

**South Tees Development Corporation
6th Meeting
Wednesday 30 May 2018
Conference Theatre, Teesside Management Offices, Redcar, TS10 5QW**

Minutes

Board members

Ben Houchen (BH)	Chair
Sue Jeffrey (SJ)	Vice Chair, Redcar & Cleveland Council, TVCA
John Baker (JBa)	Chair of Teesside Learning Trust
Paul Booth (PB)	Chair of Tees Valley LEP
Bob Cuffe (BC)	Non-Executive
Philip Leech (PL)	Urban & Civic
Graham Robb (GR)	Recognition PR
David Smith (DS)	Energy Networks Association
Anand Srinivasan (ASr)	Delphinus Advisory Ltd (Dialled in)
Jane Turner (JT)	Teesside University

Associate Members

Amanda Skelton (ASK)	Redcar & Cleveland Council/Chair SSI Task Force
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Statutory Officers

Jonathan Bretherton (JBr)	STSC Ltd/STDC
Julie Gilhespie (JG)	TVCA/STDC

In Attendance

Colin Fyfe (CF)	Chair, STDC Audit Committee
John McNicholas (JM)	STDC
Andrew Nixon (AN)	Monitoring Officer/RCBC

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Apologies: Steve Gibson (SG), Sir Alan Cockshaw (SAC), Andrew Lewis (AL) and Tom Smyth (TS).

Item 1 – Welcome and introductions - Chair

1.1 The Chair welcomed everyone to the meeting. Introductions were made to ██████████ from BEIS and ██████████ the Senior Administrator to STDC, supporting the Senior Management Team.

Item 2 – Quorum

2.1 The meeting was quorate.

A handwritten signature in black ink, located in the bottom right corner of the page.

Item 3 – Declarations of conflicts of interest - Chair

3.1 None declared.

Item 4 – Papers 6.1 & 6.2 - Minutes and actions from meeting 5 on 21 March and Paper Ex1.1 from the Extraordinary meeting on 26 April - Chair

4.1 The minutes of both meetings were endorsed.

4.2 Updates on the actions from the previous meeting were all achieved with the exception of:

Action 1 – The recommendation on potential purchase of British Steel land to be brought to the May Board – this will be covered in the CEO update.

Action 2 – A link to the CI planning application to be circulated – this will be shared when the application is made.

Action 5 – The draft final Procurement policy to be brought to the Board in May – deferred until July.

Item 5 – Chairs Update – Chair

5.1 The Chair had no specific items to update.

Item 6 – CEO update - Jonathan Bretherton

6.1 JBr gave an update on the position with the Thai Banks:

- Visit to Thailand last week with BH, SJ, SG and PB. Letters to and from the Banks had been circulated to Board members on 25 May. Positive negotiations including alerting the Banks to the potential financial implications for them of CPO. A period of exclusivity was agreed with a proposed legal agreement by end of October.
- Thai Banks are appointing their own Valuers and JBr agreed to share some relevant names, other than GVA who did STDC's, so they could commence that work whilst he is away.
- One important issue was to ensure that the Thai Banks do not release security of their shares. Provisional discussions were therefore held over purchase of the debt from the Banks – [REDACTED]
- SJ thanked the Chair and CEO for the work that they have put into this.
- BH noted that the Embassy in Thailand was very helpful and that they are keen to get this resolved.
- Thanks were also noted for SG for his hospitality in Bangkok.

6.2 In updating on British Steel JBr noted that STDC are in negotiation to buy 30 acres of land which would assist in putting a new access into the site. This is separate to the wider discussions [REDACTED]

6.3 Work continues with investors:
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6.4 There will be 2 VIP visits on Thursday 7 June 2018; Lord Heseltine and Liz Truss, Chief Secretary to the Treasury. BH advised that an invitation to Board members will be issued by his office, this will include lunch. Board members noted their diaries.

