



TEES VALLEY
COMBINED
AUTHORITY

TEES VALLEY MAYOR

TEES VALLEY COMPLEMENTARY REPORT 2020



THE DEVOLUTION DEAL

In November 2015, the Devolution Deal (the Deal) was signed between the Department for Communities and Local Government (DCLG) and Tees Valley Combined Authority, calling for:

“the transfer of significant powers for employment and skills, transport, planning and investment from central government to the Tees Valley. It paved the way for further devolution over time and for the reform of public services to be led by Tees Valley. It enables the Combined Authority to create an Investment Fund, through a 30 year initial allocation of funding for capital financing of at least £15 million a year. Tees Valley will in addition have access to the Local Growth Fund and will benefit from new Enterprise Zones, subject to the current bidding round.”

It enabled the Combined Authority to create an Investment Fund through a 30-year initial allocation of The original devolution deal was viewed by the Combined Authority and Central Government as the first stage in a longer-term process of the transfer of applicable responsibilities between the two tiers of authority.

Devolution had three high level aims:

Our Strategic Economic Plan sets out the area’s ambition to drive the transition to a high-value, low-carbon, diversified and inclusive economy.

Our vision is for the Tees Valley have an economy with:

- Accelerate economic growth for the benefit of the whole of the UK and Tees Valley, playing our full role in the Northern Powerhouse
- Improve life chances and opportunities for communities so that local people directly benefit through improved prosperity and wellbeing
- Strengthen our place as a vibrant location in which to live, work and invest.

These aims were translated into three transformational workstreams:

- **Workstream 1: Transformational Local Investment Fund:** To provide investment and strategic commissioning capacity. Investment in vital infrastructure, improved connectivity and business support will strengthen our globally significant industries and further stimulate innovation and diversity across all sectors
- **Workstream 2: Education, Employment and Skills:** To improve life chances and opportunities for communities so that local people directly benefit through improved prosperity and wellbeing, and have the skills, education and confidence to succeed
- **Workstream 3: Enablers of Growth (housing, infrastructure and innovation).** To unlock sites for development, improve infrastructure and stimulate innovation and provide business support and access to finance

The deal enabled the Combined Authority to create an Investment Fund through a 30-year initial allocation of funding for capital financing of at least £15million per year. In addition, it established the Combined Authority as Intermediate Body status for the European Regional Development Fund and European Social Fund, allowing us to integrate and align investments with other aspects of the devolution deal, select projects for investment, improve performance and maximise economic impact.

To realise these ambitions, a Strategic Economic Plan and ten-year Investment Plan (2019) were created.

Strategic Economic Plan

- Sets out the steps that are being taken to overcome the barriers to business growth within Tees Valley
- Places SMEs, innovation and individuals at the centre of our region's growth ambitions
- Includes our priorities to improve, diversify and accelerate growth in the local economy to benefit businesses and residents
- Our ambition is to create 25,000 jobs and add £2.8bn to the economy by 2026
- The aim is to become a high-value, low-carbon, diverse and inclusive economy

Investment Plan

- Sets out, at a high level, the transformational investments that the Tees Valley Combined Authority will commit resources to, subject to the detailed consideration and appraisal of business cases.
- Our investments will drive growth in line with the vision outlined in our Strategic Economic Plan and over the period will see the delivery of significant economic benefits to Tees Valley.
- The total impact will see 16,475 direct jobs and £1.48billion of additional cumulative annual output (GVA), over its lifetime

OUR INVESTMENTS

Investment Plan activity has been prioritised across six growth generating themes, in line with the SEP:

Theme	Allocation	Aim
Transport	£256.7m	To improve connectivity within Tees Valley, across the Northern Powerhouse, the UK and the world.
Education, Employment and Skills	£55m	To increase educational attainment, produce the skilled workforce that businesses need and increase lifetime opportunities for our residents.
Business Growth	£146.5m	To diversify the economy, support more business start-ups, develop high growth potential businesses and key growth sectors.
Culture and Tourism	£60m	To build cultural vibrancy in our communities and change external perceptions of Tees Valley through the arts, cultural and leisure offer while creating places that attract and retain businesses and business leaders and make the area more attractive to investors, workers and visitors.
Research, Development and Innovation	£20m	To introduce new processes and practices which reduce carbon emissions, increase productivity and the availability of high value jobs.
Place	£50m	To create a vibrant, attractive and sustainable Tees Valley by revitalising our town centres, urban cores and communities, bringing forward surplus public and blighted brownfield land for development and strengthening our commercial property offer.

