© Northern Echo



DARLINGTON ECONOMIC CAMPUS

Darlington Economic Campus (DEC) has built on the long-established Department for Education location in the town, as part of the Government's strategic decision to relocate Civil Service jobs outside of London as part of its Places for Growth Programme.

This created a multi-departmental government hub with more than 1,000 civil servants now situated there, with around 20% relocated and 80% newly recruited locally. Additional jobs have also been created in support services and supply chains to government departments. A permanent building for the hub will accommodate more than 1,600 civil servants.

Government staff have worked from the town's Grade A Feethams House office accommodation, repurposed after being established to provide quality office space for SMEs in the borough, as well as general business use.

The DEC has provided a threefold advantage for Tees Valley. It has provided both direct and indirect jobs for local people while anecdotally contributing to increased footfall in Darlington Town Centre. Furthermore, it is now ensuring that the voice of the region, its local people and businesses are heard – putting Tees Valley at the forefront of government policy and decision-making thanks to a deeper understanding of our challenges and opportunities through lived experience.



INNOVATION

“Innovation involves taking cutting-edge ideas to market, doing things differently and embracing diverse thinking. Innovation is about addressing real-world challenges using the power of people who can create and deliver transformative solutions.”

Innovate UK Tees Valley Action Plan

Innovation in Tees Valley has already made its mark across the world. The strength of our skills base, coupled with a spirit of inventiveness and world-leading research institutions and assets, has long given us an outstanding reputation for industrial excellence.

Tees Valley has the highest percentage of turnover related to businesses introducing new products to the market. The region is also above the English average for the percentage of businesses who are product innovators and businesses who are business process innovators. It is no surprise, therefore, why Tees Valley attracts noticeable levels of Innovate UK funding.



Turnover from
Introducing New Products
Tees Valley (31.1%) | UK (18.7%)
(% of turnover)



Product Innovators
Tees Valley (22.6%) | UK (20%)
(% of businesses)



Business Process
Innovators
Tees Valley (30%) | UK (29.6%)
(% of businesses):



Innovation Active
Tees Valley (35.4%) | UK (37.1%)
(% of businesses)



Performing Internal R&D
Tees Valley (12.5%) | UK (14.2%)
(% of businesses)

BOULBY UNDERGROUND LABORATORY

The laboratory is housed 1.1km below ground in the deepest mine in Great Britain, supporting multidisciplinary studies which require access to low background experimental space or access to geologically interesting deep underground environments. The work being done at Boulby focuses on quantum technologies and particle physics, with the site offering one of a few facilities in the world where such studies can take place – it is the only one of its kind in the UK.

The science support facilities at Boulby currently include a 4,000m³ deep underground laboratory for ultra-low background projects, with fully supported experimental areas operated at 10k and 1k clean room standards (ISO 7 and 6

respectively). With a footprint of 1,600m², the laboratory has power, internet, 5T and 10T lifting capacity and air conditioning and filtration. In addition, Boulby also operates a 3,000m³ Outside Experimental Area in a nearby bare salt cavern for studies requiring supported access to the deep underground environment and geology.

The scientists at Boulby intend to expand the facilities over the next decade, building on their initial work in the 1990s in the search for Dark Matter. Recent studies have included equipment testing on the Rosalind Franklin Rover which is destined for Mars, with a planned launch date in 2028.



Science and
Technology
Facilities Council

Boulby Underground
Laboratory



DRIVING OPPORTUNITY

Historically, innovation in our region has largely focused on demonstration, pilot production and scale-up activity, readying products to move towards commercialisation – reflecting our heritage of manufacturing excellence and unique international pilot capabilities. There remains significant innovation potential (in terms of speed, type and scale) in our traditional tradeable sectors as well as noticeable opportunities in our emerging tradable sectors.

There is a clear opportunity for Tees Valley to adopt a more agile and coordinated approach to targeting and landing commercialisation opportunities – better connecting local firms with the existing innovation ecosystem to drive up research and development intensity throughout our business base, helping firms grow or move up the value chain.

This activity must also be supported through a whole-system approach through greater innovation funding, for example, if we are to fully embed innovation across Tees Valley. This includes making the most of our innovative institutions to foster more start-ups and spin-outs.

Tees Valley's Innovative Institutions



AMAZON DRONES

Innovation is still plain to see in companies that base themselves in Tees Valley today. International e-commerce company Amazon has successfully started drone flights out of its Darlington fulfilment centre, ahead of the town becoming the first location to launch its drone delivery service, Prime Air, in 2026.

The service will use Amazon's autonomous MK30 drone to deliver packages weighing up to 5lb to customers in less than two hours.

Teesside International Airport has played a vital role in supporting the roll out of the drone service through advice and guidance on local air operations from senior management and the air traffic control team, while liaising with the Civil Aviation Authority.



While the potential is there, we know that there are several factors which make it challenging to commercialise innovation opportunities and, ultimately, encourage greater levels of innovation within the business base.

The **Tees Valley Innovate UK Action Plan** details how our region intends to capitalise on our existing strengths, innovation clusters and support our innovation-enabling ecosystem, ultimately positioning Tees Valley as a national centre for excellence in innovation. This will be achieved by collectively working with UKRI and particularly Innovate UK to:

 **Inspire** – Inspiring more businesses to undertake all forms of innovation and to generate commercially viable intellectual property.

 **Involve** – Working together across the Tees Valley ecosystem to have a greater impact than we can separately.

 **Invest** – Aligning our existing resources and investments to ensure that we build on the insights, assets, and capabilities from across Tees Valley.

Through continuing to create the necessary conditions and further investing in impactful ideas – that are not limited to only technological or research-driven innovation – we will increase innovation in our region for the benefit of our businesses, communities and economy, ultimately putting more money in people's pockets.

“Innovation affects productivity by making products better, processes more efficient, and businesses more effective. It enables individuals, businesses, and economies to produce more output with the same – or even fewer – resources, allowing economies to grow.”

What Works Centre for Local Economic Growth

PRODUCTIVITY

In addition to continuing our efforts to ensure local people have the skills to access opportunities and support the ambitions of our businesses, we must also remain focused on encouraging businesses and entrepreneurs to increase productivity – supporting them to be as competitive and profitable as possible through increased returns on investment, creating further opportunities and ultimately boost living standards.

“Increased productivity can lead to higher wages and household incomes, stronger businesses, better public services and a higher standard of living.”
The Productivity Institute

Tees Valley is already home to several sectors – Chemical and Process; Clean Energy; and Life Sciences and Biomanufacturing – that have productivity rates above national averages. It is important we continue to support productivity advancements in these sectors, enabling and encouraging them to increase outputs through activities like the deployment of technology and adoption of innovative practices. Increasing exports and access to foreign markets will also foster further innovation and in turn productivity.



MADE SMARTER

Made Smarter North East has supported small and medium-sized manufactures to grow through the adoption of innovative practices and new technologies. The programme provides firms with a structured journey to digital adoption, including a string of workshops to explore digital technologies, tailored support from sector experts and networking opportunities with other regional manufacturers.

Those taking part gain valuable insight into how digital adoption can unlock growth, efficiency and long-term resilience through improved productivity.

Middlesbrough-based Virasel Valve Solutions Ltd are a prime example as recipients of the programme. The business specialises in valve repair, servicing, and overhaul and needed to work smarter and quicker to keep pace with a growing order book. Through the programme, Virasel Valve Solutions Ltd purchased a digital

control valve test bench with their capital grant and also brought in an expert consultant on engineering reporting. This saved the firm time on their existing processes and enabled them to get up to speed with the new technology quickly.

The programme means businesses across Tees Valley, like Virasel Valve Solutions Ltd, can improve their productivity and compete on a national and global stage, ensuring that supply chain opportunities are not lost to overseas businesses.



Scan QR code to find out more

MADE SMARTER



DRIVING OPPORTUNITY

If Tees Valley can match national productivity rates, we can increase the value of our region's economy by £9billion (GDP per capita).

Productivity is not only important for the sectors that export but also in those that currently do not. We must encourage productivity improvements in our non-tradable sectors – the majority of which are located in our foundational economy – given the vital role they play in our regional economy.

This intention goes hand in hand with our skills and employment ambitions due to the initial displacement effects this can have in the short term and progression into higher-paid roles in the long term. However, on balance, productive non-tradable sectors are essential if we are to nurture productivity and offer the most efficient goods and services, ultimately leading to reduced costs and greater profits for our businesses.

Importantly, productivity improvements do not just come from highly innovate, export-focused firms and a diversified economy, crucial though they are. At its core, productivity touches on being as efficient as possible with the resources available to achieve an output.

If we are to be a region known for productivity, we must continue to focus our efforts on securing further devolution of powers and funding from central government. The Government has recognised the importance of giving those who know their areas best the powers and funding to achieve better outcomes through coordinated action, enabling more efficient use of resources. Tees Valley must continue to capitalise on this opportunity and strive to be an exemplary region known for purposeful delivery with and for our communities.



“Regions that leverage their tradable sectors tend to see faster productivity growth. Firms in tradable sectors are more exposed to international competition and therefore need to be dynamic and innovative, raising productivity through either cost savings or exploration of new market opportunities. A holistic strategy to raising productivity should also include measures to encourage a diverse economy, which is less vulnerable to shocks and can recover more quickly from downturns. This requires seeking opportunities to improve productivity in both tradable and non-tradable activities.”

OECD



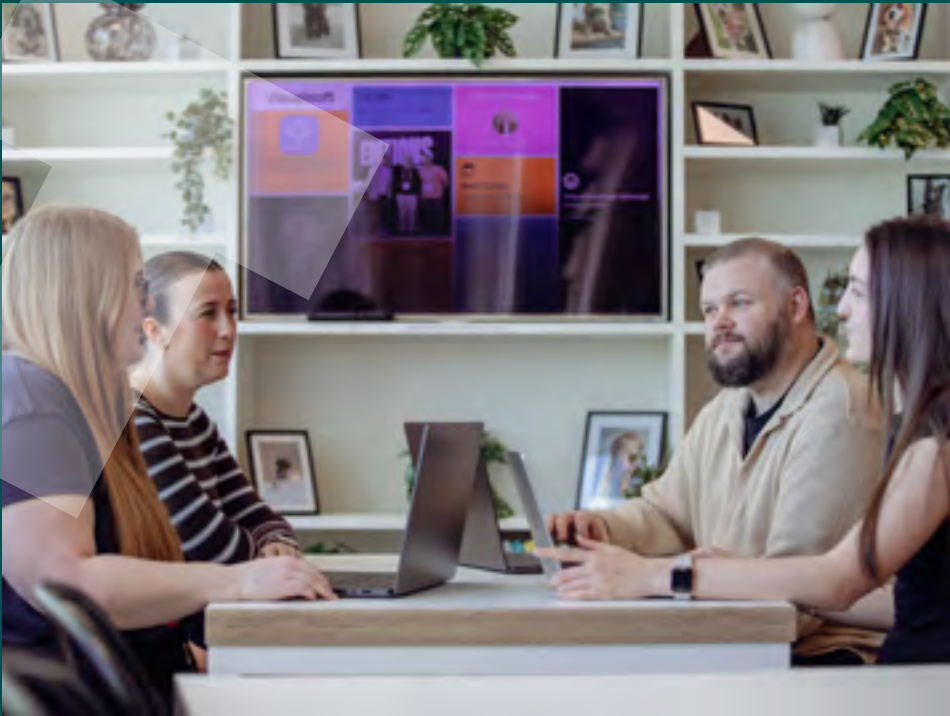


STRENGTH- FOUNDATIONS

To deliver the regional prosperity everyone wants to see, we know there are challenges that must be addressed to make sure our region has strong foundations to make the most of what we have to offer and capitalise on future opportunities.

