

**Agenda Item 4**

**Confidential**

**South Tees Development Corporation  
Audit & Risk Committee  
3rd Meeting  
24 April 2018  
TMO, Redcar TS10 5QW**

**Key Points and Actions**

**Attendees:**

Colin Fyfe	Independent Chair
John Baker	Deputy Chair/STDC
Paul Booth	TVCA
Sue Jeffrey	Redcar & Cleveland Council, TVCA
Jonathan Bretherton	STDC/STSC
Julie Gilhespie	STDC/TVCA
John McNicholas	STDC
	STSC
	STDC – secretariat

**Apologies:** Anand Srinivasan, Jane Turner, Ben Houchen and Steve Gibson

**Item 1 – Welcome and introductions – Chair**

1.1 The Chair welcomed everyone to the meeting and apologies were noted.

**Item 2 – Declaration of Conflicts of Interest - Chair**

2.1 There were no conflicts of interest declared.

**Item 3 – Quorum**

3.1 It was noted that the meeting was quorate.

**Item 4 – Key points and actions from meeting 2 and the Emergency meeting – Chair**

4.1 The minutes of meeting 2 and the Emergency meeting on 12 April were endorsed. All actions were achieved or are on the agenda for today with the exception of:

Meeting 1

Action 12 – A baselining workshop will be held to develop a management mechanism around challenges on procurement – this is now embedded in the Procurement Policy which was discussed at the March Board and will be finalised at the May Board.

Meeting 2

Action 4 – Workshop to be arranged on management of CPO risks for 20 June – on Forward Programme and agenda for June meeting.

Item 5 – Outputs from the Risk Workshop – Paper 3.3

5.1 [redacted] advised that the outputs from the Risk Appetite Workshop would be reflected in a Framework which would be taken to the Board. [redacted] tabled a Risk Management Framework document (Appendix A) showing key categories of risk. Roles and responsibilities still need to be finalised and he noted that Appendix 4 shows Risk Impact Descriptions.

5.2 During discussion a number of points were raised by Board members who had concerns about how the full Board, who had not been involved in the discussion today, would be able to understand our risk appetite and processes.

5.3 The following key points were made:

- a) Appendix 4 needs to be fully populated with risk impact descriptions defined
- b) Clarity and simplicity is essential – what the risk is, how it is calculated and the risk appetite
- c) Need to demonstrate impact and likelihood in the risk appetite and to define the process for how issues are brought to A&RC and the Board
- d) Important to examine the policy and the process flow together
- e) Metrics to be included in the Risk Framework

5.4 In conclusion the following actions were agreed:

**Action 1:** An in-house management session would be arranged, Colin to attend too, to go through the live risk register. [redacted]

**Action 2:** Clarity required on where management responsibility lies and what decisions need to go to the Board. [redacted]

**Action 3:** Each future Board decision to be risk assessed and come to A&RC ahead of the Board, to assist the Board in mitigating risks. [redacted]

**Action 4:** A paragraph would be included in future reports to the Board on risk and how that measures against risk appetite. [redacted]

**Action 5:** The Risk Framework, Risk Strategy and Risk Register to be finalised. [redacted]

**Item 6 – Risk Strategy and Risk Register –** [REDACTED]

**6.1** This item was covered in the discussion on item 5 above.

**Item 7 - Transition Plan – Julie Gilhespie**

**7.1** The plan will be taken to the May Boards of STSC and STDC for approval. The proposal is to move ownership of the SSI assets from central Government/Thai Banks to local ownership with sufficient financial support. STSC Board will see the draft plan at their meeting on 26 April and it will go to STDC Board on 30 May and TVCA Cabinet on 1 June.

**7.2** It was noted that the Transition Plan is a process plan to enable us to move to transition. It is routed through the STSC and STDC Boards, TVCA Cabinet and Ministers. There is a lot of work to do to ensure all parties are comfortable and on managing the risks through the summer. A risk assessment will be required for this issue ahead of submission to the STDC Board.

