

**Agenda Item 4**

**Confidential**

**South Tees Development Corporation  
Audit & Risk Committee  
Extraordinary Meeting  
16 May 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
Anand Srinivasan	Delphinus Advisory (by telephone)
Jonathan Bretherton	STDC/STSC
Julie Gilhespie	STDC/TVCA
John McNicholas	STDC
	STSC
	STDC – secretariat

**Apologies:** 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. Jonathan did however update the meeting about an issue of conflicts arising from the Articles of Associations developed by BEIS for the STSC Ltd. These had been discussed at both STSC and STDC Boards and BEIS had agreed to amend the Articles.

**Item 3 – Quorum**

3.1 It was noted that the meeting was quorate.

**Item 4 – Risk Assessments**

4.1 Before moving into the main agenda the Chair noted that this meeting was convened to discuss the risks arising from 3 issues on which decisions are required at the next meeting of the

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STDC Board on 30 May This is an opportunity for the A&RC to discuss and challenge He also noted that he would be attending the STDC Board meeting to represent the A&RC.

**4.2** The Chair noted that a senior executive from STDC owned each of the issues being discussed and that Jonathan, as CEO, has overall responsibility for each one. Jonathan was invited to talk the A&RC through the process of getting us to where we are today and what further work is planned around this process. It was noted that these assessments were works in progress and that they currently do not include any scoring. Committee members agreed that this is unlikely to be achieved during discussion at the meeting. It was however recognised that these are living documents, there would be some common themes across the risks and the mitigations for all 3 issues today and these could change over time. The Chair noted that the key aim of today was for A&RC to endorse the process, agree key risks and mitigations and for management to capture this and provide scores in a paper for the Board.

**4.3** A process, building on what had been agreed at previous meetings, was outlined:

- Process for 10 risk areas was agreed at previous meetings
- Information will be gathered on Impact, Frequency and Mitigation for each risk
- Gross Scores will be identified for each risk
- Net scores will be identified for each risk
- Commentaries will be provided for each risk
- Recommendations will be made against the overall risk assessment for the project.

**4.4** As part of this process the inter-relationships between issues will be captured and it is recognised that each of these areas is fast moving. Impacts on stakeholders will also need to be factored into each project. Consistency in approach is required for each project which includes the story and the scoring (to be assessed at A&RC in a timely manner). Discussion on each risk assessment then followed.

**Thai Banks Risk Assessment – Paper Ex 1.2 - Jonathan Bretherton**

**4.5** Jonathan circulated a hard copy of a revised assessment for this project with 11 risks identified for early buy out. He advised that the strategic aim was to integrate the site. Some of the key risks are around the Thai Banks changing their minds on selling at all, delaying the purchase or selling to another party. Concluding the Tata land purchase as soon as possible and doing CPO are potential mitigations for several of the risks. It was however noted that some mitigants which might be relevant today could change over time. Sue J suggested that STSC ownership of the land is an absolute mitigant. It was clear that the risks are all interlinked. Committee members requested that the narrative for this issue reflects the sequence and timing

**Tata Land Deal Risk Assessment – Paper Ex 1.3 – John McNicholas**

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**4.6** John noted that the position on this deal was progressing and that a meeting had been held with Tata on 9 May. Two scenarios had been discussed in terms of purchase of:

- a) All Tata land holdings within the STDC area
- b) The Grangetown Prairie site and a few other smaller areas.

**4.7** Jonathan had covered many of the relevant risks in his presentation on the Thai Banks deal. However, we have the reverse situation with Tata in comparison to the Thai Banks. We are in a more advantageous position Tata are keen to sell the land quickly. Mitigation has commenced through a full market valuation of the area. Potentially taking this [REDACTED] represents value for money.

**Transition Plan Risk Assessment - Paper Ex 1.1 - Julie Gilhespie**

**4.8** Julie noted that this project is about agreeing a plan with a road map and not about agreeing to individual positions at this point. She focussed on the risks of committing to the proposal rather than not doing it (ie the risks outlined in the lower part of the table).

**4.9** Julie noted (on Risk 1 – failure to transfer causing operational difficulties) that day to day operations would not be affected by ownership transferring to STSC Ltd. Risk 3 (delays with the banks interrupt HMG financing arrangements) is the biggest risk in that Government have been clear that a permanent solution is dependent on us doing a deal on the land. It was noted that we are having a workshop on CPO risks at the next meeting in June. In addition to the significant reputational risk of STDC being unable to complete Transition and resolve local ownership of the land there is also a political risk associated with this whether it be a General Election, Ministerial changes or local political changes. Julie also noted that many of the risks identified on not committing to the proposal could be rolled up together and simplified.

**Action 1:** It was agreed that information for all 3 issues would be brought together in time for papers to be circulated to the STDC Board on 23 May reflecting:

- High level risks
- Gross and net scores
- Narratives reflecting sequence and timing. **John M**

**Item 7 – AOB**

**5.1** There was no other business

**The meeting closed at 10am**

[REDACTED]  
Chairperson