Some of these challenges are barriers to growth which require targeted actions, others are underlying causes that will need broader reforms. Both require collaboration from organisations such as central, regional and local government, business, education providers and the voluntary, community and social enterprise sector.

It is our collective responsibility to do everything we can to ensure that, over the next decade, we see improvements that make Tees Valley known as a prosperous region with a **growing economy, thriving places, strong communities** and **remarkable businesses**.



GROWING ECONOMY

Tees Valley already contributes £18.9billion in Gross Domestic Product – the value of goods produced in one year – to the national economy. We are committed to increasing this figure alongside seeing improvements in other factors as a strong UK economy is built from a strong Tees Valley economy. This plan sets out how we intend to continue our journey to make our region the place of choice to live, study, work, invest and visit – a journey that will be guided by five commitments and fuelled by a sustainable growing regional economy.



Increased GDP



Increased Investment



Increased GVA



Further Devolution



Increased Consumer Spending



Reduced Welfare Bill



OUR COMMITMENTS:

Our Tees Valley – a place where...

- **Everyone shares in opportunity:**
Growth creates real opportunity for people, where good jobs and incomes and a strong local economy improve everyday lives in every community.
- **People are proud to live, work and belong:**
Vibrant places, quality homes and a healthy environment support fulfilling lives, and people feel connected, safe and proud of where they live.
- **People succeed and thrive:**
People of all ages build skills, access opportunity and achieve their potential – staying local to go far.
- **Our sectors power a sustainable future:**
Our industrial strengths drive innovation and productivity build resilience and secure long-term prosperity.
- **Businesses start, grow, invest and lead:**
Businesses of all sizes thrive – innovation is supported, investment is secured, and enterprise creates lasting opportunity for local people.

THRIVING PLACES

Tees Valley's five boroughs each have something unique to offer our people, businesses, investors and visitors, making our region much greater than the sum of its parts.

Significant and visible regeneration projects are breathing new life into our towns, unlocking a range of opportunities and creating new ones. This has been accompanied by considerable effort and investment to support regional ambitions, attract big businesses and investors right across Tees Valley and connect people to opportunity to make the most of what our region – and its multiple economic centres – has to offer.

Nonetheless, and despite its compact geography, Tees Valley continues to experience place-based challenges which lead to negative perceptions, make it harder to travel around the region for work and leisure, hold back business growth and discourage investment – but, importantly, many of these challenges are not unique to our region and must be addressed at a wider scale.

For instance, we know that energy costs and speed of connections restrict businesses' ambitions and competitiveness, and that some of our infrastructure hinders faster commutes and limits public transport options. Through working in lockstep with our place makers, we are committed to continue our collective efforts and increase momentum to create thriving places known for their liveability, offering and potential, by seeing particular progress on the following factors.



DEVELOPING DARLINGTON

Darlington is emerging as a key economic centre and one of the UK's fastest growing towns. It is home to regional assets such as the Science Central innovation quarter and Darlington Economic Campus and its nine government departments and more than 1,000 civil service staff.

The town is entering a new chapter, bolstered by government investment and a new £140million railway station, which is driving demand for both homes and high-quality commercial space.

Darlington Borough Council is working with visionary UK developer Cityheart to deliver transformational town centre regeneration. Five strategic sites will include new Grade-A

office space opposite Government's expanding Economic Campus, home to a further 1,600 staff, complemented by opportunities for flexible workspace and innovation-led facilities supported by Science Central's firms, and the development of a new state-of-the-art STEM centre.

Construction is expected to begin in 2027, with further plans for up to 300 sustainable homes, transport infrastructure, greenspace and public realm development in the town centre.



THRIVING PLACES



Improve transport connectivity



Increase active travel and public transport patronage



Increase visitor numbers (day + night)



Increase visitor spending



Improve digital connectivity



Improve energy connectivity



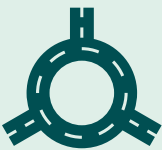
Fostering regeneration



Increase Foreign Direct Investment



Reduce energy costs



Improve infrastructure resilience



Increased student numbers



Improve rateable value of commercial floorspace



Healthy housing supply



Improve housing stock



Improve land values



Reduce vacancy rates



Increase supply of commercial space



Increase liveability



Increase natural capital



Improve perceptions

STRONG COMMUNITIES

Tees Valley is a region proud of its heritage, industrial history, and fantastic culture and lifestyle offer. Our communities are the advocates and ambassadors of our region and will continue to shape Tees Valley and determine our future.

There are few places that could rival the pride, spirit and hospitality which characterise our communities. Tees Valley is where the next generation of creators, makers and doers are defining tomorrow. However, there is still more to be done so those who call our region home – whether they live in our urban centres or rural and coastal areas – can go about their day-to-day lives, fulfil their true potential and improve their life outcomes.

We know there are large numbers of working-age people who do not have the required skills level, are unemployed or outside of the labour market.

Too many people still feel they must leave the area to access exceptional education or secure good-quality, well-paid jobs. We also recognise that many working households live in some of the poorest communities in the country as Tees Valley's average wages are relatively low.

These circumstances, more than most, must be improved because they interact with higher levels of material hardship and lower living standards. They mean our workforce is smaller than it should be and our residents have reduced chances to contribute to the society, workforce and economy.

There are several factors which contribute to these situations which we must address – with every step of the journey being informed by our communities and in their interests.



DEVICE DONATION

Furbd is a digital inclusion and sustainability non-profit organisation which believes that no one should feel left behind in a digital world. That is why they collect, refurbish and reuse donated technology, giving it new life and providing people with new possibilities. Furbd work with more than 140 trusted charities, community groups and support services who understand local needs.

Together, they make sure technology reaches individuals and families who are struggling without access. That might be someone applying for work, a young person trying to keep up with school, or someone simply trying to stay connected to loved ones. Every device they restore creates a new starting point for someone else. By reusing technology, partnering with trusted organisations and reinvesting 100 percent of their profits back into their mission, they are building something sustainable and rooted in community.



Furbd have partnered with North Tees and Hartlepool NHS Trust Digital Midwives team to help distribute devices to expectant mothers who need improved access to digital services and online support during pregnancy. For many families, something as simple as having access to a smartphone can make a significant difference. These devices help expectant mothers to stay connected with healthcare professionals, access essential pregnancy information and appointments, use digital health services, and feel more informed, supported and confident throughout their pregnancy journey.

Through partnerships like this, Furbd helps strengthen the impact of local charities, councils, schools, and health services by providing refurbished technology through trusted frontline organisations already working directly with residents.

They are just one of the incredible and invaluable organisations which work tirelessly in our region's voluntary, community and social enterprise sector to improve the lives of everyone in Tees Valley.



STRONG COMMUNITIES



Improve childhood development levels



Improve childhood development levels



Increase healthy life expectancy



Improve inclusion



Increase educational attainment at primary and secondary school



Increase skills levels



Increase social mobility



Raise ambition



Increase awareness of opportunities



Increase employment levels



Maximise social value



Reduce poverty and deprivation



Reduce employment deprivation



Increase talent retention



Reduce crime levels and negative perceptions

REMARKABLE BUSINESSES

Businesses are our wealth creators and continue to fuel economic growth and generate opportunity. Tees Valley is a place where entrepreneurial spirit meets dedicated, skilled people and a supporting ecosystem – when combined this offering far exceeds perceptions.

Our region's business landscape is made up of c99% SMEs, which have countless success stories that continue the global achievements of the industries that once dominated our skyline. Tees Valley champions this business growth and our local authorities actively progress planning applications at speeds which are the envy of many other regions.

Despite this, there are significant pressures and asks on our businesses, with more to be done to increase business births and scale-ups, for example. We want to make Tees Valley the default destination for starting and growing a business, so visible, measurable progress must be made on the following areas to realise this aim – and be guided by the voice of business.



AV DAWSON

AV Dawson is a family-owned and family run, multimodal port and logistics business which plays an important role in the Tees Valley's industrial landscape. Founded in 1938, it is still led by the Dawson family. The group owns and operates the Port of Middlesbrough and a range of operations covering port services, road haulage, rail freight and industrial services across its approximately 100 acres of riverside sites.

As part of their investment and growth, AV Dawson has invested over £10million in recent years to expand and modernise the Port of Middlesbrough, supporting regional regeneration and attracting new business to the area. The firm also owns and operates storage and warehousing for a wide range of customers.

As a multimodal logistics hub, AV Dawson connects Tees Valley businesses to national and international markets via road, rail and sea – this connectivity is vital for business involved in energy, construction, agriculture and automotive.

The business promotes long-term stewardship, local roots and re-investment in its assets. Its key values are safety, integrity, family and resourcefulness, with a goal to build a legacy in Tees Valley and cement its position as a good corporate citizen and to give back to people locally.

The company carries out charity work, volunteering and has hosted upwards of 2,000 school children for visits to the site to give them an insight into work in the maritime sector. With more than 80 years of continuity and service from its Middlesbrough base, AV Dawson has positioned itself as, and remains, a regional anchor for manufacturing and energy supply chains.

AV Dawson is a key partner in regional projects such as the Tees Maritime Cluster and the Teesside Freeport, which are designed to accelerate economic growth, attract investment, and create jobs.



REMARKABLE BUSINESSES



Improve business environment



Increase business births



Increase access to finance



Increase spinouts



Improve business survival rates



Increase business density



Increase scale-ups



Improve investor readiness



Increase innovation



Increase productivity



Increase exports



Increase levels of R&D spending



Increase jobs

OUR COMMITMENTS

To grow our economy, build thriving places, strong communities and remarkable businesses we will work collaboratively to deliver our commitments.

