

South Tees Development Corporation  
4th Meeting  
24<sup>th</sup> January 2018  
Conference Theatre, Teesside Management Offices, Redcar, TS10 5QW

Minutes

**Board members**

Ben Houchen	Chair/Tees Valley Mayor
Sue Jeffrey	Redcar & Cleveland Council, TVCA
John Baker	Chair of Teesside Learning Trust
Paul Booth	Chair of Tees Valley LEP
Dave Budd	Mayor of Middlesbrough
Bob Cuffe	Gazette Media
Philip Leech	Urban and Civic
Graham Robb	Recognition PR
David Smith	Energy Networks Association

**Associate Members**

Andrew Lewis	TVCA
Amanda Skelton	Redcar & Cleveland Council/Chair SSI Task Force
Tom Smyth	BEIS, Interim government representative

**Statutory Officers**

Jonathan Bretherton	STSC Ltd/STDC
Julie Gilhespie	STDC

**Officials**

John McNicholas	STDC
Andrew Nixon	Monitoring Officer/RCBC

**Apologies:** Steve Gibson, Sir Alan Cockshaw, Anand Srinivasan and Jane Turner.

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

1.1 The Chair welcomed everyone to the meeting.

**Item 2 – Quorum**

2.1 The meeting was quorate.

**Item 3 – Declarations of conflicts of interest - Chair**

3.1 None declared.

*AS*<sup>1</sup>

**Item 4 – Papers 4.1 & 4.2 - Minutes and actions from meeting 3 on 29 November - Chair**

4.1 The minutes of the previous meeting were agreed with one amendment to paragraph 9.1 where it was noted that in [REDACTED] opinion the [REDACTED] does not conflict with any other proposal or investors on site. All actions were complete or on the agenda with the exception of:

Meeting 2

Action 2 – Recommendations on [REDACTED] to be brought to Board – for a future meeting.

Meeting 3

Action 1 – STDC to arrange a 3 way meeting with [REDACTED] – this is in hand but has been delayed by [REDACTED] being in Australia on other [REDACTED]

Action 5 – Exploration of opportunities presented by the fact that NPH is on a list for potential Chinese Investment Fund to be undertaken – It was noted that this had arisen from the Chinese Belts and Roads initiative where there had been discussion in the North West. Ben will follow this up during a forthcoming visit to the Far East.

**Action 1:** Opportunities through the Chinese Investment Fund initiative to be explored during a forthcoming visit to the Far East. **Ben**

**Item 5 – Chairs Update – Chair**

5.1 The Chair had no specific items to update.

**Item 6 – CEO update – Paper 4.3 – Confidential - Jonathan Bretherton**

6.1 Jonathan noted that the [REDACTED] was now signed and there were two key strands reflecting a Joint Marketing Strategy and Infrastructure work.

6.2 [REDACTED] reported verbally after their due diligence that they realised they were underfunding the project which would need around [REDACTED]. They have advised that they will submit a written proposal, week commencing 29 January, but this is awaiting endorsement by their Board and their Banks. [REDACTED] and the [REDACTED]. It was noted that Anand has some concerns about whether or not this is feasible. Further discussion will continue over coming months. Ben advised that a meeting had been held with Mr Jindall and Ravi in London where he had been clear with them about underestimating and finalising their due diligence. He also noted that the biggest concern with their proposal was the fact that it takes 50% of the footprint of the developable land and destroys most other plans and work under the Master Plan. Serious conversations are required on how [REDACTED] can compromise to come to site. Another key issue is around communication of whatever the decision may be on this project. During discussion it was noted, using a map on screen, that there were opportunities for [REDACTED] to compromise on their footprint and still deliver their project eg using the former ICI tip (around 100 acres) as stocking grounds. It was noted that it would be difficult for [REDACTED] to go direct to the Thai Banks on the land they require as their proposal depends on large areas of Tata land that they are likely to depend on the Corporation to acquire. Colleagues are



aware that [redacted] also has an ask of Government which might be around guaranteeing their bank debt. Tom advised that Government are also expecting [redacted] proposal next week potentially with a request for a small amount of grant and access to EU markets. He advised that Government are supporting STDC on the Climate Investments (CI) proposal, through Claire Perry, and noted there are 3 competing issues:

- [redacted]
- [redacted]
- [redacted]

Ben advised that the Minister is equally as frustrated as we are about getting [redacted] into a room for a 3 way discussion and seeking clarity on the ask of BEIS and STDC. Colleagues suggested a 3 way discussion with [redacted] too to ensure, as much as possible, that these projects are aligned timewise to enable more informed decisions and communications on the outcomes. Steve is seeking to press [redacted] through a conversation with [redacted] Board members noted that the [redacted] proposal is for clean energy and future proofing rather than the exact opposite which is where the [redacted] project sits.

