

South Tees Development Corporation
Audit & Risk Committee
Meeting 13
21st August 2019
Teesside Management Offices, Redcar, TS10 5QW

Key Points and Actions

Attendees:

Christopher White (CW)	Independent Chair
John Baker (JB)	Chair of Teesside Learning Trust
Paul Booth (PB)	TVCA
David Allison (DA)	STDC
John McNicholas (JM)	STDC
[REDACTED]	STDC
[REDACTED]	STDC – secretariat
[REDACTED]	RSM

Apologies: Ben Houchen, Steve Gibson, Anand Srinivasan, Jane Turner, Julie Gilhespie and [REDACTED]

Item 1 – Welcome and introductions – Chair

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

Item 2 – Quorum

2.1 It was noted that the meeting was quorate.

Item 3 – Declaration of Conflicts of Interest - Chair

3.1 There were no interests declared.

Item 4 – Key Points & Actions from meeting 11 on 19th June – Chair

4.1 The minutes were approved and all actions were complete or on the agenda today with the exception of:

Meeting 12

Action 13 – Board resolution required once the proposed final candidate for intermediary agent is known – not covered at Board but opportunity offered to Board members to attend a briefing session with the proposed success candidate for intermediary agent on 14 August. Issue of change in processes previously in place not yet addressed but see paragraph 6.1 below.

Extraordinary meeting 19.2

[REDACTED]

23/10/19

[REDACTED]

A letter of comfort, regarding trading, is needed for the SPV as this should be a STDC rather than a STDL issue. DA advised that the new directors of the SPV will be DA, JM and the new Director of Finance & Resources (Gary McDonald).

Action 4: A letter of comfort, regarding trading, is required for the SPV. DA

Meeting 9

Action 5: The owner of Action 2 from meeting 9 regarding the asset database for the costs charged to [REDACTED] should be changed to [REDACTED] rather than JM. [REDACTED]

Meeting 6

Action 4 - A further root and branch review, for discussion with the Board, as a longer- term outcome – this piece of work, awaiting appointment of the new CEO is in hand with the newly remitted P, S&RC July 2019.

Meeting 5

Action 2 - Risk management resourcing to be determined and plans implemented – Partially resolved in Feb 19 but due to change in personnel is now an urgent requirement - part of the P, S&RC exercise which needs to be accelerated.

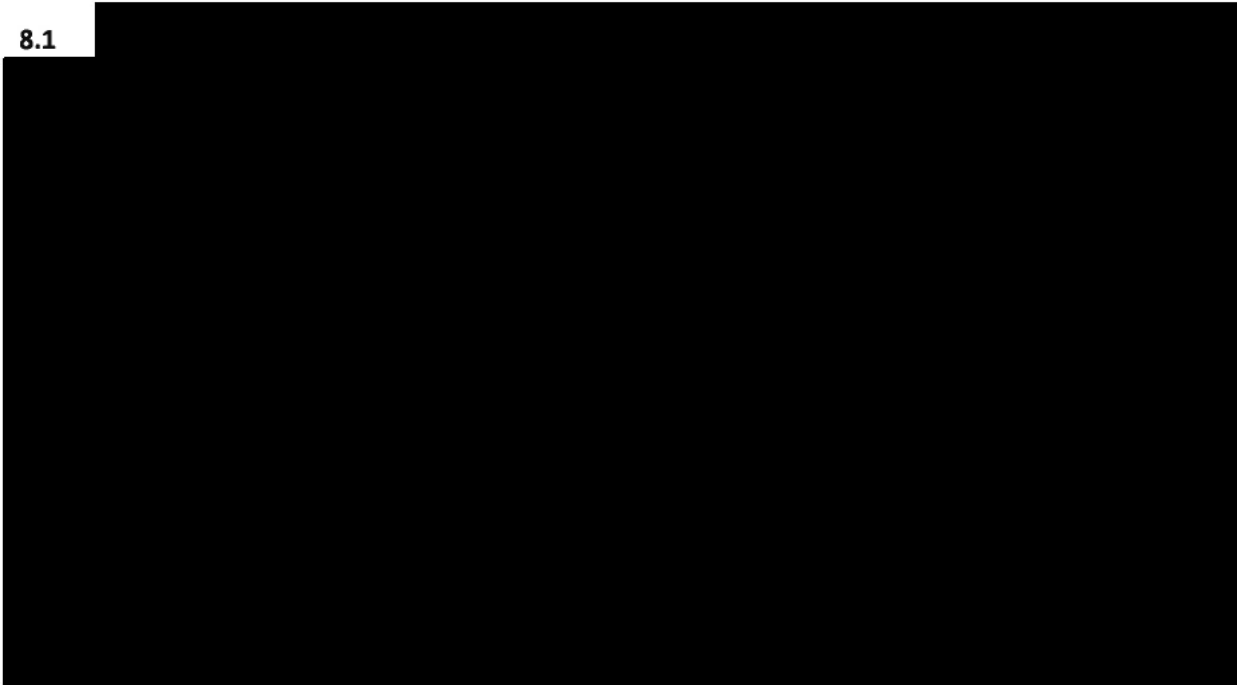
Item 5 – CSR Business Case – David Allison