EVERYONE SHARES IN OPPORTUNITY

- We will grow the value of the Tees Valley economy, increasing our contribution to the national economy and putting more money into local communities.
- We will ensure local people and business benefit directly from growth, creating thousands of good jobs and supporting our priority sectors.
- We will work towards full employment in well-paid jobs, so everyone who wants to work can access opportunity.
- We will reduce poverty and deprivation by creating better jobs to increase household incomes.
- We will ensure growth is shared, so every part of Tees Valley benefits from our success.

PEOPLE ARE PROUD TO LIVE, WORK & BELONG

- We will transform our towns and regeneration sites into thriving, investable places.
- We will deliver a world-class transport system that connects people to jobs, businesses to markets and our region to the world.
- We will increase the supply of high-quality housing and commercial space, supporting both communities and business growth.
- We will build on Tees Valley's quality of life, combining affordability, connectivity and culture to attract people and investment.
- We will become the UK's first truly Smart Region, using digital infrastructure and innovation to transform how we live and work.

PEOPLE SUCCEED & THRIVE

- We will raise ambition and support people to stay local and go far, building careers in Tees Valley's growth sectors.
- We will improve health, wellbeing and life chances across all communities.
- We will build a highly skilled workforce aligned to our major industries, working with employers, colleges and universities.
- We will reduce barriers to work and increase participation, helping more people into employment and progression.
- We will grow and retain talent, ensuring Tees Valley is a place where people build long-term careers and return to live and thrive

OUR SECTORS POWER A SUSTAINABLE FUTURE

- We will build on our industrial heritage to capitalise on our assets and lead the industries of the future.
- We will establish Tees Valley as the UK's premier net zero industrial cluster, leading the transition to low-carbon industry.
- We will grow our digital and creative sectors to national prominence, making Tees Valley a centre of innovation and creativity.
- We will diversify our economy to reduce risk and strengthen resilience against future shocks.

BUSINESSES START, GROW, INVEST & LEAD

- We will make Tees Valley one of the UK's most investable regions, unlocking our Freeport, Investment Zone and major regeneration sites to secure global investment.
- We will position Tees Valley as a confident, outward-facing global region, attracting investment, talent and opportunity.
- We will turn opportunity into delivery at pace, using our proven ability to land and deliver major projects.
- We will make Tees Valley the default destination to start, grow and scale a business.
- We will support our businesses to increase innovation, productivity and exports, enabling them to compete globally while building a stronger, more diverse economy.
- We will increase business density and unlock local supply chains, ensuring growth is rooted in our communities.



DELIVER PROSPERITY

Delivering regional prosperity – increasing outcomes for people and businesses, futureproofing our industries and economy, growing our communities, culture and tourism and ultimately, putting more money in people’s pockets – will continue to be a collective effort.

It means using existing partnerships, assets, powers, levers and funding – all with a fixed focus on achieving our collective vision for Tees Valley, building upon the journey we have been on.

Recognising the collective effort required, Government has agreed to work with us even more closely to address three areas that represent our most significant opportunities and limitations to growing the economy – these shared priorities will be used to guide national and regional policy interventions.

Shared Priorities with HM Government



SKILLS AND EMPLOYMENT

Increase the skills base and reduce economic inactivity to help residents rejoin or increase participation in the workforce and support them into better employment opportunities. This will deliver a more joined-up approach which addresses local workforce challenges, providing the talent pipeline for key growth sectors.



TRANSPORT

Improve transport accessibility and travel experiences to better connect workers across the region to employment and industrial sites. This will support residents to access more economic opportunities, with businesses better able to attract talent across a wider geography and facilitate growth and inward investment.



HOUSING AND COMMERCIAL DEVELOPMENT

Increase the availability and viability of high-quality commercial land and space, such as office, industrial, research and development space, and appropriate housing, to increase business density and to attract and retain talent. This will provide the foundations for greater business investment and expand available talent for businesses, boosting growth and productivity in key sectors.

To find out more visit

www.gov.uk/government/publications/local-growth-plans-england/agreed-shared-local-growth-plan-priorities



Government is, however, not the only partner needed to deliver prosperity. We also want to ensure that our businesses and communities secure the most out of any procurement activity taking place here. To do this, we are committed to reviewing contracts at the outset of the procurement process to determine whether they can be segmented into “lots” where appropriate. A lot is a way of breaking a procurement into smaller pieces, allowing suppliers to bid for one, some, or all parts rather than the entire contract. This will support greater participation of regional specialists and avoid the consolidation of requirements into larger contracts typically best suited to direct – known as Tier 1 – suppliers.



Through our procurement practices and pathways, we will increase supply chain engagement through pre-tender market engagement activities, while facilitating introductions between Tier 1 suppliers and relevant local businesses capable of acting as subcontractors. This approach will foster strong working relationships and lead to improved opportunities for all parties.

Pre-tender market engagement also enables us to connect the supply chain with the voluntary, community and social enterprise sector to support regionally focused, needs-based social value commitments from suppliers, ensuring a positive and lasting impact on the region.

The partnerships we have and are building go beyond procurement, including (but not limited to) our Local Visitor Economy Partnership which was established in partnership with VisitEngland.



Scan here to read more about our approach to procurement



Scan here to find out more and see the latest list of partnerships

Through this, Tees Valley will continue to collectively support destination management and unlock opportunities to enhance our region’s tourism offer.

Our joint working with strategic housing leads regionally and nationally – including the Tees Valley Housing Partnership and Homes England – will continue to unlock housing delivery and regeneration. These partnerships recognise the role Tees Valley Combined Authority plays in conjunction with our local authorities on housing and planning, and how our responsibilities will change in time, reflecting the national devolution agenda.

As a region, we are committed to building and deepening partnerships to foster greater collaboration as we collectively work for the benefit of our communities and businesses – finding synergies and setting the standard for best practice.



The Tees Valley **Devolution Deal** transferred powers for skills and employment, transport, planning, and investment from central government to our region. Since 2016, this has enabled Tees Valley Combined Authority to create an investment fund with the focus of investments being set out in our **Investment Plan**.

The Investment Plan made initial allocations covering:



TRANSPORT



**EDUCATION,
EMPLOYMENT
& SKILLS:**



**BUSINESS
GROWTH**



**CULTURE
& TOURISM**



**RESEARCH,
DEVELOPMENT
& INNOVATION**



PLACE

Since 2019, the Investment Plan has risen in value as more powers and funding have been handed down from central government to support our work to create jobs, drive economic growth and transform the region.

By December 2024, 10,671 direct jobs and 7,096 indirect jobs were created in the Tees Valley with £1.48billion (Gross Value Added) being added to the economy. This equates to economic growth of 9% in real terms between 2014 and 2022, compared with a 6% increase between 2006 and 2014.

To make sure this economic growth is felt and realised in our communities, we will continue to meaningfully influence central government with the support of our region’s Members of Parliament, work with our partners, maximise social value and use existing powers and levers which have been granted to us. These levers include our Mayoral Development Corporations, Tees Valley Investment Zone and Teesside Freeport which are all focused on job creation, supporting regeneration and business growth and investment.

Our Mayoral Development Corporations have played an important role in advancing regeneration through progressing site preparation, securing planning permissions, establishing development frameworks and working with partners to accelerate town centre renewal – creating strong foundations for continued investment and delivery. We intend to use them to further strengthen partnership working with our constituent authorities to ensure regeneration is delivered collaboratively, reflecting local priorities.

The Tees Valley Investment Zone and Teesside Freeport will continue to create the conditions for investment and innovation, supporting our existing strengths and significant potential in the sectors of the future. Our region is already positioned to capitalise on the extra government support and accelerated delivery on offer so the full potential of these programmes and Tees Valley can be realised.

- Creating investible sites and places
- Landing investment and supporting local businesses to invest
- Growing sectors and supporting local economic growth

These programmes, powers and funding will be used with public and private investment to progress our evolving Investment Pipeline, which will respond to our region’s needs and wider environment. This includes future devolution.

Our Investment Pipeline has the ambition to boost regional competitiveness and build resilience through maximising investment across Tees Valley to bring forward key strategic projects, programmes, sites and investments that have the greatest impact to the economic and sustainability of the region.

From these strategic projects, programmes, sites and investments, six priority packages have emerged that have specific significance for enabling regional economic growth.



Scan here to see our full investment pipeline

INVESTMENT PIPELINE PRIORITY PACKAGES

Five of the packages are centred on our distinct Local Authority areas – each capitalising on their unique positioning and assets. These five are complemented by a sixth which is focused on the river and coastline. All six packages represent different types of investment opportunities over varying timescales and will require a range of partners to deliver.

Much like the river that gives our region its name, the packages flow together seamlessly. Each intervention has been considered and designed to provide region-wide benefits, ensuring Tees Valley will continue to be more than the sum of its parts – a region that is inventive, surprising and unstoppable all at once.

Tees Valley's Gateway

Transforms Darlington into a highly connected regional entry point, leveraging rail investment, town centre regeneration, and new commercial, residential, and STEM assets to attract business services, boost innovation, and drive inward investment.

Regional Care & Health Innovation

Develops a major health and care cluster centred on Stockton and Tees Central, integrating new clinical facilities, housing, education, and digital health innovation to address inequalities, support life sciences, and strengthen regional connectivity.

Digital Core

Positions Middlesbrough as a leading digital and tech hub through infrastructure upgrades, investment zones, improved transport connectivity, and town centre revitalisation to attract talent, support business growth, and enable a smart region.

Our River & Coastline

Enhances the River Tees and coastline as a unifying regional asset through placemaking, transport links, tourism development, environmental resilience, and investment promotion to support economic growth and quality of life.

Creative Destination

Builds a vibrant creative and cultural economy centred in Hartlepool, through regeneration, production facilities, heritage assets, and innovation hubs, enhancing tourism, supporting creative industries, and strengthening regional identity.

Industrial Strength

Expands globally significant industrial and clean energy clusters from their core locations in Redcar and Cleveland by leveraging deep-water ports, chemical processing expertise, and major brownfield sites to attract investment in offshore wind, SAF and advanced manufacturing.

TEES VALLEY'S GATEWAY

The Tees begins its journey in Darlington with the river, as a natural asset, complemented by our rich railway heritage and infrastructure. The development of the Stockton & Darlington Railway drove forward – much like the river – our towns to the East and transformed transport across the globe. Indeed, railway lines in our region have evolved along the path of least resistance, enabled the movement of people and goods, and influenced our towns.

Many of our region's visitors, potential investors, government and business representatives and individuals providing key economic benefits will also start their Tees Valley journey in Darlington. The £140million transformation to Darlington station provides an enviable gateway to the region, showing the shared level of ambition for Tees Valley while increasing rail reliability north and south, east and west, and boosting capacity for local and national rail services.

As well as a confident first impression, this has made Darlington the best-connected northern town in the UK, increasing Tees Valley's value proposition by facilitating further integrated infrastructure. It will link directly to other major regional developments, such as the 70-hectare unused Tees Marshalling Yards, creating a new community. The third phase of the Middlesbrough Station development will equally enhance Darlington's redevelopment, as will other rail improvements underway and planned in all five boroughs.

