

**Date:** Thursday 20<sup>th</sup> April, 2023.

**Venue:** Teesworks Skills Academy, TS6 6UA

**Membership:**

Mayor Ben Houchen (Tees Valley Mayor)  
Cllr Mary Lanigan (Leader, Redcar & Cleveland Borough Council)  
Mayor Andy Preston (Mayor of Middlesbrough)  
Graham Robb (Independent Member)  
David Smith (Independent Member)  
Jacob Young MP (Independent Member)  
Neil Schneider (Independent Member)  
Julie Gilhespie (Group Chief Executive TVCA, STDC)

**Associate Membership:**

Tom Smyth (BEIS)  
John Sampson (MD, Redcar & Cleveland Council)

## AGENDA

**1. Apologies for Absence**

**2. Declarations of Interest**

Attached

**3. Minutes**

Minutes of the meeting held on 16<sup>th</sup> March, 2023 for confirmation

**4. Chair's Update**

Verbal

**5. Retained Estate Requirements**

Attached

*Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report is not for publication*

**6. Date and Time of Next Meeting**

22<sup>nd</sup> June, 2023

### **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 have 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:

[tvagovernance@teesvalley-ca.gov.uk](mailto:tvagovernance@teesvalley-ca.gov.uk)

## **South Tees Development Corporation Declaration of Interests Procedure**

1. The purpose of this note is to provide advice and guidance to all members of the Development Corporation Board and Audit & Risk Committee on the procedure for declaring interests. The procedure is set out in full in the Development Corporation's Constitution under the "Code of Conduct for Members" (Appendix 3).

### **Personal Interests**

2. The Code of Conduct sets out in full, the principles on the general conduct of members in their capacity at the Development Corporation. As a general principle, members should act impartially and should not use their position at the Development Corporation 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 Development Corporation 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 Development Corporation;
    - 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. Financial relationships between the Development Corporation and individual councils do not in themselves create a conflict of interest for Council Leaders who are also Development Corporation Board members. Nor is it a conflict of interest if the Development Corporation supports activities within a council boundary. Nevertheless, there are specific circumstances where the Board may consider 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 Development Corporation. 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. Details of any personal interests registered will be published on the Development Corporation's website, with the full register available at the Development Corporation'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**

7. The Development Corporation will include a standing item at the start of each statutory 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.
8. 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.
9. 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**

10. Members can seek the advice of the monitoring officer if they consider that the disclosure of their personal interests contains sensitive information.

## SOUTH TEES DEVELOPMENT CORPORATION (STDC) BOARD

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

Date: 16<sup>th</sup> March 2023

Time: 9am

Location: Teesworks Site, Steel House Gate Conference Room, Redcar TS10 5QW

<b>Attendees:</b>		<b>Apologies:</b>
Ben Houchen (Chair)	Tees Valley Mayor	Andy Preston
Mary Lanigan	Leader, RCBC	David Smith
Graham Robb	Independent Member	Neil Schneider
Jacob Young MP	Independent Member	
Julie Gilhespie	TVCA Group Chief Executive	
Mieka Smiles	Deputy Mayor, Middlesbrough Council	
Gary Macdonald	TVCA Group Director of Finance & Resources	
Tom Smyth	BEIS, Interim Government Representative	
John Sampson	MD Redcar & Cleveland BC	
John McNicholas	Engineering & Programme Director	
Emma Simson	TVCA, Acting Monitoring Officer	
Sally Henry (Secretariat)	TVCA Governance	
Victoria Pescod	TVCA In-House Lawyer	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	<b>Welcome and apologies for absence</b>	The Chair welcomed everyone to the meeting. Apologies were given as noted above.		
2.	<b>Declarations of Interest</b>	Representatives from Redcar & Cleveland Borough Council declared a non pecuniary interest in agenda item 8 – Freeport Update.		
3.	<b>Minutes from previous meeting</b>	<p>The Board reviewed the minutes of the meeting held on 19<sup>th</sup> January, 2023.</p> <p>Matters arising:-</p> <ul style="list-style-type: none"> <li>Jon Rokk will attend the next Board meeting to provide an update.</li> </ul> <p><b>Resolved that the minutes of the 19<sup>th</sup> January, 2023 were agreed.</b></p>	<b>Update to next meeting</b>	<b>Jon Rokk</b>
4.	<b>Chairs Update</b>	<p>The Chair apologised for rearranging the meeting. The date had been arranged to coincide with the Net Zero ground-breaking event. This event has been pushed back now.</p> <p>The Chair advised that in the Spring Budget, the Chancellor announced that Treasury have agreed to change the rules on landfill tax. A public body can now remediate land that they own and can apply to Government to receive an exemption for the landfill tax that would be incurred. This now applies nationally and, for STDC, will be a significant benefit. It also means land that has been contaminated for decades across the country can now be remediated because it is financially viable to do so and it will help clean up and improve sites in an environmentally positive way.</p> <p>The exemption scheme will be administered by DEFRA who will assess the applications and will only sign off on them if they receive approval from all other</p>		

