

South Tees Development Corporation
3rd Meeting
29th November 2017
Conference Theatre, Teesside Management Offices, Redcar, TS10 5QW

Minutes

Board members

Ben Houchen	Chair/Tees Valley Mayor
John Baker	Chair of Teesside Learning Trust
Paul Booth	Chair of Tees Valley LEP
Dave Budd	Mayor of Middlesbrough
Sir Alan Cockshaw	Shawbridge Management
Philip Leech	Urban and Civic
Graham Robb	Recognition PR
Anand Srinivasan	Delphinus Advisory

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: Sue Jeffrey, Steve Gibson, Bob Cuffe and David Smith. Professor Jane Turner was prevented from joining by telephone due to technical difficulties with the system at TMO.

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.



Item 4 – Papers 3.1 & 3.2 - Minutes and actions from meeting 2 on 29 September - Chair

4.1 The minutes of the previous meeting were agreed without amendment and all actions were complete or on the agenda:

Meeting 1

Action 5 – Paper on the powers of STDC to be brought to next meeting – deferred until resource permits.

Action 12 – Support sought for funding work on – achieved.

Meeting 2

Action 3 – Sembcorp MOU – on agenda today.

Action 8 – Preparations for making CPO and authority to be sought before any CPO made – on agenda today.

Action 11 – Negotiating Advisory Group ToR to be amended – further meetings being arranged.

Action 12 - Communications Committee to identify how outcomes in the Communications Strategy would be measured – to be discussed at the meeting on 5/12.

Item 5 – Chairs Update – Chair

5.1 The Chair welcomed the Budget announcement of the £123m funding which was the result of bids through both BEIS and DCLG. Thanks were extended to all those who had been involved in the process of submitting the bids. It was noted that this is a first phase and that further funding applications would follow.

Item 6 – CEO update – Paper 3.3 – Confidential - Jonathan Bretherton

[Redacted content]

[REDACTED]

Action 1: [REDACTED]
Jonathan

6.4 It is understood that Tata is aware of other steelmaking interest in the site. Details on the ground investigation works are about to go out to tender, there has been some delay in quantifying liabilities, and it is intended that this work will be complete in June.

6.5 On other issues it was understood that the STDC site is the preferred location for the [REDACTED] project if it goes ahead. [REDACTED] have a team of 5 engineers coming to site for 4 days next week to undertake high level due diligence. Ben and Jonathan are meeting their Chairman in London on Monday to try and establish their requirements.

6.6 Details of the Rolling Investment Fund, covered in the Deloitte paper, were predicated on information on current best proposals and are understood to have been well received by Government, although it is contingent on progress with land acquisition. Tom Smyth advised that a Government response is expected in the next couple of weeks and [REDACTED] who is visiting site in December, is leading on this. It was noted that the £5m for the next 2 years' running costs had been approved from this proposal and was part of the £123M.

6.7 The Transition Group met on 8 November and its work lies at the heart of the issue on CPO where a plan is required for endorsement by the STSC and STDC Boards and TVCA Cabinet. Against a background of a desire to move from national to local control lie a range of issues around indemnities and liabilities with major financial consequences. There is some frustration over the pace at which this issue is moving and recognition that this work relates only to the former SSI land. Similar challenges remain on understanding the situation around the Tata land.

Item 7 – Programme Delivery Report – Paper 3.4 – John McNicholas

7.1 John noted that the Master Plan consultation was almost complete and that 23 consultation events had been held in 6 weeks with face to face interaction with almost 1,000 people. This was an intense workload with the limited STDC resource and support from both TVCA and RCBC staff. To date there had been 26 formal responses received but more were expected within the next few days. Coach tours, offered to those who attended the launch, had been very popular and raised further enquiries. The Master Plan proposals had been very well received in all quarters and there had been no significant points raised during the process to date. Key themes on which people focussed included funding, ground investigations, land assembly and local employment/contracting. The Board thanked those involved in delivering the consultation and the importance of keeping people informed was noted. The SPD would be subject to some



amendments following QC advice and, as normal, there may need to be further consultation on some elements of the SPD. Work is underway with RCBC to manage this process.