DYNAMIC ENVIRONMENT SINCE 2016

Although the Mayoral Combined Authority was set up to address the economic challenges at the time of the deal, the Tees Valley is not immune to exogenous and endogenous factors which can impact on the development path of the region. Significant changes include:

Factor	Description
Political	<ul style="list-style-type: none"> • In common with other Mayoral and Police Commission elections, a comparatively low turnout rate for initial election (21.3%) • The creation of the Combined Authority with an Elected Mayor will provide a new opportunity for a long-term dialogue with Central Government and key National Agencies, with potential to pool and lever additional funds and develop a single pot approach
Economic	<ul style="list-style-type: none"> • Threat of closure of a strategic asset in Teesside International Airport, formerly Durham Tees Valley Airport • Global restructuring of trade/Just in Time Production Processes becoming increasingly fractured, leading to the need to reshore manufacturing • Significant economic shock arising from the impact of Covid-19 impacting business and employment rates in key sectors.
Social	<ul style="list-style-type: none"> • The impact of Covid: Social lockdown exacerbates the digital divide and adversely affects female participation rates • Welfare reforms have increased the need to ensure the working age population is able to take up employment opportunities and better-paid opportunities in the local job market • The academy system makes it more difficult to improve attainment levels for secondary school students and to introduce a consistent and high quality information, advice and guidance system.
Technological	<ul style="list-style-type: none"> • Net Zero targets and the rebalancing of the economy towards Clean Growth • Diversification of intermediate goods into higher value adding markets
Legal	<ul style="list-style-type: none"> • The UK's withdrawal from the European Union will create new opportunities for redefining our external trading arrangements and a need for a new Industrial Strategy which recognises the importance of a rebalanced economy, both sectorally and geographically
Environmental	<ul style="list-style-type: none"> • The UK's commitment to decarbonising those industrial sectors which are heavy users/producers of energy, along with the recent commitment to climate change agreed in Paris, has implications for Tees Valley's industrial companies

Source: Tees Valley Strategic Economic Plan (2016) and Covid Response Plan (2020)

REVISED INSTITUTIONAL ARRANGEMENTS AND INDICATORS

In response to these challenges the Mayoral Combined Authority has adopted the following new institutional and behavioural attributes:

New Behaviours	Description
Increased transparency in decision making	<p>At the heart of the Combined Authority's decision-making process is transparency. The actual process is clearly articulated in the revised Assurance Framework but this process of transparency is most noticeable through a number of new behaviours:</p> <ul style="list-style-type: none"> • When the Mayoral Combined Authority was established in 2016, the region's Local Enterprise Partnership was merged with it to form a single organisation. This arrangement, unique to Combined Authorities, is an exemplar approach to bringing the public and private sector together to drive forward a shared vision for economic growth. LEP Board members are also Associate Members of the Combined Authority Cabinet, giving private sector members of the LEP a pivotal role in influencing the development and delivery of the strategies of the Combined Authority and ensures that the business community is heard, and influences decision-making, at the highest level • The requirement for full Green Book compliant Five Case Model Business Cases for all major funding decisions. These public documents, clearly articulate the associated costs, benefits and risks for all options and provide a clear rationale as to the selection of the preferred option • All decisions and supporting information are detailed on the Combined Authority's website and shared with respective Stakeholders (Government Departments) • The Investment Plan applies the Assurance Framework consistently across all funds within the Investment Plan. The Assurance Framework clearly identifies the processes for securing funds from the Tees Valley Investment Fund and the requirements placed on delivery partners once their projects have been approved • The directly elected Mayor of the Tees Valley provides a democratically accountable decision-maker, alongside the five Local Authority Leaders who are also voting Cabinet members each responsible for their own portfolio in line with the growth generating themes set out in the Investment Plan
Enhanced community buy-in	<p>Communities need to be made aware of what is being spent locally (increased transparency of decision making) but they also need to understand how these decisions affect them. The Combined Authority, through its perceptions work, has begun to actively engage with communities to ensure that they are both aware of the work of the organisation, but also are involved in the subsequent update and development of policy and project implementation. The impact of this has been evidenced by the increased awareness of and satisfaction levels for its six principal interventions (see impact, below)</p>
Targeted community impacts on those with most need	<p>In developing interventions, business case development has begun to focus investment on those areas and respective communities most in need. Greater area-based analysis is being utilised to identify and quantify the impact on target groups and using distributional analysis, better assess comparative benefits.</p> <p>In addition, recent modifications to the internal business intelligence tool, procurement processes and a consistent approach to monitoring and evaluation mean that the impact on targeted communities is being captured and more routinely communicated.</p>

New Behaviours	Description
A more commercial approach/an increased risk appetite	Perhaps the most significant change in behaviour relates to the management of investment funds. By moving away from a reactive, output-driven programme approach to funding, and project selection (simply managing the delivery of national programmes), the Combined Authority has developed a proactive outcomes single pot approach which provides flexibility and enhanced targeting on those activities of most significance to the region. In line with this single pot approach, the Combined Authority also sought the flexibility to use its devolution deal monies as both capital and revenue support. This single pot approach has brought with it a number of significant benefits: better targeting of resources on activities of greatest impact (outcome approach), and an enhanced commercial approach and increased risk attitude illustrated by a desire to work with both public and private sector partners and to move the region along the financial ecosystem (from just using grants and increased use of loans and ultimately to equity).
Move away from 'silo thinking' and making the case for intervention	The move to a single pot approach to project funding brought with it an ability to break out of programme silos and develop bespoke interventions which can have a wider range of benefits across all themes. In line with the five-case business case approach, all Combined Authority business cases begin with a high level theory of change and logic model which clearly articulates all the benefits which the intervention could have. This silo breaking approach is supported by the Commercial and Delivery team, who facilitate the development of the business case and ensure consideration and buy in across the full range of themes articulated in the Strategic Economic Plan.
Development of special purpose vehicles to target resources on areas of greatest impact	To address a deficit in strategic economic development powers in the region, Government gave Tees Valley the powers to create democratically controlled Mayoral Development Corporations. The Combined Authority has utilised such powers to create the South Tees Development Corporation and the branded offer of Teesworks, which will deliver the largest regeneration site in Western Europe and at the same time develop on site the UK's preeminent Clean Energy Cluster. The Combined Authority has also been to the fore in developing a Freeport proposition which will augment the Mayoral Development Corporation powers and act as a catalyst to the creation of a globally competitive Clean Energy Cluster.