		<p>agencies, including the Environment Agency as all environmental standards remain the same. There is no reduction in environmental protection this is purely a tax change. It is expected to be in place by Q4. Individual applications for sites will need to be completed and they are being worked on now, ready for when the scheme is operational.</p> <p>The scheme de-risks the site and there will be less monitoring and managing of the site required as development starts.</p> <p>The Chair expressed his thanks and appreciation to Julie Gilhespie, Gary Macdonald, John McNicholas and Chris Harrison for the work that has gone into getting this approved by Government.</p> <p>Jacob Young thanked The Chair for all his discussions with Government on the subject and described it as a “victory for common sense”.</p> <p>Tom Smyth commented that this removes a big risk which was identified in the business case with Government and needed to be resolved. It now allows Government to proceed with a good evidence base.</p> <p>It was noted by the Board that this was a big result for the Tees Valley as a whole as it gives us the opportunity to look at other publicly owned, contaminated sites.</p> <p>A Board member enquired what happens to the waste which occurs because of the land remediation. The Chair advised that there are environmental standards which dictate how waste is disposed of whether that be on site or, in some cases, if a contaminant has been detected, off-site. The Health &amp; Safety Executive and the Environment Agency are always consulted with and would need to approve any plans – as all standards remain the same. They advise how waste must be dealt with and we comply.</p> <p><b>RESOLVED THAT:-</b></p> <ul style="list-style-type: none"> <li>• <b>The Board noted the update.</b></li> </ul>		
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5.	Group CEO Update	<p><b>It was noted that appendix 3 is marked as confidential under the terms of paragraph 3 of schedule 12a Local Government Act 1972 and that if the details are to be discussed a motion would need to be passed to exclude the press and public at this stage.</b></p> <p>The board were provided a report which provided an update on activity since the last meeting and provided a progress update in relation to the transition into the development phase of the Teesworks site.</p> <p>In addition to the content of the report, the Group CEO advised the board that there will be an operational change to the business model as a result of the recent announcement on Land Fill Tax. STDC will retain ownership of the land and carry out the remediation work. The remediation will still be funded by Teesworks.</p> <p>This is not a change to the risk profile. It is an operational change which ensures that the site benefits from the Land Fill Tax Exemption scheme.</p> <p>The remediation work will be cash-flowed by STDC but when Teesworks draw down on their option, they will pay the money for their option plus the full cost of remediation together with a State-Aid compliant interest rate. This means the public sector will make more money out of the site and will not be left with a bill as Teesworks will pay for the full cost of remediation plus interest.</p> <p>As Section 73 Officer, Gary Macdonald confirmed that all the commercial agreements were in place.</p> <p>A board member enquired whether local companies will be used for the new Park &amp; Ride facility. The Board were advised that there will be an open procurement for the service. The service is a contractual requirement for Net Zero Teesside and as such, it is hoped that electric or hydrogen vehicles will be used.</p> <p>All planning applications were in place prior to work starting.</p> <p>It is important to stress that the hotel that is being planned is for use by the work</p>		
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		<p>force of the site and is not aimed at the leisure industry.</p> <p><b>Resolved that:-</b></p> <ul style="list-style-type: none"> <li>i. The Board noted the activity progressed since the last meeting; and</li> <li>ii. Approved the updated approach to development in light of expected Government legislation in respect of landfill tax as set out in paragraphs 21-27 of the report.</li> </ul>		
6	<b>Finance Update</b>	<p>The Board were provided a report which gave an update on financial performance for quarter three, being the nine months to 31 December 2022, and the forecast position for 2022/23.</p> <p>The Group Director of Finance &amp; Resources highlighted some key points from the report.</p> <p>The Chair highlighted that the scheduled blow down for the last structure on site is 29<sup>th</sup> June. This means that from October 2020 to date the full site will have been demolished. The original forecast was for it to have taken 7 years. This has all taken place within budget, ahead of schedule and we now have private sector investors on site.</p> <p>A Board member enquired who will operate the quay and was advised that the decision on this will be made shortly.</p> <p>Tom Smyth passed his thanks on to The Chair and the team at TVCA &amp; STDC who have been involved in managing this huge capital project.</p> <p>The Chair assured the Board that they will be kept updated on all financial and risk profiles and the progress of all developments and remediation on site.</p> <p>The organisation continues to be monitored and audited by Government</p>		