Taken together, this increased public transport connectivity will foster further possibilities for innovation, accessing opportunity and connecting our region to the rest of the world, enabling Tees Valley to lead the charge once again.

Developing the one-mile radius around the station will enhance connections with the strategically important Science Park and link to Darlington's town

centre redevelopment. This presents the largest and most ambitious regeneration initiative since the town centre was remodelled in the 1960s and 80s. The plan earmarks several town centre sites for redevelopment capitalising on Government's investment in the new Darlington Economic Campus (DEC) and will contribute significantly towards Local Growth Plan priorities

Interventions include a new commercial district with modern Grade A office space that will support the professional and financial services clustering around DEC, while a new residential quarter will bring a sustainable mix of town-centre homes. A new 45,000sq ft STEM centre will provide state-of-the-art Technology Enhanced Active Learning to boost educational attainment, productivity, and Tees Valley's position in modern industry and advanced manufacturing. These interventions, alongside the creation of additional garden villages and increasing the West End housing offer, will ensure affordability for young people moving to the area to work in the region and those employed in York, Newcastle and even further afield.

Collectively, these development proposals have the propensity to both seed and grow new investment opportunities in key growth sectors outside London. The availability of Grade A offices, within a high-quality public realm setting, residential development, alongside a science park, and with immediate connectivity to London and Edinburgh provides a catalytic platform for growth; particularly across Business and Professional Services, as well as Bio Manufacturing sectors. These phased plans also have the potential to create a strong ripple effect, with the spill-over economic benefits extending into neighbouring local authorities. New well-paid service and science related roles from new business will be created, with a renewed vibrancy across the town centre's retail and amenity core, and it will also create new supply chain gains for our existing business base.

REGIONAL CARE & HEALTH INNOVATION

Stockton-on-Tees uniquely borders three of our boroughs, sharing or connected to many regional assets, such as Teesside International Airport to the west and connections to Middlesbrough via Thornaby, Newport Bridge and the Transporter Bridge to the east. It is the most connected of our boroughs, so interventions proposed in the town will cross boundaries.

Stockton's ambitious Waterfront Park development links the town centre to the Tees once more. But it goes further than that, opening extra direct access to North Thornaby and onwards into Middlesbrough. This will be facilitated by Tees Central, to support and expand Stockton's plans through physical public realm work and by helping develop other assets connected to its plans.

Tees Central is set to become one of the UK's largest brownfield regeneration sites. The 70-hectare unused Tees Marshalling Yards will be developed into a new community at the heart of Tees Valley, with 3,000 homes and one million sq ft of employment and commercial development, providing a platform for significant investment in new clinical facilities. Its location would create a new gateway into Middlesbrough, tying the two towns closer together

A major part of this is the nationally significant Care and Health Innovation Zone cluster, combining 110 hectares of land. This will provide health and care facilities to support the needs of local people and address health inequalities in Tees Valley. It will deliver new infrastructure, an environment to nurture health innovation, and new housing to support the needs of people of all ages.

The Tees Valley Care and Health Innovation Zone will strengthen existing national health assets given its focus on the digitisation of healthcare, such as the Middlesbrough-based specialist James Cook University Hospital. The region was also recently chosen to be the home for a new NHS 111 Contact Centre in response to growing demand for the service.

Support for a Teesside University Medical school will further tie the towns together. Additional education provision at FE level, along with skills and employability support in the sector, would back both Stockton and Middlesbrough in ambitions to become centres for excellence in medical education, research and provision.

Plans will see both direct and indirect effects on businesses such as Fujifilm Biotechnologies, based in Billingham and with an R&D site at Redcar's Wilton Centre, and the Darlington Science Park's Life Sciences and Bio Manufacturing research and development offering.

DIGITAL CORE

Moving along the Tees to Middlesbrough, you come to the Port of Middlesbrough – the first in a long line of waterside ports, quays and developments providing a large network of vital logistics operations. This vast shipping environment is an exemplar of each borough playing to its strengths and assets but pulling together to provide an interconnected economy.

As central as this is to regional prosperity, Middlesbrough is looking to the future through a digital sector that continues to be the fastest-growing outside of London. The £150billion UK Tech Prosperity Deal with the USA shows incredible scope for growth and the £160million Tees Valley Investment Zone – backed by Teesside University – will be supporting the town's offer to bring the benefits to businesses across the region.

This includes Hartlepool as Digital, Augmented Reality, Virtual Reality and other augmented and 3D capabilities become ever more important to creative, TV and film industries. Stockton, contributing more than a third of the region's economic output, will also benefit from industrial and sector digitalisation.

To support this exploding sector, infrastructure is key. Our priority here is firstly the third phase of the Middlesbrough Station development, with the creation of a new platform. This will magnify station redevelopment in Darlington and those underway and planned in all five boroughs. It will enable more connections to London, bringing cluster growth by securing inward investment alongside knowledge-sharing and workforce development with the capital.

Town centre revitalisation and retail consolidation will free up former retail premises for other uses. Investment Zone plans will also include a project

to make the town centre safer for the public and businesses, including hospitality and the nighttime economy. By capitalising further on our assets such as the Riverside Stadium and building on the momentum of recent gigs by Take That, The Killers and Arctic Monkeys, alongside Middlesbrough Town Hall and independent venues, we can shape a stylish town akin to London's Shoreditch.

This focus on placemaking and quality of life will help attract and retain talent, including students from Teesside University, and secure investment. Middlesbrough's unique "feel" will work alongside the creative environment we aim to curate in Hartlepool. With increased public transport connectivity, cross-pollination of digital, creative, nightlife and culture is as possible here as London (approx. 30 mins from Soho to Shoreditch by Tube, approx. 30 mins between Middlesbrough and Hartlepool by rail).

New young professional housing in Gresham and Middlehaven will give those in our digital and creative sectors attractive, affordable places to live alongside the cluster. An Eastern Gateway of hospitality and hotels will provide capacity for an increase in the tourism and visitor economy.

As well as making our region a better place to live, study, work, invest and visit, and priming it for investment, the totality of these interventions will support ambitions to become the UK's first truly Smart Region. It will build on our digitalisation work with projects such as the Urban Traffic Management and Control system, Digital Trade Testbed and others to create opportunities for all local people and businesses, ensuring every community is digitally connected and able to access education, employment and services with confidence wherever they live.

CREATIVE DESTINATION

Hartlepool, like Redcar, sits on one side of the mouth of the Tees and, like Middlesbrough, is an anchor location for our Investment Zone through digital and creative – and has different but complementary offer.

The redevelopment of the town centre and its assets has long been under way, with previous TVCA investment into Church Street, the Northern School of Art and other sites to develop its Innovation and Skills Quarter in West Hartlepool. Hartlepool Borough Council, its Town Deal Board, Hartlepool Development Corporation and Investment Zone are now taking this further targeting prime locations for regeneration, such as the Middleton Grange Shopping Centre, Northern Studios expansion and Production Village development.

Future investment would build on this work, creating a thriving cultural ecosystem for the region with flagship cultural venues and heritage restoration projects to enhance tourism, local pride, and economic vitality. More than Tees Valley's other boroughs, Hartlepool's relationship to the river Tees is marked out by its rich maritime history, told through the National Museum of the Royal Navy. That is just one asset – Hartlepool Museum, the Heugh Battery Museum, its Folk Festival – that could be leveraged to position the town as a leading destination for such experiences, enhancing tourism, local pride and economic vitality.

Work will be undertaken to develop a network of advanced business hubs and innovation corridors within and outside the cultural, creative and screen industries to attract investment, support SMEs and foster high-growth sectors. In particular, supporting independent retail on Church Street could make it the go-to destination for young creatives and those in the screen industries.

If Darlington is the gateway to the region, Hartlepool will be the lens through which it's viewed as film and TV work through the Production Village puts the wider region on screens across the country. As a cultural and heritage hub, it will be positioned as the base from which visitors explore Tees Valley as interest in screen tourism grows.

Middlesbrough will work as the region's digital core, enabling the ambitions of all our towns. Equally, it is home to its own creative capital, such as the Middlesbrough Institute of Modern Art, the Turner Prize, Middlesbrough Art Week and huge cultural events such as Mela and Taste of Africa. The aim is to make Hartlepool a creative environment similar to Hebden Bridge – known as one of the most quirky, modern and stylish places in the UK. However, its links to Middlesbrough and the ease of cross-pollination between the towns and their differing but harmonising offers is essential to develop both the digital and creative sectors.

As you head south towards North Gare and – ultimately – Redcar, the sectoral landscape begins to change, focusing more on clean energy by the mouth of the Tees. While the creative industries in its centre undoubtedly play a large part in Tees Valley's future, Hartlepool's innovative streak can also take advantage of the civil nuclear strategic opportunity to diversify and futureproof its economy to the south. Centrica and US-based X-energy are building up to 12 Advanced Modular Reactors (AMRs) at the existing Hartlepool Nuclear Power Station site. This is also designated for new nuclear under the Government's National Policy Statement.

INDUSTRIAL STRENGTH, INDUSTRIAL GROWTH

Redcar and Cleveland is known for its fantastic beaches, seaside towns and dramatic coastline – but this beauty is also matched by its industrial strength.

Redcar is central to three of the largest sectors of regional investment enquiry – Chemical & Process, Clean Energy and Advanced Manufacturing. Global businesses are committed to investing tens of billions of pounds into these. They are also vital to further growth in Clean Energy – Offshore Wind, Carbon Capture Utilisation and Storage (CCUS), Sustainable Aviation Fuel (SAF) – Critical Minerals and Defence.

SAF is key to Government's Advanced Manufacturing Sector Plan, decarbonising aerospace technologies and delivering more efficient technologies to reduce carbon emissions for sustainable air travel.

Tees Valley has been identified as a SAF manufacturing location by several companies, all developing feasibility and engineering studies. These new projects will add value to, and benefit from, our knowledge embedded infrastructure, R&D facilities and lab space. Our Chemicals & Process sector is one of Europe's leading locations for fermentation at scale, with knowledge from biofuels, food and feed production transferring to the production of SAF and biochemicals. Additionality comes from Teesside International Airport which will work with firms developing SAF on its testing and adoption.

This proposition relates to developing the offer and international competitiveness of Redcar's world-leading assets – such as some of the deepest ports on England's east coast. This port infrastructure on the Tees's south bank will attract future offshore wind occupiers, with the Crown Estate's future seabed leasing of 6GW in 2027 in the North Sea. Quayside and dry dock infrastructure supports new growth opportunities in Defence, with naval vessel and submarine related projects in progress.