5.1 DA advised that the final draft had been submitted to Government in August seeking pump priming using the financial model and two significant projects [REDACTED] to demonstrate that STDC will become self-sustaining and that if the projects do not go ahead then Government will need to close the gap. The Government response is awaited. Given the change in Government fiscal events this submission sits outside that process so there may be more flexibility on timing. There is a Transition Group call later today with BEIS who are looking for Transition sooner rather than later. DA advised that the earliest this could happen will be April 2020. A letter is being sought from the QC to BEIS confirming that a firm commitment is needed from BEIS on the request for £49m in the business case and noting that without it the CPO will fail. BEIS believe their commitment then frees them of any commitment on STSC. A&RC then needs to be content with the outcome from BEIS and recognise any residual risks. Any funding that has been allocated to STSC for Keep Safe and Invest to Safe should transfer to STDC on Transition to allow Transition to go ahead. It is assumed that any underspend will not be reclaimed by BEIS. There is also the issue around indemnities being required post Transition. It was determined that an algorithm/decision tree on issues and impacts of the CPO/Transition and investor scenarios is required. A deep dive is required into the CSR risks in Oct to identify the key risks which subsequently need to be shared with the Board and TVCA Cabinet. DA noted that there has been no presentation on the CSR business case as yet to the STSC Board. It was proposed that this

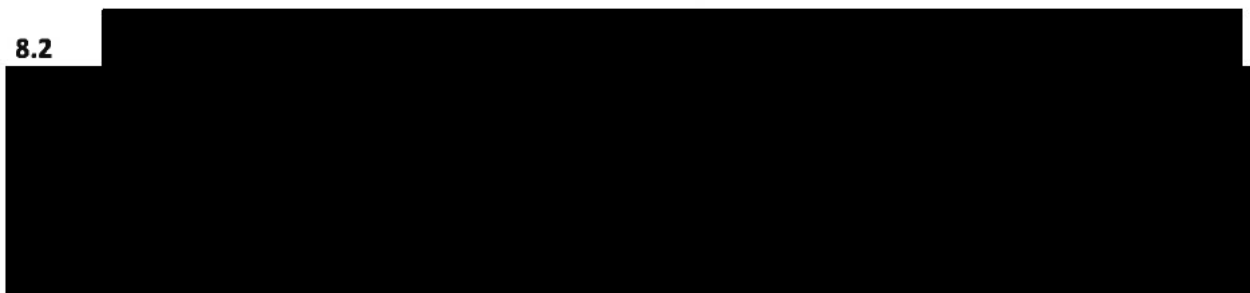
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Item 8 – Emerging Strategic Projects to bring to the Board – David Allison

8.1



8.2



Action 12: Management Information to be provided showing what projects are underway, through which Committees and who is leading on each one. JM/

Item 9 – Monthly Report following monitoring of Internal Audit Reports – Paper 13.3

9.1 In the absence of [redacted] noted that this paper included one recommendation and two points to note. RB left the room whilst the recommendation was discussed. After discussion of this point **A&RC endorsed the recommendation to appoint RSM as Internal Auditors for a further 12 months.** This would then be subject to review for 2020/21 and added to the Forward Programme for the February meeting. A&RC also determined that clarity is required, ahead of the further review, on the level of performance and some KPIs for RSM in reporting on their own performance demonstrating how they are adding value.

Action 13: Review of a further year of the RSM contract to be added to the agenda for the February 2020 meeting.

BW
23/10/18

Item 11 – AOB including Forward Programme – Paper 13.4 – [REDACTED]

11.1 [REDACTED]

Action 19: A reminder would be sent from A&RC to the Chair of STDC Board regarding completion of his Notification of Interest form before the end of August. [REDACTED]

11.2 It was noted that the new Director of Finance & Resources for TVCA/STDC takes up his appointment on 2 September – Gary McDonald. He will be invited to future meetings and will need to meet staff, the Chair of A&RC and the Auditors.

11.3 A new representative from the TVCA Audit & Governance Committee for STDC A&RC should be identified in October. One had been identified in July but TVCA subsequently changed their prioritisation which meant that individual was no longer a member.

11.4 The Forward Programme will be updated to reflect discussion during the meeting.

The meeting closed at 10.40am

[REDACTED]
23/10/19

Chairperson