		departments and continues to operate in line with the rules laid out by treasury.  <b>Resolved that the content of the report was noted.</b>		
7	<b>Budget 2023/24</b>	The Board were provided with details of the financial progress of the Corporation's development obligations and also provided with the Budget for 2023/24 to consider and approve.  <b>Resolved that the Budget for 2023/24 be approved.</b>		
8	<b>Freeport Update</b>	The Board were provided a Freeport update.  A Board member enquired whether the Investment Zone announcement made by The Chancellor during the Spring Budget was the same as previously discussed. The Chair advised that the Investment Zone is capped at £80m and can be taken as tax relief, investment or a combination of both. A business Case is already in place and it covers the Middlesbrough and Hartlepool Development Corporation areas and the airport.  Tom Smyth agreed to circulate the Investment Zone prospectus which explains how it links to Freeports post meeting.  <b>Resolved that:-</b> <ul style="list-style-type: none"> <li>• Tom Smyth to circulate IZ Prospectus;</li> <li>• the content of the report be noted.</li> </ul>	<b>Circulate IZ prospects</b>	<b>Tom Smyth</b>
9.	<b>Commercial Proposition – Carbon Capture Utilisation</b>	The board were provided a report which requested Board approval to enter into commercial and legal documentation with BP Exploration Operating Company Limited to confirm its site requirements are in place as part of the		

	<p><b>and Storage - CCUS</b></p>	<p>Government’s CCUS cluster sequencing process.</p> <p>The project is 2 projects in one – the Carbon Capture project and also the power station which sits alongside. As a result, a land transaction has been created which allows for the possibility that if the gas-fired power station is not approved by Government, the CCUS can still be delivered on site.</p> <p>It was noted that the NZT Power Station will be the premier NZ project in the UK.</p> <p>The option and lease agreements have been negotiated over the last 5 years and it had been hoped to have the ground-breaking event and sign the documents today. Legal work is still on-going so it is likely to be another week before contracts can be signed. BP need to have assurances that they have a site which is ready. This is the only site that works for them throughout the UK and Europe due to the specific infrastructure that is already in place.</p> <p>BP will pick up the cost of any accelerated works that are needed as a result of the delay in signing. Work will not commence on site until there is a legal agreement in place.</p> <p>A Board member advised that the Tees Valley Business Club meet next week with BP to discuss this project.</p> <p><b>Resolved that Board noted the:</b></p> <ul style="list-style-type: none"> <li>• Background to the NZT transaction set out at paragraphs 1-6 of the report; and</li> <li>• Scope and timescales for the transaction; and</li> <li>• Adoption of the agreed change to delivery model for</li> </ul>		
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		<p>development on the Teesworks site as a result of potential changes to landfill legislation set out at paragraphs 13-14 of the report; and</p> <ul style="list-style-type: none"> <li>• Key features of the various stages of the transaction including legal agreements as set out in the report at paragraphs 15-21</li> <li>• The necessary financial, risk and legal advice has been taken in relation to this transaction to ensure it is compliant with all necessary legislation and represents value for money.</li> </ul> <p><b>Resolved that Board approved:</b></p> <ul style="list-style-type: none"> <li>• Entering into an Option for lease agreement with Teesworks Limited and BP Exploration Operating Company Limited; and</li> <li>• Entering into the necessary land transfer documentation with Teesworks Limited; and</li> <li>• Entering into all necessary commercial agreements with Teesworks Limited to ensure that any STDC/L obligations are fully funded; and</li> <li>• Approve delegation to the Group Chief Executive Officer, Group Director of Finance and Resources, Acting Monitoring Officer and the Mayor to ensure all necessary legal documentation is transacted in line with these approvals.</li> </ul>		
<p><i>Under the terms of paragraph 3 of schedule 12a of the Local Government Act, the Chair passed a motion to exclude press and public at this stage of the meeting so the Board could discuss matters of a Confidential nature.</i></p>				
10	<b>CCUS Update</b>	Board had a further, confidential discussion concerning the CCUS Update.		
11	Update on Legal Proceedings	The Chair and Group Chief Executive provided the Board with an update on the legal proceedings.		

	Date & Time of Next Meeting	20 <sup>th</sup> April, 2023 @ 11am		