Wilton International is Britain's largest chemical complex with large-scale pre-consented land for industrial development, enabling businesses to deliver projects quickly and cost-effectively. The profile of occupants within the site is evolving due new market and policy directions, including battery storage, data centres and SAF interests. Site enablement and upgrades provide a huge opportunity to the wider industrial cluster, particularly Stockton's Seal Sands, North Tees and Billingham sites, enhanced by a plan to raise the cluster's profile.

Adjacent to Wilton International is the Wilton Centre, one of Europe's largest R&D facilities, housing several leading global and regional businesses in chemical, manufacturing, material and life sciences.

Teesworks is Europe's largest brownfield site, with connectivity primed for activity adjacent to the River Tees and North Sea and including CCUS and offshore renewables interests. The SeAH Wind monopile facility is an anchor tenant, on a 4.5million sq ft of state-of-the-art offshore wind manufacturing, backed by the Steel River heavy lift quay. The 45-metre quay has planning permission for a 400-metre quayside extension so it can accommodate the growing needs of the offshore wind sector. Additional capacity would significantly reduce congestion at the port, allowing more vessels, reduced wait times, and attracting further investment.

This offer is also augmented by PD Ports' plans to bring forward c200 acres at Teesport, Teesport Offshore Gateway, for offshore wind-related use. The deep-water quay infrastructure at Redcar Bulk Terminal, which fronts c300 acres of employment land, offers an additional platform for growth.

Further development of Teesworks and Wilton are critical to the renewal of Redcar and the surrounding area. Building on regeneration projects in this area, such as Redcar central station and the Regent Cinema, will help revitalise Redcar town centre by reshaping the high street offer through new leisure, hospitality and housing investment.

OUR RIVER & COASTLINE

Finally, we circle back to the region's biggest environmental gift – the Tees itself. It has helped shape Tees Valley and define its towns, but there is still more to be done to unlock its true potential as a unifying asset and create a coherent waterfront identity.

As detailed throughout each of these packages, investment has already taken place to better connect the Tees with our towns. For example, Stockton's Waterfront Park, provides the opportunity for direct walking and cycling links to the new urban community development at Middlesbrough's Middlehaven.

Hartlepool Waterfront was previously awarded £20million by TVCA to be developed as landmark destination with a mix of civic, cultural, leisure and visitor attraction uses to complement the restaurants, cafes, bars and shops around Hartlepool Marina. Continued support will see this link more widely with the cultural and creative aspirations of the town.

The region's unique coastline, traditional beaches such as Seaton Carew, Redcar and Saltburn-by-the-Sea and the opportunity for walking and cycling tourism along the Cleveland Way are heavily promoted by our Destination Management Organisation. Saltburn has undergone recent gentrification, but capital funding would allow Redcar & Cleveland Borough Council to undertake maintenance and enhancement of its promenade, cliff, pier and Valley Gardens. These, and further developments in hospitality and supporting attractions – for example Seaton Carew, Coatham, Redcar and Kirkleatham – will prove a major driver for the tourist and visitor economy and increase spending on our high streets. Further investment will mitigate coastal erosion and further improve flood defences.

The delivery of a package of interventions to restore the Transporter Bridge could improve connectivity between Port Clarence in Stockton and Middlehaven in Middlesbrough. Restoring a much-loved icon of regional ingenuity and industry would enhance civic pride and increase tourism.

Industrially, an investment prospectus, marketing strategy, and implementation/delivery plan for the North Tees site will be developed to raise the profile of the cluster and attract inward investment. Its current landscape will be assessed to identify opportunities for growth, diversification, and decarbonisation. Further support to develop our river and coast-based infrastructure and facilities, such as the Steel River Quay expansion, will unlock additional capabilities of key sites in Middlesbrough, Hartlepool and Redcar.

Our region is working to progress to Established Mayoral Strategic Authority status in the future.

This will bring greater freedom and control over the funding that comes into our region through an Integrated Settlement and the option to propose further powers, funding and partnerships – adding to the already expanding Devolution Framework. We will continue to proactively work to drive opportunity, strengthen our region’s foundations and deliver prosperity in line with this plan, with our efforts being guided by our high-level local growth and shared priorities.

High-Level Local Growth Priorities:

 **Grow our globally competitive modern industrial and technology cluster** – which includes the Chemical and Process, Clean Energy, Life Sciences and Biomanufacturing sectors – **and enabling Advanced Manufacturing sector** by securing further investment, deepening our innovation expertise and attracting and retaining talent.

 **Accelerate our rapidly growing digital cluster and creative cluster** by securing further investment, growing our business base and attracting and retaining talent.

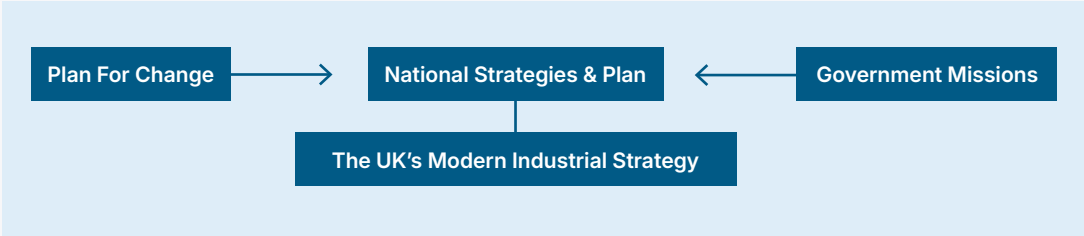
 **Diversify and drive the growth of our foundational economy** by increasing business density and developing the skills of our people to get more people into work.

 **Create the environment for growth and accelerate regeneration of our communities**, making Tees Valley an attractive place to live, study, work, invest and visit.

 **Accelerate the development of strategic transport, energy, digital and housing infrastructure** to maximise the potential of our growth opportunities and create the environment for growth.

In keeping with this direction and to ensure we realise the regional prosperity we are collectively working to achieve, we are developing a new outcomes framework to align strategies, monitor progress, ensure delivery and provide confidence that the results of a growing economy are experienced throughout Tees Valley. Our Plan for Regional Prosperity – which takes the place of our region’s Local Growth Plan – is not a standalone document.

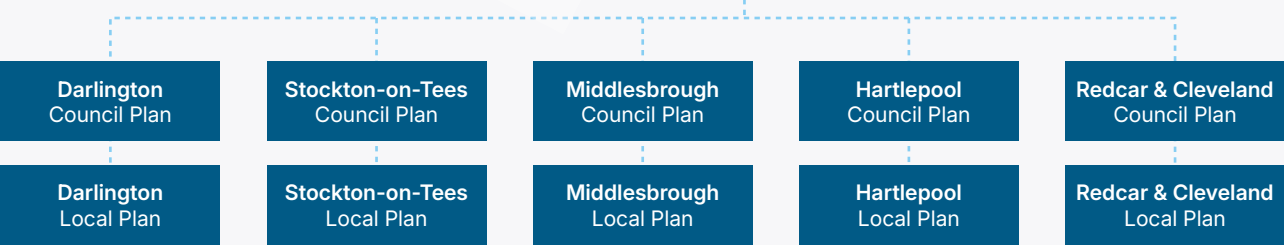
NATIONAL



REGIONAL



LOCAL





EMBED RESILIENCE

Just as Our Plan for Regional Prosperity does not operate in isolation, nor does our region. This is known all too well in Tees Valley, due to past overreliance on a single industry – albeit one which our region is rightly still proud of, and which put us on the map.

However, this dependence has now lessened considerably due to the hard work of many since the closure of Teesside Steelworks, which helped reposition our region and diversify our economy, ensuring history does not repeat itself.

For instance, our area is actively securing the future of our current industrial sites through decarbonisation initiatives to separate them from price changes. We remain committed to continual regeneration and advocating for ourselves to get the most out of and for our region – Tees Valley Combined Authority has an active business growth programme to strengthen our businesses and supply chains and are accountable for the work of the North East & Yorkshire Net Zero Hub. The Hub



was established in recognition of the importance of energy as an enabler and the need to work with partners to progress our region towards a low carbon, clean growth future with a view to reducing energy bills through schemes like community energy, retrofit, clean energy installations and heat networks.



Scan here to view our business support offer

This further resilience and co-working can be seen in a number of projects across our sectors. The Northern Mayors have united over the Great North programme to elevate the voice, visibility and economic impact of the North.

In the creative sector, Tees Valley Combined Authority's leadership of the North East Screen Industries Partnership has led to a 131% surge in production spend across its footprint, with £65million GVA and has led the North East to become the fastest growing area for screen industries – this growth has also resulted in Tees Valley growing faster than anywhere else in the North East.. Additionally, the Northern Music Export Office is driving international growth for local talent.



Tees Valley Combined Authority, Teesside University and CPI, working with York and North Yorkshire Combined Authority and the University of York have also launched a bio-industrial cluster of cross-sector partners. This aims to create 5,000 skilled jobs, growing the bioeconomy sector by £5billion and launching 100 innovative start-ups.

This is all-important as, like elsewhere, Tees Valley is not immune to economic headwinds, environmental and societal challenges, and global uncertainty. What sets Tees Valley apart is that, due to our experiences, our region knows better than most the importance of embedding resilience due to the learning we have done.

We know we must be responsive to current challenges and future uncertainty by actively building a regional economy which has resilience embedded and puts past setbacks behind us, whether that takes the form of resilient communities, businesses, infrastructure, assets or offering – creating an area which is agile and can determine its own future. A future which has sustainability and greater prosperity at the centre.

At its core, a resilient regional economy is one which can respond to and recover from challenges. How quickly a region can do this depends on the strength, capacity and collaboration of various actors, networks and institutions. In Tees Valley, we are actively building a resilient region with the right structures to ensure we can adjust quickly – devolution and effective working amongst our constituent authorities and voluntary, community and social enterprise sector have played key roles in this to date, in addition to the amount of funding our region receives from central government. We are committed to building upon this.

Resilience also comes from a region's residents and the strength of our communities. This often primarily takes the form of a higher skilled, adaptable and larger workforce through increased labour market participation in diverse, innovation-driven sectors. It is for this reason that we will continue to monitor how our sectors interact as well as develop in relation to one another – we must consciously build resilience through a blend of diversification as well as deliberate connection.



Scan here to view our evidence base

Through developing this plan, we have created an extensive evidence base – reviewed and approved by the Office for National Statistics – that has been supplemented by extensive engagement. This has provided us with a snapshot of our region's economy as well as the businesses and people which are based here, identifying areas of strength, opportunity and challenge. Combined with any learnings we can take from our peers, our region has strong foundations to navigate and turn any future uncertainty into opportunity.

While the future is hard to predict, through embedding resilience we want Tees Valley to become a byword for opportunity – a region where people can grow and start a family or business with confidence that our area provides a prosperous, sustainable and resilient future. The safe harbour which Tees Valley can offer should also attract a greater share of international investment from a range of sources, further adding to the opportunity on offer here in our region by enabling us to broaden our portfolio and strengthen supply chains.