7.2 Ground investigations on former SSI land would be complete by the end of the year. A scope of work on Tata land, to which they are contributing [REDACTED], has been agreed and information should be available on all parcels by April enabling a robust opinion to be formed. It is anticipated that work on the RBT area will commence in Q1 2018 and it was noted that STDC does have powers of entry if needed. The Board authorised the CEO to use these powers if required. Further work is underway to prepare for infrastructure and demolition work and it was noted that any work undertaken would need to be tied in with the Communications Committee. A procurement exercise is underway for a comprehensive survey on options and feasibility for developing South Bank Wharf.

Action 2: Reports on activity on infrastructure and demolition would need to be tied in with the Communications Committee. **Jonathan**

7.3 It was noted that the Chair had requested a piece of work examining how we could maximise local content and labour in all projects and programmes. This work, involving TVCA and STDC colleagues, is being led by the Business and Innovation Committee.

Item 8 – Finance Report – Paper 3.5 – Julie Gilhespie

8.1 Julie noted that following receipt of the Financial Model the Thai Banks had responded with some high-level questions. After STDC had provided responses they came back with further questions and their focus is on what the overall numbers will look like.

8.2 Operating costs have increased in recent months and it is anticipated that at least £3m of the £4m available will be spent. This £4m figure has now been signed off, at a strategic level, by Ministers and £450k of that will move into 2018/19 subject to HMT approval. The balance of the funds will come through Section 31 after the end of December – a very positive outcome. There was £117.8m in the Budget to cover keep safe and spend to save and that also includes work that STDC will be required to deliver. Due diligence is underway with BEIS and should be complete by end March. The Board endorsed the £5m operating budget to be split £2m for 2018/19 and £3m for 2019/20.

Item 9 – Specific Business

9a – [REDACTED] Paper 3.6 – Jonathan Bretherton

9.1 Jonathan highlighted an error in paragraph 1 of the paper – “conditional contract” should be replaced by “option”. [REDACTED] had confirmed this morning that they require an initial 25-year lease and in Jonathan’s opinion the [REDACTED] does not conflict with any other proposals or investors on site. It was noted that the bridge over the road between the Wilton and STDC areas would be subject to a design and review panel which could include STDC Board members. The Board endorsed the recommendations in the paper for:

- the CEO to be delegated the necessary powers to sign-off on the lease period (between 25 and 40 years) and the final basis for determining the capital premium under the scenario where [REDACTED] exercises its right to acquire the land; and
- the drafting of contracts stage to proceed upon conclusion of the Heads of Terms final negotiations.

9b – CPO – Paper 3.7 – Jonathan Bretherton



9.2 Jonathan advised that he had consulted a QC who has a detailed understanding of escheat. He was advised that although the CPO is technically challenging it is achievable. He also recommended that preparations for making a CPO should begin. The Board requested sight of the note of advice received from Counsel. The recommendation from the paper was endorsed by the Board. Jonathan has kept the Thai Banks and Tata informed that STDC has CPO powers and that the Board are putting STDC into a position to exercise them if needed. During discussion concerns were raised around fully understanding the risk as and downsides of the process and the need to consult TVCA Cabinet on a potential referral decision. In endorsing the second recommendation in the paper (authorises the Chief Executive to appoint land referencing agents to begin preparation of the draft CPO schedule of interests and CPO map and to serve requisition notices on land owners to obtain confirmation of their interests in the land) the Board also agreed that the Communications Committee would be consulted on handling the serving of requisition notices.

Action 3: A note of advice received from Counsel on CPO preparations to be circulated to the Board.
Jonathan

Action 4: Communications Committee to be consulted on the serving of requisition notices under CPO.
Jonathan

9c – Sembcorp – Paper 3.8 – Jonathan Bretherton

9.3 This paper represents the MOU to the Board and the Board endorsed the recommendation for the CEO to finalise any minor adjustments to the MoU in consultation with Sembcorp and sign the document on behalf of the Corporation.