DECISION MAKING

The Combined Authority's approach to investment has seen the establishment of a 'Single Pot' of funding, including:

- Devolution Funds (the devolution deal £15m p.a. for 30 years)
- Local Growth Fund (LGF)
- Transforming Cities Fund (TCF)

However, the Combined Authority also has other sources of income, including Enterprise Zone business rates and loan repayments. The long term security of devolution funds, other income and the devolution deal powers means that the Combined Authority is able to borrow against future funds, to enable us to deliver transformational activity sooner rather than delivering smaller scale and less impactful activities based on a smaller annual allocation, this has seen us accelerate delivery over recent years, as noted by SQW:

"The total Investment Fund expenditure of £83m up until the end of Q1 2020/21 therefore represents c.130% of the government grant provided to date"

This approach allows the Combined Authority to stimulate up-front investment, as the release of devolution funds over the 30 year period is not index linked, its spending power is far greater today than it will be in the future. Based on a standard discount rate of 3%, it is financially advantageous to forward fund our programme of investment as prudential borrowing rates are lower.

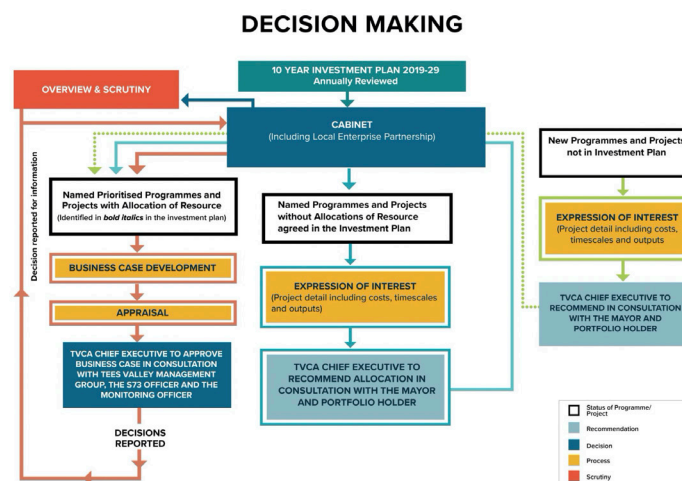
The Combined Authority does not distinguish between different sources of funding for the purpose of Investment Planning, other than recognising that some sources of funding are restricted in what they can be used for. The Tees Valley Investment Plan therefore covers all funding sources and income currently available to the Combined Authority, not just the funds provided through the devolution deal.

The Tees Valley Combined Authority is its own Accountable Body for all funds received from government and is also the Accountable Body for the Local Enterprise Partnership. As such, all activity within the Tees Valley Investment Plan is subject to the governance arrangements outlined in the Tees Valley Assurance Framework which covers all funds with the Tees Valley Investment Fund.

The Investment Plan identifies the ten year investment priorities against all Combined Authority sources of income and applies the Assurance Framework consistently across all funds within the Investment Plan. The Assurance Framework clearly identifies the processes for securing funds from the Tees Valley Investment Fund and the requirements placed on delivery partners once their projects have been approved.

This means that any organisation seeking funding from the Combined Authority does not need to concern itself with the source of the funding and different rules and processes that will apply. These will be identified in the funding agreement with the delivery partner.

The decision making process and governance arrangements described are illustrated in the diagram below:



The Combined Authority is committed to an approach that will see all programmes and projects subject to comprehensive but proportionate monitoring and evaluation, in order to reliably inform the decision making process.

The approach we have adopted goes further than the requirements for monitoring and evaluation for just the Devolution Deal, ensuring that all Combined Authority activity is consistently monitored and evaluated and that the added value of the organisation can be demonstrated to both local and national stakeholders.

The Combined Authority is committed to the effective monitoring and evaluation of all supported activity, so that it is best able to:

- **Provide local accountability to the public, partners and local stakeholders by demonstrating:** how devolved funding is spent, ensuring value for money and that all benefits are identified, tracked and achieved in line with the Strategic Economic Plan (2016), the Local Industrial Strategy (draft 2019) and the Tees Valley Investment Plan (2019) in the interests of operating on an open and transparent basis.

