

**South Tees Development Corporation
Board Meeting 13
24th July 2019, 2.00pm-4.30pm
Conference Room 1, Teesside Management Offices, Redcar, TS10 5QW**

Minutes - revised

Board Members

Ben Houchen (BH)	Chair
John Baker (JB)	Chair of Teesside Learning Trust
Paul Booth (PB)	Chair, LEP
Bob Cuffe (BC)	Non- Executive Director
Mary Lanigan (ML)	Leader, RCBC
Graham Robb (GR)	Recognition PR
David Smith (DS)	Energy Networks Association
Anand Srinivasan (ASr)	Delphinus Advisory Services (by telephone)

Associate Members

Tom Smyth (TS)	BEIS, Interim Government representative
----------------	---

Statutory Officers

David Allison (DA)	STDC, CEO
██████████	STDC – Interim Head of Finance

In Attendance

John McNicholas (JM)	STDC, Engineering & Programme Director
██████████	STDC – Secretariat
Chris White (CW)	Chair, STDC Audit & Risk Committee for items 8b and 9a

Apologies: Sir Alan Cockshaw (SAC), Steve Gibson (SG), Philip Leech (PL), Andy Preston (AP), Jane Turner (JT), Julie Gilhespie (JG), Amanda Skelton (AS) and Andrew Nixon (AN)

Item 1 – Welcome and introductions - Chair

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

Item 2 – Quorum

2.1 The meeting was quorate.

Item 3 – Declarations of conflicts of interest - Chair

3.1 There were no declarations of interest.

Item 4 – Minutes & Actions from last meeting

4.1 The minutes of the March meeting (the May meeting had been cancelled) were endorsed and all actions were complete or on the agenda today with the exception of:

Meeting 11

Action 8: Proposals for revised mechanism to manage investor engagement will be brought to the May Board – now on the Forward Programme for September.

Action 11: Plans of BT network cables on site will be shared with the EUT&F once received – this is being managed through the EUT&F so will be closed.

Item 5 – Chairs Update – Ben Houchen – final item discussed

5.1 Following conclusion of all other business on the agenda for this Annual Review meeting (captured below) BH gave his update and vision for work going forwards. He noted that there has been much change of late and progress made eg South Bank offshore wind development. This raises fundamental questions regarding the STDC aims and objectives and how we achieve the Master Plan. There has been increasing contact from companies wanting to assemble and/or manufacture parts for offshore wind and positive [REDACTED]. On the Master Plan we are moving from the phase of a vision into delivery and have already seen significant changes such as South Bank Wharf being developed sooner than initially anticipated alongside uses for the Prairie site. It seems at present that we could use the whole of the STDC land on offshore wind. There are some key issues for our Committees to focus on eg

P&IC – roads and transport – impact of offshore wind eg site flows and crossings. It is also possible that RBT could be utilised for offshore wind. The Materials Management Facility application has been submitted and that will bring approximately 800k-1m tonnes over 3 years. This would be 4 deliveries an hour every day. Truck stops, shopping areas, sleepovers etc. will be required. These are issues that the P&IC is already focusing on through the supporting Strategies

B&IC – There are fundamental issues around the types of industry on the site eg decommissioning. B&IC needs to explore options for the 403m of quay remaining at South Bank. [REDACTED] with STDC. The opportunity to develop this as a single venture now would make cost savings. This important issue will be addressed in the phasing plan for the Master Plan that is underway for CPO.

This links back to the fundamentals of why STDC is here:

- Should that be in perpetuity, owning land and managing progress through the life of the organisation; or
- Should there be an end game where the site might be sold after 20/30 years?

The answer to these questions will inform how we move forwards. We could potentially use a significant portion of the whole site for offshore wind but could then end up in the position of the business not being sustainable. It is important to consider the wider opportunities around a mixed use economy where synergies are maximised alongside these challenges.

