AGENDA ITEM 8

REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET

20 DECEMBER 2024

REPORT OF THE HEAD OF PERFORMANCE, RISK AND ASSURANCE

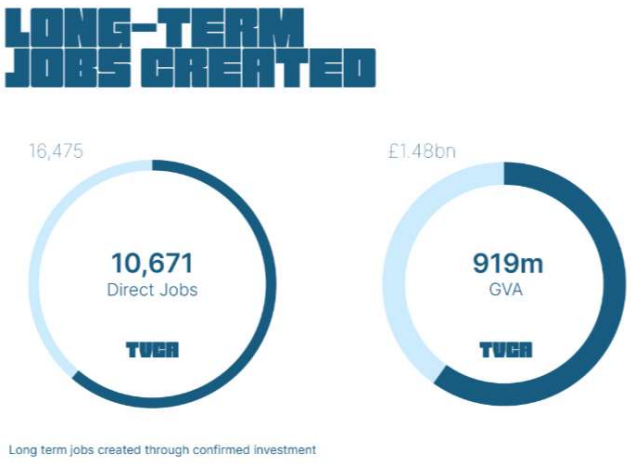
# TVCA INVESTMENT PLAN PERFORMANCE REPORT

## SUMMARY

The work of Tees Valley Combined Authority is underpinned by two key documents - the Strategic Economic Plan and the Ten-Year Tees Valley Investment Plan. These are concerned with the high-level strategic growth ambitions of the region and the specific financial interventions to meet these aims, respectively.

Halfway through the lifetime of the Ten-Year Investment Plan, this report confirms below that we are on track to meet the ambitions of the Ten-Year Investment Plan.

The total impact of delivering the Investment Plan will be in the order of 16,475 direct jobs and £1.48billion of additional cumulative annual output, over its lifetime.




*Direct jobs and Annual GVA as of June 2024.*

## RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet notes the contents this report.

DETAIL

1. The Strategic Economic Plan was developed in 2016 to coincide with the creation of the Tees Valley Combined Authority and its associated new powers and funding, setting out the high-level strategic growth ambitions and priorities while providing a framework for economic development activities. This was a partnership approach for the Tees Valley, all partners had a role to play in its implementation and was not the sole responsibility of Tees Valley Combined Authority.

2. The Ten-Year Investment Plan 2019-2029 was agreed by Cabinet in January 2019 and sets out how plans to invest £588million to create jobs, drive economic growth, and transform Tees Valley. This included schemes, programmes, and initiatives within Business Support; Inward Investment; Education, Employment and Skills; Culture & Tourism; Research and Innovation; Transport and Place.

3. The Investment Plan is refreshed each year and currently supports investment of [£1.6bn].

4. Our activity is prioritised across six growth generating theme as follows:

| Theme | SEP Aim/Corporate Objective |
|---|---|
| Transport and Infrastructure | Improve connectivity within Tees Valley, across the Northern Powerhouse, the UK, and the world |
| Education, Employment and Skills | Increase educational attainment, produce the skilled workforce that businesses need and increase lifetime opportunities for our residents |
| Business Growth | Diversify the economy, support more business start-ups, develop high growth potential businesses and key growth sectors |
| Culture | 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, Innovation and Energy | Introduce new processes and practices which reduce carbon emissions, increase productivity and the availability of high value jobs |
| Place | Accelerate the supply of good quality homes across the whole housing market, revitalise our town centres and urban core, bring forward surplus public and blighted brownfield land for development and strengthen our commercial property offer |

5. This report sets out progress against the economic targets set out in the SEP both in terms of job numbers and GVA. The data provided relates to actual jobs created and does not take into action projected jobs that will be generated from investment made.