- **Comply with external scrutiny requirements:** to satisfy conditions of the Devolution Deal and specifically the Assurance Framework which ensures that all Combined Authority and partner resources can demonstrate value for money and appropriateness of use at both the appraisal and evaluation stages.
- **Provide both a summative and formative function:** by assessing the impact of the overall programme and all supporting projects, in order to assess additionality. Conducting the ongoing review of the programme in order to determine overall viability together with developing recommendations for future activity and delivery

ADDRESSING THE CHALLENGE – CASE STUDIES

South Tees Development Corporation - Teesworks

Background and Description:

In October 2015, the closure of SSI Steelworks in the borough of Redcar and Cleveland caused the loss of circa 2,000 jobs, impacting individuals and communities across the Tees Valley and leading to a loss of one of the region's major steelworking assets. Outward perceptions of the region dropped following negative media coverage of the event

Our devolution deal allowed us to address the loss of assets and infrastructure by granting the region the ability to create a Mayoral Development Corporation, with direct powers over regeneration and land acquisition, leading to the establishment of the South Tees Development Corporation in August 2017, the first Mayoral Development Corporation outside of Greater London.

The Development Corporation area, now marketed as Teesworks, is a 4,500-acre area south of the River Tees, including the former SSI steelworks land and assets. The organisation, chaired by the Tees Valley Mayor, was established with the express purpose of remediating and redeveloping the land for inward investment, with a master plan to create 20,000 jobs and drive £1billion per year into the regional economy.

Application of New Behaviours:

Development of special purpose vehicles to target resources on areas of greatest impact

Bringing the land back into local control led to the transition of the South Tees Site Company – an interim Government body responsible for the keepsafe and security of the site – from BEIS to the Combined Authority Group. This allows for a flexible and responsive approach in reacting to site challenges and enable even closer integration of the Development Corporation and Combined Authority as we move to the later stages of transformation of the site.

Enhanced community buy-in

Our approach is changing the narrative of the Teesworks site, and the surrounding area, to one of opportunity. The UK's largest industrial zone is now being seen as ripe for investment for the clean technologies of the future, including carbon capture, hydrogen and offshore wind, which will sustain high-quality careers for generations to come.

A more commercial approach/an increased risk appetite

Devolved powers allowed the Combined Authority to launch compulsory purchase proceedings in respect of the outstanding developable land, alongside ongoing talks to secure deals with landowners where possible. Having these powers within our locale allowed us to accelerate the purchase of outstanding land, kickstarting ground investigations and subsequently remediation work much earlier than had we progressed via central Government.

We have also been enabled to begin talks with investors and help bring them on-site more quickly. This includes Net Zero Teesside, the UK's ground-breaking carbon capture, utilisation and storage (CCUS) project aiming to develop the UK's first decarbonised industrial cluster. Working towards the UK's Net Zero ambitions

and our own clean energy and CO2 commitments as outlined in the deal, the scheme is estimated to bring £450million in annual gross benefit to the Teesside region and could support up to 5,500 direct jobs during construction alone.

Outcome (Anticipated):

- 4,500-acres of remediated and redeveloped land.
- 20,000 jobs delivered over 25 years
- £393m of capital investment over the next 12 months
- An additional £1billion of GVA added per year to the regional economy within 25 years.

Covid Response

Background and Description:

In our role as the lead regional agency for economic development, the Combined Authority has responded to the COVID-19 outbreak by analysing its local economic impact; providing business and employment support, signposting and advice and reporting economic intelligence to government. Working with partners, we have also taken a lead on economic recovery planning.

In the first phase of the outbreak the Combined Authority established a 24/7 Business Support Helpline to act as a single point of contact for Tees Valley companies and individuals in relation to COVID-19 and the support available to them. To date over 2,000 enquiries have been received. We have also launched the Buy Local Tees Valley website to connect local people with businesses and tradespeople operating differently during the lockdown and beyond. Over 700 businesses are now registered.

As the economy began to re-open in July, Combined Authority launched a Welcome Back Fund, helping 355 small and medium-sized businesses in the leisure, culture and tourism sectors to reopen as part of the July easements. As part of our Back to Business Fund over 200 small businesses are eligible to receive funding for professional support helping them adjust to new challenges. 24 business owners have also joined a Peer to Peer Network providing business support for common coronavirus related business challenges.

The Combined Authority has also pledged to support over 100 apprenticeships with a subsidy for new apprentices in priority sectors. To date 155 applications have been received with 111 recommended for approval and 105 applications progressing. We are also supporting the government's Kickstart Scheme of six month paid work placements for young people aged 16-24 years of age. Working with local partners and Central Government, we have acted to ensure rapid and targeted support for those most severely impacted in the short term becoming a Kickstart 'Gateway'. Since becoming a 'Gateway', the Combined Authority have applied to the DWP on behalf of 159 businesses for 501 job placements.

Application of New Behaviours:

Move away from 'silo thinking' and making the case for intervention

Without devolution to a Mayoral Combined Authority there would have been no central agency in the Tees Valley as effectively able to coordinate the local economic response or provide vital intelligence to central government to inform the national response. It has also allowed us to shape this response regarding our six key themes as laid out in the SEP, in particular considering employment and skills, place and infrastructure and the regeneration of our region's high streets.

Our recovery approach is not just designed to help the regional economy come to terms with the disruption of the pandemic, but to accelerate our progress along path to future growth, already charted in our Strategic Economic Plan and Local Industrial Strategy to position the Tees Valley as the UK's hydrogen capital, a pioneer region for Carbon Capture, Utilisation and Storage and clean growth technologies and to develop pioneering capabilities in industrial digitalisation providing good jobs, with long-term opportunities.