CHANGING TEES VALLEY

To ensure we realise our vision and change the region's future for the better, we must monitor our performance against a new set of key outcomes indicators to demonstrate the impacts of Our Plan for Regional Prosperity – put simply, we know that what gets measured, gets delivered.

These indicators have been co-developed with central government and are therefore closely aligned with national outcome frameworks without losing focus of the real impacts we want to achieve across our region.

On this basis, the new Local Outcomes Framework for Tees Valley will mirror the six high level measurements used by the Department for Business and Trade to monitor progress in support of the **UK's Modern Industrial Strategy**. These outcomes include updates on the key drivers of economic growth and living standards: investments, the number of large 'home-grown' business enterprises, labour market outcomes, productivity, trade and gross value added.

These outcomes will need to match our strategic priorities and align with the impacts we want to achieve. Over the next ten years, we want to continue to grow the Tees Valley economy and increase its total value. To do this, we will need to create thousands of new jobs and increase the regional employment rate.

We also want to continue to create thousands of new businesses and increase household incomes, so that fewer families experience economic hardship and more money is put in people's pockets. This will ensure that, amongst other things, poverty and deprivation are addressed through systemic interventions and change while working alongside, but not putting undue burden on, the voluntary, community and social enterprise sector.

Added to this, we intend to continue to strengthen the skills base in Tees Valley by increasing the number of working age residents with higher level qualifications and we want to continue to improve conditions and regional health outcomes, to bring these more in line with national trends.

The new Local Outcomes Framework for Tees Valley will monitor all these metrics – and more – to ensure that we can measure the impact of our plan and provide assurances and confidence to our communities, local businesses, strategic partners and central government.

We propose to monitor this plan regularly and produce periodic reports of our performance – these will be published on our website and form part of our routine governance arrangements. As part of the reporting process, we will also provide more detailed updates on all the outcomes linked to the numerous projects and programmes which underpin our investments and delivery of Our Plan for Regional Prosperity.

Finally, in due course, we will commission an independent evaluation of the plan that will include a detailed analysis of the overall impact of our investments and our collective efforts to grow the regional economy, improve living standards for residents and regenerate our neighbourhoods and communities.

This is crucial as achieving our vision for the region requires the work of all of us to play our part – we encourage you to be a part of our journey to make Tees Valley prosperous.

Economic Indicators



Investment

Securing a greater share of public sector investment, foreign direct investment from a baseline of £5.5billion and incentivising businesses to increase their investment in people and machinery.



Business

Expanding the total business base from a baseline of 17,450 in addition to improving the business density rate from a baseline of 63.0.



Labour Market

Working towards full employment in a well-paid job for anyone who wants one by increasing the employment rate from a baseline of 71.9% in addition to boosting job density from a baseline of 0.71.



Productivity

Improving productivity (GVA per hour worked) from a baseline of £35.40 in addition to increasing GVA per job filled from a baseline of £55,284.



Trade

Advancing our international trading position by raising the value of total goods exported from a baseline of £2.96billion.



GVA

Increasing our contribution to the national economy through boosting our region's gross value added from a baseline of £16.7billion.



GET INVOLVED



Scan here to help make
Tees Valley a prosperous region



For more information contact
info@teesvalley-ca.gov.uk
www.teesvalley-ca.gov.uk



Cabinet

Tees Valley Combined Authority

Date	26 June 2026		
Agenda Item	14		
Report Title	Skills Programme including Local Skills Improvement Plan		
Accountable Cabinet Member	Cllr Lisa Evans Portfolio Holder for Education, Employment and Skills		
Accountable Chief Officer	Sarah Walker Director of Business Solutions		
Accountable Employee	Jacqui Banks Business Solutions Manager (Skills)		
Report considered by	A draft version of this report was circulated in advance of an Informal Cabinet meeting on the 12 June 2026.		
Key Decision	Yes X	No	This is a Key Decision on the basis that: It is significant in terms of its effects on persons living or working in an area comprising two or more local authority areas in the Combined Authority's area.
Public Report	Yes	No X	Legislation requires the Employer Representative Body to submit the LSIP to the Secretary of State for approval. Appendix 1 is a "restricted item" not for publication until Secretary of State approval has been received.
Voting arrangements	Cabinet will work to progress decisions via consensus, if a vote is required then it is by simple majority.		

Recommendation(s)

The Combined Authority Cabinet is recommended to:

A	Approve the Local Skills Improvement Plan 2 (2026-2029) for the Tees Valley as set out in Appendix 1 and the letter of endorsement as set out in Appendix 2 .
B	Note that the Education Employment and Skills Advisory Group will oversee the implementation of the Local Skills Improvement Plan 2 and keep it under review throughout the three-year cycle.
C	Note that the Adult Skills Fund procurement launched in January 2026 has been withdrawn for review, with a revised opportunity expected in the coming weeks.
D	Note the £1.2m funding from the Department for Education as part of the national Construction Skills package to support Industry Placements.

E

Note the additional funding of £0.366m to be allocated to the Combined Authority from the Department for Business and Trade to support the adult skills within the Advanced Manufacturing, Clean Energy and Engineering sectors.

Purpose

1. Following the Combined Authority Cabinet meeting that was held on the 24 April 2026, this report seeks Cabinet approval of the Local Skills Improvement Plan 2 (2026-2029) for the Tees Valley along with the supporting letter of endorsement.
2. The report also provides an update on the Adult Skills procurement and new funding to support Construction Industry Placements.

Executive Summary

3. All areas of England are expected to develop a new three-year Local Skills Improvement Plan (LSIP) covering the period 2026 to 2029 and to keep it under review.
4. The Skills and Post-16 Education Act 2022 ('the Act') assigns overall responsibility for leading the development of an LSIP for a specified area to the Employer Representative Body (ERB) designated by the Secretary of State. However, in devolved areas, including Tees Valley, development has been taken forward through a new joint working arrangement between the ERB and the relevant Strategic Authority.
5. For the Tees Valley, the North East Chamber of Commerce (NECC) are the designated ERB and have been appointed to lead the development of the LSIP 2.
6. In accordance with the LSIP statutory requirements, the LSIP 2 for the Tees Valley was submitted to the Secretary of State on the 15 May 2026, with the caveat that the plan and the supporting letter of endorsement are subject to the Combined Authority Cabinet approval.
7. Subject to Secretary of State approval, it is anticipated that the Tees Valley LSIP (2026-29) will be published by end June/early July 2026.
8. The Adult Skills Fund procurement launched in January 2026 has been withdrawn for review to ensure it reflects identified skills shortages and gaps, with a revised opportunity expected in the coming weeks.

Background

Local Skills Improvement Plan

9. Funded by the Department for Education (DfE) and led by Skills England, LSIPs aim to align post-16 technical education and training provision with the current and future skills needs of local employers and the wider economy.

10. The Secretary of State has designated Employer Representative Bodies (ERBs) with the statutory responsibility to lead this work jointly owned with the relevant Mayoral Strategic Authorities in devolved areas.
11. For the Tees Valley, the North East Chamber of Commerce (NECC) was appointed to lead the development of the LSIP 2.
12. Colleagues from NECC have worked in close collaboration with the Combined Authority, through a series of workshops and meetings, to develop and agree the approach to LSIP 2. This has ensured that the identified priority sector areas are fully aligned with the Tees Valley Local Growth Plan and are underpinned by robust evidence prepared by the Combined Authority. This also ensures full alignment with and underpins the Get Tees Valley Working Plan, the 'workforce' element of the Tees Valley Local Growth Plan, which was approved by TVCA Cabinet and published in September 2025.
13. Statutory guidance for developing a Local Skills Improvement Plan (LSIP), published in November 2025, states that in devolved areas, the ERB and Strategic Authority should agree the governance arrangements. For Tees Valley it was agreed that the Education, Employment and Skills Advisory Group (EESAG) will oversee the development of the plan, implementation and monitoring of progress.
14. LSIPs are post-16 technical education and skills plans, driven by the voices and needs of local businesses, and the plans are based on research and engagement with local employers and other stakeholders to identify the specific skills, capabilities, and expertise that are required in the area and may be needed in the future.
15. While all post-16 technical education and skills is within scope, the LSIP 2 for the Tees Valley will align to the Tees Valley Local Growth Plan and will focus on:
 - Advanced Manufacturing
 - Digital and Creative
 - Clean Energy
 - Chemical and Process
 - Bio and Life Sciences Manufacturing
 - Construction (Housing)
16. In addition to the above the LSIP 2 has also considered cross-cutting themes:
 - how to increase opportunities across the Tees Valley such as apprenticeships and other employment
 - how to increase work experience opportunities and consider the barriers to business
17. The NECC held a series of activities over recent months which has included:
 - employer roundtables
 - interviews
 - surveys
18. To date, a total of 1,700+ employer engagements have been undertaken.

19. In preparation for the first draft of the LSIP that was submitted to Skills England on 31 March 2026, a workshop was held with NECC and the Combined Authority officers to review the key findings and emerging recommendations.
20. A further workshop was held with the EESAG chaired by the cabinet portfolio lead on the 30 April to review the key findings, consider the feedback from Skills England and further develop a set of recommendations and outcome measures to be included in the final LSIP 2.
21. The EESAG further reviewed the final LSIP 2 at the scheduled meeting on 12 May 2026, prior to the LSIP being submitted to the Secretary of State on 15 May 2026.
22. There is a requirement for the Combined Authority to provide a “statement of support” to NECC for the final submission of the LSIP 2.
23. The Combined Authority Chief Executive has provided a letter of support to NECC, noting that Tees Valley LSIP 2 is subject to the Combined Authority Cabinet approval in June 2026.
24. The final Tees Valley LSIP 2 is attached in **Appendix 1**. Legislation requires the ERB to submit the LSIP to the Secretary of State for approval. This is a “restricted item” not for publication until Secretary of State approval is received. It is anticipated this will be by the end of June/early July 2026, at which point, the ERB must publish the plan on their website, and the Secretary of State will publish a link to the LSIP on GOV.UK.

Adult Skills Fund Procurement

25. The Combined Authority launched a procurement opportunity in January 2026 for the Adult Skills Funded programmes for delivery from 2026/27 academic year.
26. Following the finalisation of the £26.6m Grant Funded provider delivery plans and the development of the Local Skills Improvement Plan 2026-2029, the Combined Authority has considered it necessary to review the procurement opportunity to ensure that the Adult Skills Fund appropriately reflects identified skills shortages and gaps. The procurement is therefore being withdrawn at this stage to allow for that review.
27. A further opportunity is expected to be published in the coming weeks and a further update will be brought to Cabinet in July.