5.2 In sharing their views colleagues noted:

- Such discussion is invigorating and there are benefits and disadvantages of not being a body in perpetuity. There has been a clear change with the Government view of offshore wind, net zero, 60% local (UK) content etc but there is a feeling that STDC should also retain some diversity.
- We should respond to what we feel is right. The site was initially seen with a multiplicity of sectors and jobs following the SSI closure. We have moved from that but what do we want to be famous for and renowned globally? Do we want to be more like Manchester Airport? The focus now seems to be

less on multiplicity and more about us being memorable. There is a clear opportunity on offshore wind so if we feel there is a 30 year option then let's lift our ambition.

- A 30 year window gives us the opportunity to gain profile for the area and look at the employment opportunities.
- Realism is needed, we should not feel constrained by connectivity within the site as we also have tunnels under the river. It is possible to achieve diversity by doing offshore wind here and develop connected sites for other things.
- [REDACTED]
- With regard to ownership it could be that in 30 years we have an income stream providing lots of value so happy to go with the flow for a while and those who come later can decide on the future.
- One thing that is unique is the private wire network and there may be industries, in addition to wind, that we wish to bring to site eg EAF.
- With development of South Bank Wharf we need to consider how much of the site we wish to give to offshore wind over the next 3 years.
- Having wind manufacture and EAF brings the circular economy and with CO2 this is another big factor for STDC.
- Levers are emerging that we had not considered in depth and these will help to develop and shape the way forwards.
- A colleague from BP said that in an ideal world they would want to take a pipeline from [REDACTED] up to the STDC site.
- The Philadelphia Development Corporation was established at the end of the Clinton administration from a former navy yard where they initially looked at retail. The navy yard is now coming back but with shipyards alongside light industrial opportunities.
- The idea of being an energy park or some other speciality is not mutually exclusive.
- [REDACTED] believes that the best site for their new HQ is the airport and Seagreen are proposing to do more work with Wilton Engineering and OSB.
- Some investments have larger supply chains than others.
- Offshore wind fits our skills base and the broader principles of job creation and develops the external view of STDC as an enabler for the whole Tees Valley.
- Clean Gas are flirting with a Teesside Net Zero Cluster idea.
- There is potential here for a Negative Carbon Cluster – STDC needs to tie in with Gareth and Mark at TVCA as this strategy is being developed.
- It is appealing to demonstrate to the local community and wider public that we have developed one side of the site.
- There is a potential opportunity, through RBT, on decommissioning with new or alternative owners for RBT. This may impact on potential for larger structures to be manufactured at one end of the site and smaller ones at the other.
- Consideration is being given to how construction workers and others gain access to and egress from site, parity of conditions, skills issues, avoiding disputes etc.
- Is STDC of the appropriate size to manage all of this activity? The issue of resource is a priority.
- There are lots of training providers keen to engage with us.
- Lots of developers are keen to sign up in the coming months.
- A good sales pitch from STDC will enable all elements of offshore wind to be delivered on one site.

Action 1: STDC colleagues need to tie in with Gareth and Mark at TVCA as this strategy around a potential Negative Carbon Cluster s being developed. **DA**

5.3 In conclusion it was noted that:

- **B&IC** will do an options appraisal, including decommissioning on the remaining 403m of quay and consider locations for other interests within the STDC area.
- **P&IC** will look at traffic movements and flows and consider integrating the river and the Prairie site.
- **EUT&F** will look at overhead power lines on the Prairie and consideration will be given to a further utilities corridor under the river (following a conversation with Ian Hunter – DS to link with Ian Hunter).
- **P,S&RC** will consider resources. Chris Beck is joining TVCA as the Business Director and BH is keen to integrate the TVCA Investment Team with the STDC team – wider integration provides additionality.
- **Communications** – we need to stay joined up as plans evolve. BH advised that BC and GR need to be plugged into OGCI, landing messages on significant step change to what we’re doing. There could be a potential announcement in September. BC/GR should look at the marketing/communications package and speak to DA. BH will provide OGCI contacts.

There need to be initial high-level reports back on all these issues at the September Board meeting.