Item 7 – Programme Delivery Report – Paper 6.3 – John McNicholas

7.1 JM introduced his paper which is broadly self-explanatory. JBr has covered the key investors. JM went on to advise that STDC are undertaking an intensive exercise advertising 10 more positions which are now critical. There has been some experience of being unable to recruit due to lack of quality candidates but a number of mechanisms are in place.

7.2 In response to a question about the number of local suppliers, in the table on page 4 of the report, JM advised that there was a good mix of local, wider regional and beyond.

Item 8 – Finance Report – Paper 5.5 – Julie Gilhespie

8.1 In addition to the information included in the paper JG noted that the draft Annual Accounts, Annual Governance Statement and Notice of Inspection Rights would be posted on the website tomorrow. She noted that the numbers in the accounts are low due to management of activity through STSC. An adjustment will be made to the pensions figures in the accounts the Board have seen as the final details have only just been received. The final accounts will go through A&RC for approval prior to submission to the July Board.

8.2 A Project Board is being set up to develop the Business Case for Transition. John Sampson is on the Board to represent the 5 LAs within Tees Valley. Ben advised that he would like to be on the Board to understand the issues to inform discussions with Ministers. We are also speaking to private sector funders over the summer about what they might provide to develop the site. The aim is to put together a package to demonstrate what development can be funded this way. BEIS and MHCLG colleagues are also supporting the Business Case work over the summer and are in active discussions with HMT.

8.3 JM noted that recruitment for a temporary Head of Finance is underway. JG will remain FD for STDC for the Constitution, however, there will be a full-time position for a Senior Finance Officer at STDC.

Item 9 – Items for Approval

9a – Transition Plan - Paper 6.5 – Julie Gilhespie

Board members who are remunerated for STSC Ltd stepped out for this discussion

9.1 This paper is also going to the STSC Board and TVCA Cabinet for approval this week. The approval sought is the road map to acquiring land. The Thai Banks deal moved this forward significantly. As previously noted a Project Board is being set up to develop the Business Case to bid for the funds to do the necessary work. Work is still required on indemnities and insurance to get us to the point in the Autumn to submit the bid. STSC Ltd will potentially transfer to local ownership. Board members asked what the outcome would be if we did not get the [REDACTED] conclude the deal with the Banks. JG advised that the land would probably need to transfer to STSC, with agreement on security of assets which need it, and we would work through the risks. GS noted that this is a good example of joint working between central and local government and that the Transition Plan is supported by Greg Clark and Richard Harrington. **The Board approved the draft Transition Plan.**

Board members who had stepped out returned to the meeting.

9b – Thai Banks Deal – Jonathan Bretherton

9.2 This was covered under the CEO update.

9c – Tata Land Deal – Paper 6.6 – Jonathan Bretherton

9.3 JBr noted that in summary we have agreed to buy the Tata Land. This will be in 2 parts:

[REDACTED]

[REDACTED]

[REDACTED] During discussion points raised were around any covenants on the Prairie site (none to prevent the deal with [REDACTED] and how the purchase will be funded. On the funding point JG noted that this would initially be through TVCA and it is a Referral Decision, after this Board meeting. There is insufficient information at this point to establish whether or not there is a prudential borrowing case. The timescale of early July is not yet confirmed by Tata and if it is there will be a need for a special Cabinet. The ask of TVCA is currently [REDACTED]

[REDACTED] Board members noted that the backstop for Ineos is the SSI land and

that there are other potential investors for the Prairie site if [REDACTED] does not select STDC. **The Board endorsed the recommendations in the paper.**

9d – Risk Assessment for 3 projects at Item 9a-c – Presentation (6.7) – John McNicholas

9.4 The board noted that this was very much a work in progress and the presentation aimed to demonstrate work in hand and the interdependencies of these projects. CF noted that the A&RC has yet to work through the mitigations for these risks and that slides 6, 9 and 12 clearly demonstrated the work required. Management had had a challenge finding the resource to put this together. It was noted that the gross risk score shows the current state as the robustness of managing mitigations has yet to be tested. CF also noted that the A&RC will look at the interdependency of these risk bringing another lens to the exercise.