Construction Industry Placements

28. As part of the national Construction Skills package launched by the Department for Education, an additional package of support has been released along with funding to support this to the Combined Authority.
29. The Department for Education has confirmed that £1.2m will be allocated to the Combined Authority for the period 2026-2029. The funding will be allocated on an annual basis as follows:

- 2026/27 £413k
- 2027/28 £420k
- 2028/29 £208k

30. The funding is to specifically support a 3-week industry placement for those Tees Valley learners who are undertaking either a level 2 or level 3 qualification (minimum of 360 Guided Learning Hours) in building and construction.
31. The Combined Authority is required to submit a high-level delivery plan to the Department for Education in June, which will be subject to Cabinet approval in July.
32. Officers from the Combined Authority will work with the Construction Technical Excellence College (hub and spoke) partners to develop the high-level delivery plan. It is anticipated that as part of the delivery plan, the process for awarding the funding to support the Industry Placements will be set out.

Additional Funding from Department for Business and Trade (DBT)

33. As part of the Industrial Strategy the Department for Business and Trade announced a £182 million engineering skills package to address engineering skills shortages that are critical to growth in the Industrial Strategy sectors. This includes a £47 million portion which will be delivered by expanding Free Courses for Jobs (FCFJ) to include additional manufacturing, clean energy and engineering courses.
34. The Combined Authority will receive £0.366m for the 2026/27 academic year to support an increase in training places for adults aged 19+ in the Tees Valley.
35. This will be allocated in line with the existing processes for awarding additional funding to the adult skills funded providers.

Partnership & Engagement

36. The North East Chamber of Commerce has undertaken significant engagement with Combined Authority Officers, Tees Valley employers, FE Colleges and other key stakeholders throughout the development of the LSIP.
37. The Education, Employment and Skills Advisory Group (chaired by the Combined Authority Cabinet portfolio lead) have been regularly updated on the approach and progress to the development of LSIP 2. A dedicated workshop was held with members of the EESAG on 30 April 2026.
38. The Education Training Collective (ETC) are the “spoke” to the “hub” for the Construction Technical Excellence College that was awarded to Sunderland College. Partners in the hub and spoke have been consulted in relation to the Construction Industry Placements to ensure alignment across the North East and Tees Valley region.



Appendices

- 39. **CONFIDENTIAL** Appendix 1 – Local Skills Improvement Plan 2 (2026-2029)
- 40. Appendix 2 – Letter of endorsement from the North East Chamber of Commerce and the Combined Authority.

Cabinet is requested to consider the following identified implications:

Financial Implications

41.	There are no direct additional financial implications associated with the development and submission of the Tees Valley Local Skills Improvement Plan (LSIP) 2026–2029, as this activity has been delivered through existing resources and Department for Education (DfE) funding to the Employer Representative Body (NECC).
42.	The withdrawal and subsequent review of the Adult Skills Fund procurement does not result in a loss of funding to the Combined Authority. However, it may impact the timing of commissioning and delivery of Adult Skills provision for the 2026/27 academic year. A revised procurement exercise will be launched to ensure alignment with identified skills priorities and value for money in the allocation of funding.
43.	The Combined Authority has been allocated £1.2 million from the DfE over the period 2026–2029 to support construction industry placements. This funding will be passported into delivery through an agreed model and is subject to the development and approval of a delivery plan. There are no match funding requirements or direct financial implications.
44.	The additional funding of £0.366m that has been allocated to the Combined Authority from the Department for Business and Trade (DBT) for the additional adult training places in advanced manufacturing, engineering and clean energy will be allocated through the existing processes to award additional funding to Grant Funded providers.

Legal Implications

45.	The statutory obligations in relation to production and submission of the LSIP 2026-2029 are on the ERB (NECC). TVCA has collaborated closely with the NECC in terms of the production of the LSIP2 and has provided a statement of support to the ERB to accompany the submission to the Secretary of State. TVCA aims to provide cabinet approval of the LSIP 2026-2029 in June 2026
46.	Withdrawal of the Adult Skills Funding Procurement complied with the notice provisions set out in Section 55 of the Procurement Act 2023 and its subordinate legislation (Regulation 37 of the Procurement Regulations 2024). External legal advisors and the Procurement Team are advising on the procedure involved.
47.	Depending on how the funding From DfE for the Construction Industry Placements is allocated to TVCA, either a back-to-back funding agreement (on DfE terms and conditions) or a standalone funding agreement on TVCA

	terms and conditions will need to be entered into between TVCA and the funding recipients.
Equality & Diversity Implications	
48.	The equality and diversity impact of the specific skills programmes in direct response to the LSIP 2 that are funded through the Combined Authority skills budget will be recorded and embedded into the individual provider programmes. All training funded by Adult Skills Fund is open to all Tees Valley residents aged over 19+ regardless of special characteristics.
Other Significant Implications (Tick other implications provided and provide detail in box below)	
Risk	X Assurance Framework
	Procurement X
Improvement	Environment
	HR & IT
49.	Local Skills Improvement Plan There is a risk that the Secretary of State does not approve the LSIP 2. However, a draft LSIP 2 was submitted to Skills England in March 2026, and feedback was received by NECC, which has been addressed and therefore the risk is low.
50.	Procurement The Adult Skills Fund procurement opportunity has been terminated. A new opportunity will be launched in the coming weeks. The withdrawal of the Adult Skills Fund procurement will delay commissioning and mobilisation of provision for 2026/27 and create a short-term gap before revised arrangements are put in place; this risk will be managed through prompt procurement and compliance with the statutory notice requirements. This is also mitigated through the £26.6m committed to grant funded providers for the academic year.

Cabinet

Tees Valley Combined Authority

Date			26 June 2026		
Agenda Item			15		
Report Title			Delegated Decisions		
Accountable Cabinet Member			Mayor Ben Houchen Chair of the Cabinet		
Accountable Chief Officer			Jeanette McGarry Interim Monitoring Officer		
Accountable Employee			Jeanette McGarry Interim Monitoring Officer		
Report considered by			Pre-Cabinet process A draft version of this report was circulated in advance and discussed at informal Cabinet on the 12 June 2026.		
Key Decision			Yes	No X	This item has been determined not to be a key decision.
Public Report	Yes X	No	The Combined Authority is committed to transparency and accountability. Accordingly, reports and associated documentation will ordinarily be published and made publicly accessible.		
Voting arrangements			Not applicable		
Recommendation(s)					
The Combined Authority Cabinet is recommended to:					
A	Note: The delegated decisions made since Cabinet last met on 24 April 2026.				

1. Purpose

- 1.1 The purpose of this report is to provide Cabinet with detail of all the Delegated Decisions made since Cabinet last met on 24 April 2026.

2. Executive Summary

- 2.1 At each meeting, Cabinet receives a report confirming the Delegated and Urgent Decisions taken since Cabinet last met.
- 2.2 Since the date of its last meeting on 24 April 2026, two Delegated Decisions have been taken.
- 2.3 Since the date of its last meeting on 24 April 2026, no Urgent Decisions have been taken.

3. Delegated Decisions

- 3.1 Delegated Decision **CF15-2026** below has been taken in line with the Tees Valley Combined Authority Assurance Framework, as agreed by Cabinet on 13 March 2020, and the Tees Valley Combined Authority Investment Plan One year on Update, as agreed by Cabinet on 31 January 2020.

A decision was taken to approve the business case and commit funds for an investment of £110,362 to enable TVCA to enter into a Grant Funding Agreement with The Education Training Collective (ETC) to act as Lead Delivery Body for FE TIE in the Tees Valley. ETC is the designated Tees Valley Representative Spoke of the North-East Construction Technical Excellence College (NE CTEC) and has existing responsibility for coordinating construction skills collaboration across the sub-region.

A copy of the Delegated Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at **Appendix 1**.

- 3.2 Delegated Decision **CF12-2026** below has been taken in line with the Tees Valley Combined Authority Assurance Framework, as agreed by Cabinet on 13 March 2020, and the Tees Valley Combined Authority Investment Plan One year on Update, as agreed by Cabinet on 31 January 2020.

Following submission of a second bid to government TVCA has secured an additional £5m from the Department of Work and Pensions (DWP) to continue delivery of the Tees Valley Youth Guarantee Trailblazer project for a further year. TVCA Cabinet approved Year 2 of the project (as a continuation of the Year 1 delivery model) and accepted the £5m DWP grant into the Investment Plan for the period April 2026 to March 2027.

A copy of the Delegated Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at **Appendix 2**.

4.	Partnership & Engagement
4.1	A draft version of this report was circulated in advance, and discussed with Informal Cabinet on the 12 June 2026.
5.	Appendices
5.1	Appendix 1 – Delegated Decision CF15-2026 Appendix 2 – Delegated Decision CF12-2026

Cabinet is requested to consider the following identified implications:

6.	Financial Implications
6.1	There are no direct financial implications arising from the recommendation in this report.
7.	Legal Implications
7.1	There are no direct legal implications arising from the recommendation in this report.
8.	Equality & Diversity Implications
8.1	TVCA considers the potential impact on groups of people with protected characteristics in the development of all policy, programmes and all are subject to Equality Impact Assessments during the development phase.

Other Significant Implications

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

Risk		Assurance Framework		Procurement	
Improvement		Environment		HR & IT	



DELEGATED DECISION TO APPROVE BUSINESS CASE & COMMIT FUNDS

This form should be used to record decisions taken under delegated decision arrangements by the Chief Executive, Mayor and Cabinet Portfolio member. Delegated decisions are possible only where the following criteria are met:

1. Any commitment of funds have already been assigned by Cabinet for that purpose within the Investment Plan;
2. The proposal reflects an established Combined Authority policy position and does not raise novel or contentious issues which require debate with the full Cabinet. (In order to assure this, discussions would generally have taken place through the appropriate officer forum); and
3. The proposal has been through the established Combined Authority Assurance Framework, as agreed with central government.