Targeted community impacts on those with most need

As lead regional agency for economic development, we are taking leadership of Tees Valley's economic recovery planning and have developed a package of targeted measures designed to help businesses and residents impacted by the pandemic recover quickly, thrive and become resilient to future shocks. Our Welcome Back Fund and Apprenticeships grants highlight our flexible and responsive approach to funding and investment enabling us to use our resources to target those individuals and businesses worst hit by the Pandemic in the short term, namely, the hospitality industry and young people.

Outcomes:

2,000 businesses assisted
355 SME's supported to re-open for trading
105 additional apprenticeships
192 Kickstarter Placements

Strategic Transport Plan (£256.7m programme)

Background and Description:

The Strategic Transport Plan, for the period up to 2030, has been established to address issues and opportunities relating to the Tees Valley-wide transport system. It has been developed in collaboration with our five Local Authorities and led by the Combined Authority in its role as the local transport authority for the region as agreed in the Devolution Deal. It covers rail, roads, buses, aviation, cycling and walking and freight.

The vision for the Strategic Transport Plan is:

"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"

It has long been recognised that transport is a means to an end, not an end in itself. In recognition of this we have developed the Strategic Transport Plan to deliver three broad objectives.

Social Equality:

- Improving access to employment, skills, training and education
- Improving access to healthcare, leisure, culture and retail
- Enhancing health and wellbeing
- Improving community safety and security

Economic Growth:

- Supporting the development of 22,000 new homes
- Supporting the creation of 25,000 new jobs
- Improving productivity through enhanced freight connectivity
- Providing quicker, more reliable journeys

Carbon Reduction and Environment:

- Reducing carbon emissions
- Enhancing and protecting the natural and built environment
- Improving air quality

Previous transport funding sourced from national Government was delivered at Local Authority level, for smaller-scale localised interventions. Following the Devolution Deal, funding above and beyond the merged local allocations was awarded to the region as we look to develop more transformational large-scale interventions. Furthermore, the Combined Authority works closely with key stakeholders, including Network Rail and Highways England, to leverage additional investment from Government to deliver our major projects.

Key projects include:

- The development of a new A19 River Tees Crossing
- Capacity improvements and redevelopment of major, strategically important stations in Darlington and Middlesbrough for passengers and freight
- Improving the cycling and walking network
- Delivering first-class facilities, technology and infrastructure to support the regeneration and growth of Teesside International Airport
- Enhancing mobility through the continued provision of Tees Flex, our on-demand bus service and the expansion of Wheels to Work,

Application of New Behaviours:

Move away from ‘silo thinking’ and making the case for intervention:

The strategy recognises that access to transport provision is an overreaching issue in driving economic growth across a full range of themes including: access to education, skills and employment; the optimisation of freight pathways to support business and increase inward investment; and recognising transport, such as walking and cycling, can be a culture and tourism activity in and of itself. The strategy acknowledges each area’s strengths in assets, from Darlington’s East Coast Main Line station to Redcar and Cleveland’s port infrastructure and while there is need for key interventions, we must also ensure connectivity across the entire transport system.

Targeted community impacts on those with most need

Wider social equality considerations assure that targeted improvements are made in those areas of the greatest need, for example the Tees Flex on demand bus service and the Wheels to Work project.

Enhanced community buy-in

Moving away from considering transport interventions at a local authority level has led to a wider strategic approach. This has enabled a focus on movements both within and beyond Tees Valley, which reflects the functioning economic geography. The devolved funding has also provided the region with an opportunity to deliver against these strategic priorities. The close working relationship with the local authorities has ensured continued engagement at a local level.

Outcome (Anticipated):

The Combined Authority is seeking to deliver the following outcomes:

- Increase rail capacity to support aspirations for a minimum 30-minute local service frequency at every station, better long distance connections, whilst also growing rail freight
- Improvements across our 24 railway stations in Tees Valley to enhance the passenger experience and integrate travel between train, bus, bicycle or walking.
- Provide a third of Tees Valley households with easy access to a walking or cycling route by 2028.
- Improve facilities on our key bus corridors to reduce journey times for buses and enhance the passenger experience.
- Deliver the infrastructure necessary to enable a move away from petrol and diesel vehicles to “greener” vehicles, reducing carbon emissions, improving air quality and complementing our aspiration to grow a low carbon Tees Valley economy as outlined in the SEP

Indigenous Growth Fund (£50m programme)

Background and Description:

The Indigenous Growth Programme (the Programme) has been developed to promote area regeneration in support of economic growth in each of the five key settlements of the Tees Valley. The Programme aims to address the multi-centred nature of the Tees Valley and develop the necessary critical mass for the region to compete for inward investment and talent retention and attraction against other city regions of similar scale across the United Kingdom and internationally.

The Programme aims to build upon identified unique selling points related to targeted sectors in each of the five key settlements across the region (Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees) in order to ensure an integrated approach to place development.

The vision for the Programme is:

“To create by 2025, a more competitive place proposition for the Tees Valley, capable of attracting significant inward investment and talent attraction and retention, thereby creating the necessary environment for economic growth and ensuring community vitality”.