6. Progress achieved to date against the Strategic Economic Plan is noted below:

| SEP ambition | Progress | Context |
|---|---|---|
| 25,000 additional jobs | 10,000 more jobs. The headline Tees Valley jobs total was 302,000 in 2022 compared to 292,000 in from 2014 to 2016 (*ONS)* which was the first year of the SEP.<br>But also new jobs created since 2022 and those in the pipeline e.g., Teesworks 10,378 jobs in next 4 years *(Colliers: Teesworks the Silicon Valley of Net Zero)*. | ▪ In the period SSI closed (loss of circa 3,000 jobs) in 2015 and Covid pandemic.<br>▪ Net new jobs in our economy (as jobs have been lost in the period particularly due to economic shocks) *(ONS)*<br>▪ Definition of a job includes employees, the self-employed, government supported trainees, and HM forces *(ONS NOMIS*). Includes full and part time. |
| Extra £2.8 billion into the economy | Since 2014 additional jobs have added £2.0 billion to Tees Valley GVA. | Calculation based on average GVA per job multiplied by number of additional jobs. |
| Demonstration region for the circular economy | Circular economy has evolved into Net Zero and Clean Energy economy where Tees Valley is leading the way. | Targeted interventions in green energy, offshore technology, and Carbon Capture, Utilisation and Storage (CCUS) could have a significant impact on local productivity and prosperity, whilst establishing Tees Valley as a clean energy powerhouse of the UK. |
| Increased return of investment to £1: £8 | TVCA can only assess the return against direct TVCA investment through the Investment Plan. | Will be considered as part of TVCA Gateway Evaluation Review in 2025. |
| Tees Valley will contribute 10% of the total GVA growth target for the Northern Powerhouse (2040) | Tees Valley GVA grew by 9% in real terms between 2014 and 2022. This compares with a 6% increase between 2006 and 2014. | Tees Valley GVA trend growth increased on the previous eight-year period. *(ONS)* |

7. The table below sets out the performance against the economic metrics against which the Government measures the Combined Authority in its 5 yearly Gateway Review.

| Output metric | Achieved June 2024 | GVA £m |
|---|---|---|
| Direct Job Outcomes | 10,671 | 552 |
| Indirect Job Outcomes | 7,096 | 367 |
| Apprenticeships Created | 2,891 | N/A |
| Jobs Safeguarded | 1,060 | N/A |
| Land remediated (acres) | 612 | N/A |
| Commercial floorspace created ($m^2$) | 63,170 | N/A |

8. As part Government's monitoring of TVCA's devolution settlement, we are required to provide updates, "Gateway Reviews" to Government every five years. The first of these was submitted in October 2021 with Government satisfied that its requirements in respect of the review were met. The final evaluation evidence required for the Gateway Review process will be submitted to Government by the end of October 2025.

9. The overall approach to evaluation for the second Gateway Review is set out in the National Evaluation Framework (NEF), finalised by MHCLG (formerly DLUHC) in January 2023. The specific approach for Tees Valley was then agreed in a Local Evaluation Framework (LEF) produced by Tees Valley Combined Authority, with support from social and economic consultants Wavehill, and submitted to MHCLG in November 2023.

10. Below is the Mid Term report, produced to inform the second Gateway Review, which provides a summary of the progress made. This has been prepared by the Independent Evaluation Panel (IEP). The IEP was commissioned by the MHCLG.

11. It should be noted that this information relates only to the funds provided through the devolution settlement. Interventions funded from other sources are excluded from this review.

| | |
|---|---|
| Total number of interventions approved since the launch of the Fund | 49 |
| ...of which number of interventions completed | 26 |
| Number of interventions approved at Gateway Review 1 report | 26 |
| ...of which number of interventions completed | 13 |
| Number of interventions approved between Gateway Review 1 report and the LEF for Gateway Review 2 | 26 |
| ...of which number of interventions completed | 13 |
| Number of interventions approved since LEF for Gateway Review 2 | 0 |

## FINANCIAL IMPLICATIONS

12. This report is an update and therefore does not have any direct financial implications.

## LEGAL IMPLICATIONS

13. There are no legal implications arising from this report.

## CONSULTATION & COMMUNICATION

14. This report has been considered by Tees Valley Management Group, Tees Valley Chief Executives, and the Tees Valley Business Board.

## EQUALITY & DIVERSITY

15. There are no impacts assumed from the subject of the report on groups of people with protected characteristics.

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