Action 2: High-level reports to be brought to the September Board meeting by Chairs of all Committees and Groups and the CEO on Marketing and Communications. **Chairs of B&IC, P&IC, EUT&F, P,S&RC plus DA**

Item 6 – Priority Projects and Issues – Paper 13.3 – David Allison

6a Business Case/CSR – David Allison

6.1 DA gave a presentation on the current state of play (to be circulated with papers for the September meeting). The presentation highlighted the high level aims, assumptions in the Financial Model, the structure of the business case to meet Government requirements, the cost of the different options, the Investment Fund ask from STDC, the Funding Strategy for the site and the financial and non-financial asks. DA noted that although there is local agreement with RCBC to the Special Economic Area (SEA) this has not yet been approved by Government. It was noted that the PM has just this afternoon announced support of development of Freeports. TS advised that it is possible, given previous Government discussions with TVCA, that a local Freeport could be pursued in the Autumn Budget (dependent upon a deal with the EU). PB noted that TVCA has also submitted the Local Industrial Strategy (LIS) which is setting the framework for a financial ask through the CSR/Autumn Budget.

6b CPO /Thai Banks/SSI/Official Receiver – David Allison

6.2 ML asked how confident colleagues are that we will succeed with the CPO in the timescale. DA advised that work is underway on finalising all of the evidence to ensure STDC is in a positive place. There is now an understanding of the basis of the Thai Banks argument and we do not believe they have a solid foundation as their only aim is to get a better financial deal. PB reinforced the point that work has been done by STDC colleagues to ensure that the process has been appropriately followed and we are confident that it is fit for purpose.

6c Co-investment & Marketing – David Allison

6.4 DA noted that the paper identifies the work underway and good progress being made on appointment of an intermediary agent.

6d Contracts Review – John McNicholas

6.5 The spreadsheet was in the Board pack for information. No questions arose at the meeting.

Item 7 – Key Investors – Paper 13.4 – David Allison

7.1 Updated information was in the Board pack.

Item 8 – Finance & Governance

8a Finance Report - Annual Budget – Paper 11.5 – [REDACTED]

8.1 [REDACTED] noted that one of the key issues within the paper was the impact of the British Steel liquidation. It was anticipated that the overall sum owing would be less than originally anticipated. [REDACTED]

[REDACTED] The South Industrial Zone roundabout is almost complete.

8b – Annual Accounts and Annual Governance Statement – Paper 13.6 – [REDACTED]

8.2 [REDACTED] tabled the latest version of the annual accounts which had now been recommended by A&RC for endorsement by the Board. He explained the changes to the accounts and identified key points to note from the paper including the work involved regarding the ex-gratia payment and the British Steel invoices. The Tata land deal had been discussed at A&RC and it had been agreed that a line to take, in anticipation of questions being asked about the different values at different points in this negotiation, should be prepared. There had also been discussion about concerns around the STDC Group which made the audit different to most public sector audits. JG also had some concerns but it was noted that there would be a tightening of audit processes going forwards. CW advised that the accounts and related work had involved a difficult journey this year and that management should be commended for getting through that. He proposed that more resource ought to be considered by management for future years. Both CW and BH thanked the team for all their work in producing the accounts and Annual Governance Statement. **The Board endorsed the accounts and noted the Annual Governance Statement.**

8c – Board/Committee/Groups – Paper 13.7 – [REDACTED]

8.3 [REDACTED] highlighted the work completed to review, as part of the Annual Review required under Appendix II of the Constitution, the Board and Committee membership and Terms of Reference. During discussion the following amendments were made:

- Board Terms of Reference to be updated to remove Amanda Skelton and add Sarah Robson as an Associate member.
- Continuation of the current range of Committees and Groups is a holding position for the current period.
- ML is now a member of the Planning & Infrastructure Committee.
- [REDACTED] is now the secretary of the EUT&F as the former secretary is no longer employed by STDC.

The Board endorsed, subject to the above amendments, the membership of the Board and Committees and all the revised Terms of Reference as presented in Paper 13.7.