9.4 Thanks were noted to Paul for starting this process and to Steve for hosting events at Rockliffe. It was also noted that Greg Clark had met Ian McGregor and Stephen Hands and that a proposal from Sembcorp on private wires was expected by government. The Board noted proposals to support the Sembcorp bid as part of the MOU for the wider benefit of STDC area.

9.5 Ben advised that at a Northern Powerhouse Event (NPH) George Osborne had ensured, within a deal for the north west, that the NPH was on a list for Chinese Investment Funds. It was agreed that Jonathan and Ben would explore further what opportunities that might present for STDC.

Action 5: Exploration of the opportunities presented by the fact that NPH is on a list for potential Chinese Investment Fund to be undertaken. **Jonathan and Ben**

Item 10 – Committee and Group Reports

10a – Business & Innovation – Paul Booth

10.1 Paul reported that work continues on a list of around 70 projects categorised under a range of headings. A Gateway process has been introduced to manage these consistently and an Evaluation Matrix would be used ahead of any decisions coming to the Board. At the next meeting, it is planned that the focus would be on steel, led by Chris McDonald from MPI.



10b – Masterplanning & Infrastructure Group – Philip Leech

10.2 Philip noted that key elements of the Master Plan consultation had already been covered but added that the Master Plan and the SPD had been seen by the Planning Inspector who was keen to see these adopted together. This would provide a robust framework for going forwards with investors plans. The future focus for this group would be infrastructure.

10c – Communications – Graham Robb

10.3 This Committee had not met since September and was due to meet again on 5 December. There had been a significant amount of activity around the Master Plan launch and consultation process. Some web statistics show that over 3,000 users viewed the Master Plan and over 90,000 social media sites have been reached. There has also been significant coverage since the Budget. Graham reported that he had attended MIPIM in London and was on a panel chaired by Sir Edward Lister where he had an opportunity to talk about the STDC area.

11 – Governance Reports and approvals**11a – Staff Structure – Paper 3.9 – John McNicholas**

11.1 John noted that this structure had been shared previously and the key differences were that the Head of Property would report direct to the CEO and roles shown in dark blue were essential for 2018/19. It was also noted that a joint STDC/TVCA appointment was being made for the Head of Communications and Marketing. Following discussion and the recognition of the need for speed on appointments to increase the capacity of STDC it was agreed that further work on the structure would be delegated to the Search and Remuneration Committee in line with its delegation above £75K p.a.

11b – Terms of Reference – Paper 3.10 – [REDACTED]

11.2 [REDACTED] presented this paper which required Board members to endorse the Terms of Reference for the Masterplanning and Infrastructure Group and the Search and Remuneration Committee. Both sets of Terms of Reference were endorsed by the Board.

11c – Process for Appointment of Auditors – Julie Gilhespie

11.3 Julie noted that a Board resolution is required to enable the process to appoint auditors to be progressed. She explained that there were two broad options and these were dependent on the size of an organisation and the turnover. Having explained the differences and recognising that in year 1 STDC would probably fall under the category of being a small organisation the Board agreed that it was more appropriate for STDC to be categorised as a large organisation and to progress under that route. Julie thanked the Board and advised that Mazars would be appointed. **A resolution was given by the Board.**

A handwritten signature in black ink, appearing to be 'Julie Gilhespie', is located in the bottom right corner of the page.


Agenda item 3

Confidential

Item 12 – AOB

12.1 In discussion about investment from the private sector and perceptions of the STDC it was noted that everyone involved needs to continue to be outwardly supportive of what we are doing and any concerns or disagreements needed to be ironed out in private

12.2 It was noted that that Board meeting dates to March 2019 would be approved in the coming days and appointments sent to Board members.

Action 17: Future meeting dates would be agreed and appointments sent to Board members. 

The meeting closed at 16.20pm



Chairperson

