

SOUTH TEES DEVELOPMENT CORPORATION (STDC) BOARD

Date: 16th March 2023

Time: 9am

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

Attendees:		Apologies:
Ben Houchen (Chair)	Tees Valley Mayor	Andy Preston
Mary Lanigan	Leader, RCBC	
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	
David Smith	Attended via Teams	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	Welcome and apologies for absence	The Chair welcomed everyone to the meeting. Apologies were given as noted above.		
2.	Declarations of Interest	Representatives from Redcar & Cleveland Borough Council declared a non pecuniary interest in agenda item 8 – Freeport Update.		
3.	Minutes from previous meeting	<p>The Board reviewed the minutes of the meeting held on 19th January, 2023.</p> <p>Matters arising:-</p> <ul style="list-style-type: none"> Jon Rokk will attend the next Board meeting to provide an update. <p>Resolved that the minutes of the 19th January, 2023 were agreed.</p>	Update to next meeting	Jon Rokk
4.	Chairs Update	<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 proposals around landfill tax 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 & 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>RESOLVED THAT:-</p>		
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5.	Group CEO Update	<p>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.</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 & 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 force of the site and is not aimed at the leisure industry.</p> <p>Resolved that:-</p> <ul style="list-style-type: none"> i. The Board noted the activity progressed since the last meeting; and 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. 		
6	<p>Finance Update</p>	<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 & 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 29th 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 & 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 departments and continues to operate in line with the rules laid out by treasury.</p> <p>Resolved that the content of the report was noted.</p>		
7	Budget 2023/24	<p>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.</p> <p>Resolved that the Budget for 2023/24 be approved.</p>		
8	Freeport Update	<p>The Board were provided a Freeport update.</p> <p>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.</p> <p>Tom Smyth agreed to circulate the Investment Zone prospectus which explains how it links to Freeports post meeting.</p> <p>Resolved that:-</p> <ul style="list-style-type: none"> • Tom Smyth to circulate IZ Prospectus; • the content of the report be noted. 	Circulate IZ prospects	Tom Smyth
9.	Commercial Proposition – Carbon	<p>The board were provided a report which requested Board approval to enter into commercial and legal documentation with BP Exploration Operating</p>		

	<p>Capture Utilisation and Storage - CCUS</p>	<p>Company Limited to confirm its site requirements are in place as part of the 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>Resolved that Board noted the:</p> <ul style="list-style-type: none"> • Background to the NZT transaction set out at paragraphs 1-6 of the report; and • Scope and timescales for the transaction; and 		
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<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	CCUS Update	Board had a further, confidential discussion concerning the CCUS Update.		
11	Update on Legal	The Chair and Group Chief Executive provided the Board with an update on the		

	Proceedings	legal proceedings.		
	Date & Time of Next Meeting	20 th April, 2023 @ 11am		