Previous regeneration funding sourced from national Government has been focused on depressed and marginalised areas. What is required now is the need for a balance of investment in all areas – both weak and strong – aimed at promoting overall sustainable economic growth for the region.

The nature and scale of regeneration interventions will be different in various areas. There is a need to maximise the potential from opportunity while also addressing local need and this is best delivered by local bodies making the decisions, within the context of a region-wide Programme.

Capital support for:

- The remediation/regeneration of vacant and derelict land and property
- Public realm initiatives aimed at creating vibrant town centres
- Strategic housing initiatives aimed at creating vibrant town centres
- Investment in the provision of specialist culture and tourism accommodation and fit out
- Investment in the provision of specialist (sector specific) business accommodation and fit out
- Operating costs for discrete programmes designed to support associated capital expenditure

Application of New Behaviours:

Move away from ‘silo thinking’ and making the case for intervention

Integrated Sectoral Approach: The Programme reflects local strengths but is also aware of the needs of the region’s priority sectors. Key locations have existing/emerging strengths to warrant further investment so that they have the critical mass to be able to compete nationally/internationally. There is a clear need for spatial sectoral prioritisation across the region.

Targeted community impacts on those with most need

Asset-based approach: It is important that while understanding where additional support needs exist, the collective focus is not on the deficits of an area but rather the assets that communities have. To support communities to be sustainable the Programme must identify the assets that exist economic, physical and social and use these assets to deliver sustainable positive change, in particular updating/reusing existing premises and brownfield sites in preference to new build and in green-space. In simple terms, the business case will ask: “What makes this place good and where do the opportunities lie?” and “What expertise and skills does the local business base have?”. Preventative Spend: Focusing national and local resources on securing the sustainability of Tees Valley’s communities not only helps to tackle deprivation and reverse decline, but also plays a key part in ensuring that communities are resilient. In turn this can reduce the need for regeneration in the future and helps support sustainable economic growth for the entirety of the region;

Preventative Spend

Focusing national and local resources on securing the sustainability of Tees Valley’s communities not only helps to tackle deprivation and reverse decline, but also plays a key part in ensuring that communities are resilient. In turn this can reduce the need for regeneration in the future and helps support sustainable economic growth for the entirety of the region.

A more commercial approach/an increased risk appetite Investment Led Approach

Although the Programme may operate in areas of extreme market failure, where there is a need for 100% grant funding, there is also the expectation that investment will generate not only economic but financial returns which may subsequently be reinvested by the authorities within those same communities, in essence devolving gain-share opportunities across the region and in line with the overall Tees Valley Devolution Deal with Government.

Outcome (Anticipated):

- 60,000 sq m of business space created to BREEAM standards (Minimum of Very Good) by 2027 supported through the development of:
 - o Circa 19 hectares of vacant or derelict land reclaimed or redeveloped by 2027
- Circa 2,185 new homes created (assuming 15 per hectare by) 2027
- Circa 24,000 sq m of public realm upgraded/developed by 2027
- 25% reduction in vacant properties in respective public realm areas by 2027
- 25% increase in footfall in respective public realm areas by 2027
- 80% of Tees Valley residents being optimistic about their own and their communities' life opportunities over the next five years
- 4,999 direct jobs created by 2027
- £240 million of additional GVA per annum by 2027

Education, Employment and Skills

Background and Description:

The Devolution Deal with Government transferred powers and funding allocations for our Adult Education Budget, to allow us to more effectively target our investments to help develop the skills that our businesses need to thrive and align them with our priorities as set out in the SEP.

We used these powers as a jumping-off point to develop our full education, employment and skills strategy, Inspiring Our Future, to develop interventions at every level of education from secondary school onwards, working with key partners and businesses.

It is focused on supporting innovation and collaboration in education, transforming careers and enterprise education, developing a skills system for business growth and addressing long-term unemployment and enhance the role of higher education in driving economic growth. It will assist businesses to identify and address current and future skills gaps in industry alongside creating new paths to work.

Application of New Behaviours:

Move away from 'silo thinking' and making the case for intervention

Having control of our adult education provision has helped us work ever closer with local providers and develop plans for a Teesworks Skills Academy. The Skills Academy will link investors, employment hubs, skills providers, jobseekers and apprentices to give the local workforce the expertise businesses and employers at the site will need to grow and succeed, further focusing on a collaborative, business-led approach to skills and employment, highlighting our joined-up approach to investment.

In addition, since the launch of Inspiring Our Future, TeesValleyCareers.com has been established, working with every school and college in the region to give young people seven or more meaningful interactions with employers. To date, 923 businesses across the region have signed up to provide these. Aligning business needs with skills will be crucial to the continuing development of our regional business base and economic success.

Targeted community impacts on those with most need

We have supported the creation of more than 1,500 apprenticeships across our apprenticeship support for employers grant schemes. This includes 105 created as a result of the Emergency Apprenticeships Grant, introduced as a response to Covid-19, recognising that people aged 16-20 will be disproportionately impacted by the economic effects of the virus.