**Action 2:** A 3 way meeting with [redacted] BEIS and STDC to be pursued. [redacted]

**6.3** There are 2 key issues with [redacted]  
 [redacted] Ben is concerned about loss of control on wider investments on site and the potential impact of any industrial relations etc. It was proposed that STDC can influence concerns over easements and on local procurement and labour through the planning process. More detail will be gathered when Jonathan and Steve meet them on 6 Feb.

**6.4** [redacted]  
 [redacted]  
 [redacted]  
 [redacted]  
 [redacted]  
 [redacted]  
 [redacted]  
 [redacted]  
 [redacted]  
 [redacted]  
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 [redacted]  
 [redacted]  
 [redacted]

**Action 3:** An introduction to the CEO of National Powergrid to be facilitated to influence bidders into the process for private wires. **David**

**Action 4:** STDC to make the case for the net sum gain to HMT of extending capacity on private wire networks through an increase in potential investors in the STDC area. **Jonathan**

**6.5** There was some discussion on CfDs (Contracts for Difference) and Tom advised that auctions happen in cycles and they are run by the National Grid. We understand that [redacted] have not bid into an auction for their power plant. [redacted]  
 [redacted]  
 [redacted]

**7.1** John noted that the final draft of the Master Plan will come to the Board for approval in March. The SPD is being strengthened and consulted on and will be adopted ahead of the 2 July deadline for making a CPO.

**Action 5:** Final draft of Master Plan to come to Board for approval in March. **John M**

**7.2** Ground investigations are starting on the Tata land and the first infrastructure project, the South Bank roundabout, will commence in June (for completion in December). Discussions continue with Sembcorp on the private access between the two sites and plans are developing around the Sirius conveyor.

**7.3** In addressing the concerns raised by the Board on resources and capacity John provided an update. He advised that there are 20-25 live or imminent procurements underway within STDC. This is a significant area of risk, especially within the public sector where we must ensure this is properly executed. John showed the current organisation chart, which had been endorsed by the Search and Remuneration Committee in December, on screen highlighting recruitment proposals. He advised, referencing the chart in his paper, where recruitment had started and the dates for completion of this work. He also noted that some flexibility to adjust these was required and was built into the funding agreed. During discussion Board members recognised that we need to ensure, especially whilst we have a small team, that we are robust in recruiting good and appropriate people.

#### **Item 8 – Finance Report – Paper 4.5 – Julie Gilhespie**

**8.1** Julie noted that she would focus on the Transition Position Statement paper annexed to her paper. [REDACTED]  
[REDACTED]  
[REDACTED] Importantly we need to be in a position to do a deal with the Thai Banks. Key financial issues are the funding required for putting in infrastructure for development and taking the Spend to Save to an operational level. There is a lot more funding yet to come. Tom noted that Government are evaluating insurance for the site as an option. Julie noted that there was recognition that Government promises made in the past will not be relinquished by STDC or TVCA. Further proposals will come to the March Boards of STDC and STSC. A paper to approve the Transition Group plans would be taken to the TVCA Cabinet in May.