Action 3: Induction Pack to be developed for STDC Board and Committees/Groups. [REDACTED]

Action 4: Review of Board performance to be added to the Forward Programme. [REDACTED]

8d – Constitution & Appendices – Paper 13.8 – [REDACTED]

8.4 [REDACTED] noted that this paper highlights the various minor changes that are required to the Constitution and its Appendices II – V. The only subsequent change which is required since the paper was written is that of removal from Clause 19 of reference to the CEO of Redcar & Cleveland Borough Council. This is as a result of a decision taken by the RCBC Cabinet this morning regarding the CEO post. **The proposed changes to the Constitution and Appendices were all endorsed by the Board. It was also agreed that Sarah Robson, a Director at RCBC, would join the Board as an Associate member.**

8e – SPV Governance – Paper 13.9 – David Allison

8.5 DA referenced the paper which included an update on progress on establishing the SPV. The spreadsheet at Appendix A reflected the issues to be addressed and the state of play on each. He noted the challenges relating to some of these issues to be resolved. As can be seen from the spreadsheet a RAG rating has been applied to each issue and STDC colleagues are project managing this activity. [REDACTED]

[REDACTED] risk of non-payment remains until the position of all unsecured creditors is known. Further updates will be provided as the position becomes clearer.

Item 9 – Committee & Group Reports

9a – Audit & Risk – Paper 13.10 – Chris White

9.1 CW noted that there was a significant amount of activity which had led to the A&RC increasing the length and frequency of its meetings. Lots of work had been required in looking at both Internal and External Audit, including preparing for the current financial year. One significant piece of work had been the Risk Management Framework, now implemented, and this was being used within each team within STDC and on specific pieces of work and projects. Key examples where the tools had been used through A&RC related to the [REDACTED] on these projects. A performance review had been completed for the first time this year and was a mechanism now in use for all Committees and Groups at STDC. CW advised that the paper contained two resolutions for endorsement by the Board today in relation to insurance. Ahead of endorsing these the Board sought confirmation that Liberty (referenced in Resolution 1) are different to Liberty Steel – this was confirmed. **The Board endorsed both recommendations on insurance.** BH thanked Chris for his work as Chair of A&RC and for the progress made during the year.

9b – Business & Innovation – Paper 13.11 - Paul Booth

9.2 PB advised that there was nothing further to add to the paper.

9c – Planning & Infrastructure – John McNicholas

9.3 JM advised that construction on Phase 1 work on the Prairie was underway. The materials from Sirius were to be utilised on site under a Materials Management Facility. The Strategy Studies required to support and deliver the Master Plan and CPO were about to commence and feedback will be given at the September meeting.

Action 5: Feedback would be provided in September on the progress on Strategy Studies to deliver and support the Master Plan and CPO. **JM**

9d – Design & Guidelines – John McNicholas

9.4 It was noted that procurement of the Design Guidelines consultant is in hand. It was agreed that as Amanda Skelton is no longer available that Sarah Robson would be invited to join the panel for this process.

Action 6: Sarah Robson would be invited to join the panel for the procurement of a Design Guidelines Consultant. **JM**

9e - Energy & Utilities – David Smith

9.5 DS advised that the group had met ahead of the Board meeting. Discussion included a proposal for a new sub-station at a cost of £25m+ and new kit to go into that. An Asset Management Plan is being developed and at the next meeting there will be a list of key activities to undertake. One point made was that there is a requirement to understand the Able power offtakes so DS will liaise with Peter Stephenson. DS also referenced end of life assets which are subject to a make do and mend programme whilst new assets are developed. He circulated the utilities plan, most of which shows drawings extracted from the Master Plan, to show the Board the extent of the current assets and demonstrate areas without utilities. This document will be circulated with the Board papers. PB asked for a plan of the private wire network to assist in understanding what additional options are available and to inform the work of B&IC, P&IC and EUT&F.

Action 7: A conversation needs to be had with Able UK regarding their power offtakes. **DS**

Action 8: A plan showing the private wire network to be provided to inform the work of B&IC, P&IC and EUT&F. **DS**

9f – Search & Remuneration – John Baker

9.6 Actions from this Committee prepared for the cancelled May Board, relating to adoption of policies and the HR Advisor, had been covered at the Extraordinary Board meeting on 15 July.

9g – Forward Programme – Paper 13.12 – [REDACTED]

9.7 The proposal to arrange a Board Risk Appetite workshop would be developed through the A&RC.

Action 9: A Board Risk Appetite Workshop would be developed through A&RC. [REDACTED]

Item 10 – Any other Business

10.1 There was no other business.

The meeting closed at 16.30

.....
Chairperson