We have also fully implemented and subsequently expanded the DWP Innovation Pilot Routes to Work, engaging with more than 2,800 residents furthest away from the labour market with complex needs and supporting more than 488 into employment. One such resident, a former steelworker, was supported by Rotes to Work into training and then employment with Hall Construction, carrying out work remediating the Teesworks site, demonstrating the value of a joined-up approach.

Outcomes

- Delivering 1,500 apprenticeships across our apprenticeship support for employers grant schemes.
- Engaging with more than 2,800 residents furthest away from the labour market with complex needs and supporting more than 488 into employment
- Working with every school and college in the region to give young people seven or more meaningful interactions with employers, with 923 businesses across the region signed up

IMPACT

As our Investment Plan is only into its second year of delivery, collecting clear evidence on intervention-level impacts, specifically of our Devolution Funds is difficult due to the long-term nature of investments.

That said, the Combined Authority is acting to accelerate the delivery of our Investment Programme with £84.7m of total funds spent at Q2 2020, just 18 months into a ten year £588.2m programme. Furthermore, £207.3m of projects have been approved and are due to commence delivery, with a further £188m of projects presently developing business cases and only £108.2m of funds unallocated.

To date Tees Valley Combined Authority has:

- Funded the £40m purchase of Teesside International Airport and 819 acres of prime development land attached to the Airport. Infrastructure work has begun to develop a £200million, 270-acre major logistics and manufacturing park on the southside of the airport, with the potential to create 4,400 jobs per year and bring in £3million to reinvest in the airport.
- South Tees Development Corporation has purchased 1,420 acres of land, including the former SSI steelworks site creating Teesworks, and bringing forward a once in a generation opportunity to deliver quality jobs in Teesside focused on clean growth. Following the purchase, a 12-month, £393million programme of demolition work and remediation has commenced, which will create 775 jobs. An overall master plan for the site aims to create 20,000 new jobs and drive £1bn per annum into the local economy
- Begun work to transform our rail network with £20million and £25million respectively to support the strategic redevelopment of Middlesbrough and Darlington train stations
- Approved a £50million scheme to improve town centres and indigenous growth within our five constituent local authorities, delivering projects that will have a local economic impact and improve the lives of Tees Valley residents, while also contributing to our regional offer.
- Completed construction on the National Horizons Centre in Darlington which will provide a centre for excellence led by Teesside University, specialising in training and education for the UK bioscience sector. This complements the nearby CPI and FUJIFILM Diosynth Biotechnologies in the key life sciences sector, building asset capital
- Delivered a new demand responsive bus service pilot to provide better access to jobs and key service centres for rural communities in Darlington and Stockton-on-Tees, Hartlepool and Redcar & Cleveland
- Set up a £96.2m Business Growth Programme supported by ERDF to attract and support new businesses to Tees Valley, support companies to introduce new products or processes, support start-ups and the growth of new and existing businesses, offer consistent business support in Tees Valley for SMEs and large companies and launch the new Tees Valley Business Gateway, supported by new grant and business finance programmes
- Established Enjoy Tees Valley, the region's first destination marketing service in more than seven years with the aim of attracting more than 20million people to the region and add £1billion per year to the local economy
- Provided £4.6million to support research and development on the manufacturing of new speciality alloy metal powders. At Liberty Steel hosted in the Materials Processing Institute. The long-term vision is for an advanced manufacturing facility to be established in Tees Valley, which would see the creation of 70 high-value jobs and up to 185 indirect jobs created in the supply chain
- £1.6million to support the development of FUJIFILM Diosynth's phase 1 Bio-campus at its site in Billingham. The project will see an overall investment of £14.5million, which will deliver 4,000sq m of new premises to accommodate approximately 300 staff with the creation of 50 new jobs working

on manufacturing and business administration. FUJIFILM Diosynth’s existing facility will manufacture 60million doses of the Novavax COVID-19 vaccine, if the current Phase 3 clinical trial, which is being run from Hartlepool Hospital, proves successful

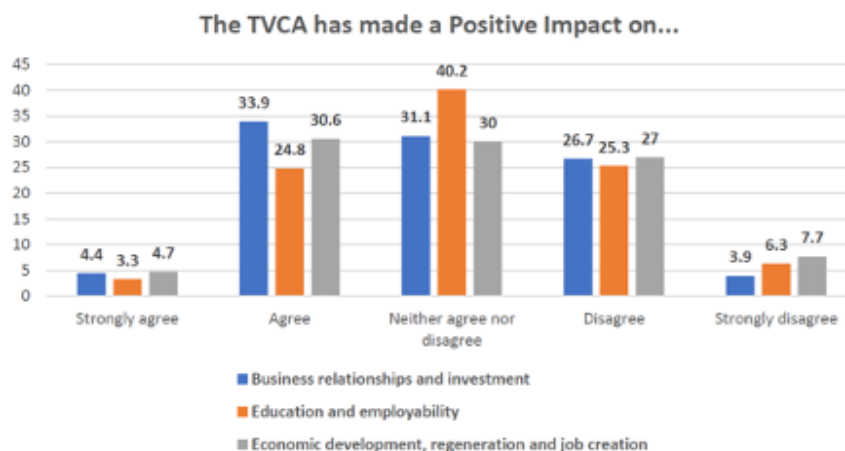
Public Perceptions

Since December 2018, the University of Northumbria has conducted an annual independent survey involving a total of 1070 respondents across the five boroughs of the Tees Valley, with the specific objective of evaluating the community’s perception of the area and their understanding of the role of the Tees Valley Mayor and Combined Authority. Surveys were collected in person and online and the findings for each year were compared to identify any significant differences in public perceptions.