**Action 7:** Risk assessment to be prepared for Transition Plan ahead of submission to the STDC Board.  
**Julie**

**Item 8 – Horizon Risks - Chair**

**8.1** The list of potential risks was discussed:

- CPO – ongoing and workshop planned for 20 June.
- Communications with TVCA and its Cabinet
- Transition Group Plan and business case (the latter is a new risk)
- SSI/Thai Banks – approval of the offer to be made (a Referral Decision)
- Tata land purchase
- RBT including Greybull and pre-emption which is being managed
- [REDACTED]
- Key Investors
- Recruitment and resources – a rolling risk
- Inability to acquire funding
- Reputational Risk
- Political change – general or local elections – new risk added

**8.2** During discussion it was agreed that this list would be discussed with management ahead of each meeting but that the focus would remain on 2/3 key risks as standing items. The risks need to be prioritised and include a timeline setting 3/6/9/12 month risks. Current risks to be identified for papers being taken to the May Board are:

- a) the Transition Plan
- b) Thai Banks deal

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**Paper 4.1**

It was agreed that an extraordinary meeting will be held ahead of the papers for the May Board being issued.

**Action 7:** Horizon risks will be prioritised and will include a timeline setting 3/6/9/12 month. [REDACTED]

**Action 8:** An extraordinary meeting will be held to discuss risks for the Transition Plan and the Thai Banks deal ahead of the papers for the May Board being issued [REDACTED]

**Item 9 – Audit Plan – Paper 3.5 - Julie Gilhespie**

**9.1** Julie highlighted the Audit timetable included in the paper. She also noted that she had met the External Auditors on 23 April with TVCA as group accounts are required and deadlines are tight.

**9.2** An additional paper had been circulated (on 20 April), on Internal Audit, following the work after the emergency meeting and approval and appointment of RCBC Auditors.

**9.3** For future years audits early marketing had been undertaken identifying 4 potential candidates within Tees Valley and 5 across the North East. During discussion points around inclusion of the Tees Valley Local Authorities were addressed along with questions about using a list from the wider North East. Points were also noted regarding ensuring people were not put through the tender process if we have no intention of appointing them. The conclusion was that we would include the Local Authorities at pre-tender stage and benchmark against larger organisations.

**Action 9:** Pre-tender process for Internal Audit to include the Tees Valley Local Authorities. [REDACTED]

**Item 10 – Forward Programme – Paper 3.6 – [REDACTED]**

**10.1** Existing items on the Forward Programme were noted and no additions were made.

**Item 11 – Items to STDC Board - Chair**

**11.1** Items to be covered in the report to the next STDC Board include:

- Risk Framework – an update on progress with this work.
- Key risks identified today
- Internal Audit cycle progress
- A reference to the report on the risks for the key decisions to be taken at the Board meeting.
- A note on the importance of attendance at Committee meetings to ensure a quorum and enable robust and informed decisions to be made.

**Action 10:** Report to Board to be drafted to include all above items [REDACTED]

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**Item 12 – AOB**

**12.1** We are also still awaiting appointment of a representative from the TVCA Audit & Governance Committee. [REDACTED] advised that we had received a note from Chris White who has recently joined the TVCA Audit & Governance Committee. Chris advised that he wants to wait 6 months to gauge the workload for TVCA before committing himself to the STDC A&RC. Colleagues noted that Julie will speak to Sarah Brackenborough about an alternative rep from TVCA.

**Action 11:** Discussion to be had with Sarah Brackenborough about a TVCA Audit & Governance representative for A&RC. Julie

**12.2** Sue J advised that she and Anna Turley were discussing a request from Unite and GMB to meet with the STDC Board. It was agreed that Sue J and Paul would discuss this with Jonathan.

**Action 12:** The question of STDC Board meeting the unions would be discussed offline. Jonathan

**12.3** Members advised that they are content with the format of the reports to the Board and agreed that the Chair should attend the Board meeting on 30 May at the invitation of the Board (this was subsequently endorsed by the Chair of the STDC Board).

**The meeting closed at 9.45am**

[REDACTED]  
Chairperson