#### **Item 9 – Specific Business**

##### **9a – Thai Banks/RBT- Paper 4.6 – Jonathan Bretherton**

**9.1** Jonathan advised that he is in regular contact with the Banks representative. This paper is seeking endorsement of the recommendation for the Negotiating Advisory Group to formulate a formal one-off offer to the Thai Banks to allow the charges to be lifted and facilitates the transfer of land to UK ownership. This is also reflected in a paper to the TVCA Cabinet in February (shared with the Board in Paper 4.7). Jonathan advised that the plan is to close the deal in Thailand in early March. During discussion Board members asked if the Thai banks had had a change of heart. Jonathan advised that the purpose of the initial offer had been to bring them to the realisation that STDC are credible and understand what we are doing, despite them not liking the offer. This process had prompted the Banks to request a buy-out offer instead, but both routes remain available. The question of who would own the land was discussed and it was noted that the Transition Group are working on this but if there is a quick deal then the ownership would need to be through STSC. It was noted that this is a significant issue for TVCA but various options are being considered and the aim was for a funded business case that would not bring additional net costs to TVCA. It was noted



Agenda item 3

Confidential

that the Transition Plan will be brought to the Board in May and the Board endorsed the recommendation in this paper.

**9b – CPO Report to Cabinet – Paper 4.7 – Julie Gilhespie**

**9.2** Jonathan noted that several investors are coming to decisions quickly and this will influence CPO. He is giving the Board early warning that he will issue a request for an in-principle Board resolution. Ben noted that one of the reasons for a written resolution was to support the [REDACTED] Jonathan confirmed that he would be seeking final approval for making the order on 2 July. Graham asked if the presentation to TVCA on CPO will be in private. Andrew L noted that this is likely to be the case to enable wider discussion.

**Action 6:** A written resolution on CPO will be circulated to Board members in early February. **Jonathan**

**Item 10 – Governance Reports and approvals**

**Terms of Reference – Paper 3.10 – [REDACTED]**

**10.1** [REDACTED] presented this paper which required Board members to endorse the Terms of Reference for the Audit & Risk Committee and to note the members of that Committee. The membership was noted and the Terms of Reference were endorsed by the Board.

**Item 11 - Committee and Group Reports**

**11a – Audit & Risk – John Baker**

**11.1** At the request of Colin Fyfe, who chairs this Committee, John as Deputy presented the report. He said that alignment between the risks of STSC and STDC was appreciated by all parties and that it had been agreed that the Risk Appetite workshop for Board members would go ahead as planned on 8 March.

**11b - Business & Innovation – Paul Booth**

**11.2** Paul reported that work continues on a list of 70+ projects categorised under a range of headings. A Gateway process has been introduced and refined to manage these consistently and an Evaluation Matrix is being used ahead of any decisions coming to the Board. There is close working between STDC and TVCA. Progress charts are being completed and details of closed projects will be shared, as today, with the Board. At the next Committee meeting, it is hoped that the focus would be on steel, led by Chris McDonald from MPI.

**11c – Masterplanning & Infrastructure Group – Philip Leech**

**11.3** Philip noted that good progress was being made, with colleagues at RCBC, on analysis of the Master Plan responses and the revision to the SPD.

**11d – Search & Remuneration Committee – John Baker**



11.4 John, in the absence of the Chair, noted that at the last meeting on 19 December the Committee had reviewed the organisation chart for STDC, endorsed the job description and objectives of the CEO and also endorsed the work on the appointments of the Engineering & Programme Director and Head of Property posts.

**11e – Communications – Graham Robb**

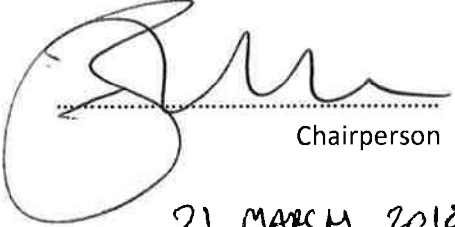
11.5 This Committee met on 5 December and discussions included CPO and the requirement to visit all small landowners. The Q&A document has been revised and a new Head of Communications and Marketing will join TVCA/STDC on 29 January. A further Ministerial visit is planned, as Board members are aware, and Tom advised that he will ensure BEIS Press Office collaborates with TVCA on this. Graham noted that he and Julie are attending MIPIM as part of TVCA's marketing programme and Julie is speaking at an event in Manchester. John M noted that there appears to be a lot of wider Tees Valley media landing on the STDC website. Graham noted that the Comms Committee will examine this and discuss at their next meeting on 26 February.

**Action 7:** The content of the STDC website to be examined for wider Tees Valley media. **Comms Committee**

**Item 12 – AOB**

12.1 There was no other business.

**The meeting closed at 15.50**

  
Chairperson  
21 MARCH 2018