OFFICER: Sally Cowley. Appraisal Manager	DATE DECISION TAKEN: 20 th May 2026
DECISION NO: CF15-2026	DELEGATION POWER AND PAGE OF CONSTITUTION: Revised TVCA Assurance Framework agreed by Cabinet on 27 th September 2024 (Minute No. TVCA 20/2024)
DETAILS OF DECISION: The FE Teacher Industry Exchange (FE TIE) Programme was introduced as part of a wider government investment to tackle skills shortages in the construction sector. In March 2025, the Chancellor announced £625 million of funding to boost construction skills and support delivery of housing and infrastructure priorities. Within this package, £20 million has been allocated from FY25-26 to FY28-29 to establish partnerships between further education (FE) providers and construction employers. The Department for Education (DfE) has awarded £2 million for Phase 1 the 'test and learn' phase of the FE TIE, which is part of the broader £20m allocation. The pilot phase is running across 13 combined authorities, setting the groundwork for the full national roll out. The DfE expects these pilot areas to establish local facilitating bodies and deliver a set number of teaching days before the main programme scale-up. TVCA has entered into an agreement with the DfE, via a S31 Grant Determination Letter to deliver Phase 1 of the Tees Valley FE TIE programme (March to July 2026). This will involve at least 96 days' engagement of construction professionals with college activity, and the opportunity for 96 days' industry updating for FE construction trainers across the region. This decision will enable TVCA to enter into a Grant Funding Agreement with The Education Training Collective (ETC) to act as Lead Delivery Body for FE TIE in the Tees Valley. ETC is the designated Tees Valley Representative Spoke of the North-East Construction Technical Excellence College (NE CTEC) and has existing responsibility for coordinating construction skills collaboration across the sub-region.	
FINANCIAL IMPLICATIONS: This decision will commit £110,362.34 to The ETC to deliver Phase 1 the <i>'test and learn'</i> phase of the FE TIE in Tees Valley.	
EXISTING CABINET DECISION WHICH ASSIGNED THE NECESSARY FUNDING: Cabinet Meeting 24 th April 2026, Agenda Item 9 – Skills Programme Report (paragraph's 64 to 68), Decision No: TVCA 98/25.	

IS THIS A KEY DECISION? No this is not a key decision.		
RELEVANT CABINET POLICY FRAMEWORK: The Further Education Teacher Industry Exchange (FE TIE) Programme responds directly to national and regional priorities to grow the construction workforce, address skills shortages, and ensure FE provision remains current, high-quality and aligned to employer need. This proposal sets out a regionally coordinated, employer-led approach to delivering Phase 1 of the Further Education Teacher Industry Exchange Scheme (FE TIE) in the Tees Valley; backed by the Department for Education (DfE) aligned with Local Skills Improvement Plan priorities, the scheme will create a new level of collaboration between construction employers and FE providers.		
PROCESS OF PARTNER CONSULTATION: TVCA undertook partner consultation with The Education Training Collective (ETC) in its capacity as the Tees Valley representative spoke of the Northeast Construction Technical Excellence College (NE CTEC). ETC was invited to submit a proposal for delivery of the programme. The proposal was submitted and subsequently provided to the Department for Education (DfE) for approval. Following DfE approval, ETC confirmed its agreement to act as delivery body for the programme.		
HOW THE ASSURANCE PROCESS WILL BE APPLIED TO THE DECISION: In line with the TVCA Assurance Framework a proportionate appraisal of the Tees Valley Further Education Teacher Industry Exchange Scheme business case has been undertaken. It is proposed that approval is signed off by the Combined Authority Chief Executive, Section 73 and Monitoring Officer under delegation. TVMG consultation is not necessary, as the group has had oversight of the scheme prior to Cabinet Approval.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED: The DfE has set the delivery model, target group, outputs and reporting requirements. TVCA, The ETC as lead delivery partner and delivery partners must deliver the single, specified approach, with no alternative options to choose from.		
ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS: No conflicts of interest have been identified.		
SIGNATURE:  CHIEF EXECUTIVE DATE: 22/05/26	SIGNATURE:  MONITORING OFFICER DATE: 22/05/26	SIGNATURE:  FINANCE DIRECTOR DATE: 22/05/26



<i>All sections below are for Governance Team use only</i>		
DATE REPORTED TO MANAGEMENT GROUP:		
KEY DECISION	YES	NO
<i>If Yes circulate to Overview & Scrutiny Committee within 2 working days</i>		
DATE CIRCULATED:		OFFICER NAME:
DEADLINE DATE FOR CALL IN BY OVERVIEW & SCRUTINY COMMITTEE (5 days from the date Committee notified of the decision):		
DATE FUNDS CAN BE RELEASED:		

Once fully complete and signed off please return to the Governance Team.



DELEGATED DECISION TO APPROVE BUSINESS CASE & COMMIT FUNDS

This form should be used to record decisions taken under delegated decision arrangements by the Chief Executive, Mayor and Cabinet Portfolio member. Delegated decisions are possible only where the following criteria are met:

1. Any commitment of funds have already been assigned by Cabinet for that purpose within the Investment Plan;
2. The proposal reflects an established Combined Authority policy position and does not raise novel or contentious issues which require debate with the full Cabinet. (In order to assure this, discussions would generally have taken place through the appropriate officer forum); and
3. The proposal has been through the established Combined Authority Assurance Framework, as agreed with central government.

OFFICER: Victoria Robinson Appraisal Officer	DATE DECISION TAKEN: 12 th May 2026
DECISION NO: CF12-2026	DELEGATION POWER AND PAGE OF CONSTITUTION: Revised TVCA Assurance Framework agreed by Cabinet on 27 th September 2024 (Minute No. TVCA 20/2024)
DETAILS OF DECISION TVCA successfully submitted a bid to government and secured £4,999,994 to deliver Year 1 of the pilot Tees Valley Youth Guarantee Trailblazer project ("the project"). TVCA Cabinet accepted the project into the TVCA Investment Plan as a 'named programme with an allocation' subject to the development and appraisal of a business case. The business case was approved and funds committed under delegation (Decision Number: CF16-2025). Following submission of a second bid to government TVCA has secured an additional £5m from the Department of Work and Pensions (DWP) to continue delivery of the project for a further year. TVCA Cabinet approved Year 2 of the project (as a continuation of the Year 1 delivery model) and accepted the £5m DWP grant into the Investment Plan for the period April 2026 to March 2027. The project delivery for year 2 has been based on a review of current activity and in consultation with the following, who confirmed support for continued delivery and the proposed delivery model: • Tees Valley Management Group • Education, Employment & Skills Portfolio Lead • Local Authority Delivery partners • Department for Work & Pensions The outputs for year 2 of the project, to be achieved by 31 st March 2027 are as follows:	

Output Description	Target
No. of young people participating in a 5-month paid work placement (aged 18-21) (Intervention 2)	200
No. of young people continuing to participate in a 6-month paid work placement (aged 18-21) (Intervention 2)	195
No. of young people supported back into education or training (aged 16-17) (Intervention 2)	100
No. of young people without positive post-18 destination provided with support (AY 2025/26, Year 13 leavers) (Intervention 3)	Approx. 1,100 (95% of cohort)
No. of young people identified as NEET (aged 18-19) (Intervention 4)	Approx. 1,800 (95% of cohort)

To Note:

To avoid the risk of disruption to project delivery, TVCA entered into a Grant Funding Agreement with Stockton-on-Tees Borough Council (SBC) to the value of £777,222.82. This was a bridging agreement to cover project costs during the period April and May 2026, to enable delivery between financial years, maintain support for participants progressing from Year 1 and to avoid disruption to employer placements and commissioned provision. Funding was approved in advance of the business case assurance process and mobilisation for Year 2 (Decision No: AF08-2026). To date no funding has been claimed by SBC.

Now that the full Year 2 business case has been assured this decision will approve the full £5m Year 2 allocation thereby superseding Decision No: AF08-2026. In addition, the bridging agreement issued to SBC, dated 30th March 2026 will be replaced by a new Grant Funding Agreement to the value of £4,589,794.

FINANCIAL IMPLICATIONS:

TVCA successfully secured **£5,000,000 revenue funding** from DWP to continue to deliver the Tees Valley Youth Guarantee Trailblazer programme in financial year 2026/27. This decision commits the full allocation as follows:

- £410,206 - TVCA (Accountable Body)
- £4,589,794 – Stockton on Tees Borough Council (Lead LA Delivery Partner)

No match funding is required.

EXISTING CABINET DECISION WHICH ASSIGNED THE NECESSARY FUNDING:

TVCA Cabinet accepted the Tees Valley Youth Trailblazer programme into the TVCA Investment Plan as a 'named programme with an allocation' and approved the core interventions set out in the Investment Plan Refresh Report (Cabinet Meeting 28th March 2025, Decision No: TVCA 66/24-25)

TVCA Cabinet approved Year 2 of the project (as a continuation of the Year 1 delivery model) and accepted the £5m DWP grant into the Investment Plan for the period April 2026 to March 2027 (Cabinet Meeting 24th April 2026; Minute No: TVCA 99/25).

IS THIS A KEY DECISION?

The Cabinet paper considered at the meeting on the 24 April 2026 recorded the Tees Valley Youth Guarantee Trailblazer Programme Year 2 extension as a Key Decision.

RELEVANT CABINET POLICY FRAMEWORK:

The Investment Plan for Tees Valley 2019-2029 was signed off in January 2019 and sets out the strategic investment in programmes and transformational capital priorities that will deliver a significant economic impact, benefitting residents and businesses across the Tees Valley. The plan was developed in collaboration with the five Local Authorities. An overarching assurance framework is in place which outlines the governance requirements of implementing the plan.

PROCESS OF PARTNER CONSULTATION:

In accordance with the Assurance Framework, an appraisal of the business case to continue delivery of the Tees Valley Trailblazer Programme into 2026/27 has been completed, with a recommendation to support.

As per the delegation arrangements agreed by Cabinet at the meeting on 25th April 2026 (Minutes No: TVCA 99/25), it is proposed that approval is signed off by the Combined Authority Chief Executive, Section 73 and Monitoring Officer.

HOW THE ASSURANCE PROCESS WILL BE APPLIED TO THE DECISION:

- TVCA Cabinet accepted the additional allocation of £5m to continue delivery of the Tees Valley Trailblazer Programme for 2026/27 into the Investment Plan as a 'named priority project'
- An appraisal of the business case was undertaken by the TVCA Performance, Risk and Assurance Team.
- Monitoring will be undertaken by TVCA/SBC
- Final sign off for is delegated to the Combined Authority Chief Executive, the Section 73 Officer and Monitoring Officer.

This delegated decision provides a record of approval for TVCA to enter into a Grant Funding Agreement with Stockton-on-Tees Borough Council as Lead local authority delivery partner for up to a maximum of £4,589,794

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

As the programme is because of a successful proposal to government to deliver a government initiative, no alternative options were considered however the proposal submitted was developed following a year 1 review and engagement as detailed within "Details of Decision" section.

ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS:

None

SIGNATURE:



CHIEF EXECUTIVE

DATE: 28/05/2026

SIGNATURE:



MONITORING OFFICER

DATE: 28/05/2026

SIGNATURE:



FINANCE DIRECTOR

DATE: 28/05/2026

All sections below are for Governance Team use only

DATE REPORTED TO MANAGEMENT GROUP:



KEY DECISION	YES	NO
<i>If Yes circulate to Overview & Scrutiny Committee within 2 working days</i>		
DATE CIRCULATED:		OFFICER NAME:
DEADLINE DATE FOR CALL IN BY OVERVIEW & SCRUTINY COMMITTEE (5 days from the date Committee notified of the decision):		
DATE FUNDS CAN BE RELEASED:		

Once fully complete and signed off please return to the Governance Team.