9.5 JM talked through the presentation and noted that many of the red and amber risks would become amber or green with credible mitigations e.g. Thai Banks, Tata, Funding, Investors and staffing. It was noted that the gross risk reflects the current state and the robustness of the mitigations has yet to be tested. Further work would be undertaken following discussion at the next A&RC.

Action 2: Further work on the risk assessments for 3 key projects would be undertaken at the next A&RC meeting. **A&RC**

9e – Financial Approvals – Julie Gilhespie

9.6 This will be a standing item to enable the Board to be aware of significant financial approvals. There were none today.

Item 10 – Governance Approvals – Paper 6.8 [REDACTED]

10.1 [REDACTED] introduced her paper noting that this reflected the changes that had been made to the Constitution and the existing Appendices to better reflect the current STDC situation. One specific point she highlighted was the inclusion of the Engineering and Programme Director within the Financial Regulations and the Scheme of Delegation. This increases capacity at senior management level for approvals, signatories and payments. During discussion it was clarified that although the Constitution allows for up to 10 Board members there had been agreement by TVCA Cabinet that, in order to secure continuity of expertise from private sector members who served on the Shadow Board, the Board membership should be increased for an interim period.

10.2 The Constitution requires STDC to hold an Annual review and **Board members agreed to the proposal that the meeting in July 2018 should be that review.** It was noted that at such a meeting necessary changes to Board and Committee structures, governance documentation etc could all be covered. **The Board endorsed the recommendations in the paper.**

Item 11 – Committee & Group Reports**11a – Audit & Risk – Paper 6.9 - Colin Fyfe**

11.1 CF noted that much of the A&RC time had been spent addressing the risk appetite for the Board and attention has turned now to examining the Risk Register, challenging mitigants, identifying emerging risks and taking deep dives into specific issues. He also noted that agreement had been reached on the Internal Auditors for 2017/18 and the tender process was underway for the next 3 years. The final accounts will be brought to the next Board meeting in July.

11b – Business & Innovation Committee – Paper 6.10 - Paul Booth

11.2 PB asked that the Board note the closed projects highlighted in the paper and recognised that we had now reached 100+ investor enquiries. One additional issue that he noted as a concern for several committees around being quorate. He recognised that Board members are busy people but this is an issue that we need to address. It was agreed that this could be picked up at the July meeting as part of the Annual Review.

Action 3: Concern around Committee meetings being quorate to be covered at the Annual Review meeting in July. SH

11c – Planning & Infrastructure Group – Philip Leech

11.3 PL noted that the RCBC Local Plan and the STDC SPD had been adopted on 24 May. He acknowledged the tremendous amount of time and effort that had gone into this work and asked that thanks be recorded for both the RCBC team and John McNicholas and his colleagues at STDC.

11d – Search & Remuneration Committee – Jane Turner

11.4 JT noted that this Committee only met when required and its focus to date had been on the senior vacancies that had come on stream. They played a strong role in avoiding salary creep. During discussion members noted that some of the posts had taken more time than anticipated to resolve. JT advised that she and JB were discussing how best to facilitate discussions and a framework for head hunters.

11e – Communications Committee – Paper 6.11 - Graham Robb

11.5 GR noted that the report in the paper did not reflect coverage of the Thai Bank visit which was happening as the papers were issued. He noted that we had not discussed statements to issue after the meetings and advised that something would be issued in due course on the number of contracts awarded to local businesses.

Action 4: A note will be issued on the number of contracts awarded to local businesses. **Comms Committee**

Item 12 – AOB

12.1 One issue raised was that of improving the telephony in the Conference Room.

Action 5: Telephony in the Conference Room to be improved ahead of the next Board meeting. Sue H

[REDACTED]
[REDACTED]
[REDACTED] Board members were able to ask questions about the proposals and supported the final design selected for the project. [REDACTED]
[REDACTED]
[REDACTED]

The meeting closed at 16.30


Chairperson
25 JULY 2018