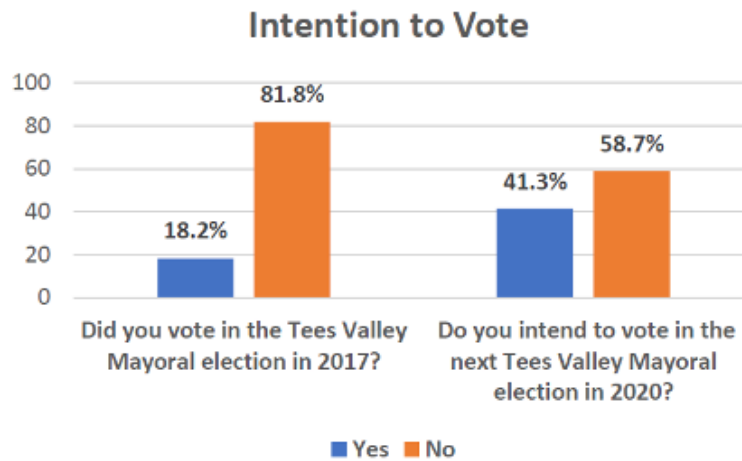
Key Findings:

- Improvement in optimism is supported by an increase in the percentage of participants reporting that both Tees Valley and economic prospects in the area have improved over the last 12 months
- The increased optimism and perceived improvements in the area since our first report is also reflected in the increased recommendation rate of Tees Valley as a place to live, work and visit
- The community spirit, family and friends, low living costs and access to places (countryside, coast, other areas in the North East) are reportedly the best aspects of the Tees Valley
- Perceptions of the impact that the Combined Authority has on education, employment, business relationships and economic development have improved over the past 12 months.
- A higher reported awareness of the Tees Valley Mayor compared to last year’s report. Our investigation on the public’s unprompted awareness of the Tees Valley Mayor has shown that a large percentage of the people can also identify the Mayor by name

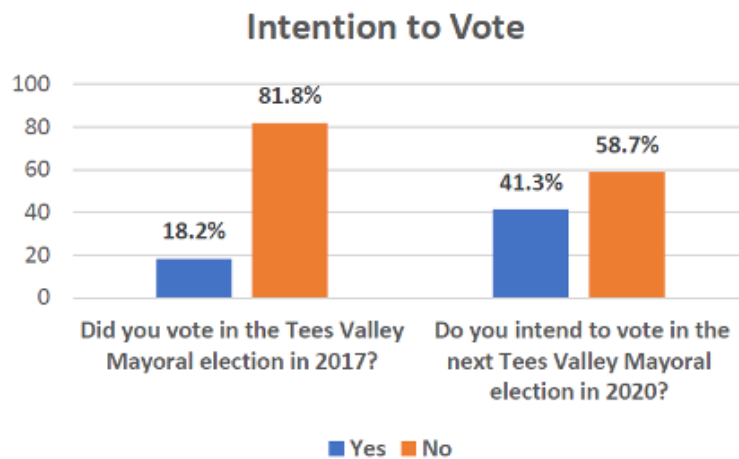
The increase in satisfaction with the quality of life and opportunities in the area is also evidenced by the public’s perceptions regarding improvements in the area. Possibly the most visible improvement regarding the public perceptions of the Tees Valley area relates to the improvements in the area over the last 12 months. The statistics relating to the perceived improvements in the quality of life have seen a 5% increase since our last report (from 32% to 37%), while the statistics regarding the improvements in the economic opportunities in the area have improved by more than 3% (from 21.9% in 2018 to 25.2% in 2019).



Awareness of the Tees Valley Mayor



■ This a year on year improvement of 15% in increased awareness of the Elected Mayor.
Intention to Vote



CONCLUSION

Tees Valley has been through the process of early delivery and has laid the foundations for large scale economic transformation across the next decade.

The impact of Covid-19 will necessitate a review of our approach to delivering these ambitions, as its economic impact has been immediate and deep. The Tees Valley already has over 13,000 more unemployment related claimants than a year ago and our analysis indicates that up to 37,200 workers are at risk of permanently losing their job by the end of 2020 – including over 6000 young workers.

But devolution has provided the Tees Valley with a regional body not just able to coordinate the local response to the crisis and provide vital intelligence to central government, but to show leadership and chart a path to recovery.

There is a wider range of public sector funding opportunities that are not under the direct control of the Combined Authority, however, we are committed to seeking to exercise our substantial influence in how these are allocated and used. Our plan is to continue work with Government on an open dialogue basis on shared priorities and interventions that can enhance the use of our local resources to achieve a step change in the Tees Valley economy.

Even in the scale of this challenge we are committed to continuing to create the conditions necessary to secure significant, sustainable and continued future growth.



TEES VALLEY
COMBINED
AUTHORITY

TEES VALLEY MAYOR

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