

**South Tees Development Corporation
Meeting 11
27 March 2019
TMO1, Teesside Management Offices, Redcar, TS10 5QW**

Minutes

Board Members

Ben Houchen (BH)	Chair
Sue Jeffrey (SJ)	Vice Chair, Redcar & Cleveland Council, TVCA
Steve Gibson (SG)	Vice Chair, Gibson O'Neill Group
John Baker (JB)	Chair of Teesside Learning Trust
Paul Booth (PB)	Interim Chief Executive Officer
David Budd (DB)	Mayor of Middlesbrough
Bob Cuffe (BC)	Non- Executive Director
Philip Leech (PL)	Urban and Civic
Graham Robb (GR)	Recognition PR
Jane Turner (JT)	Teesside University
David Smith (DS)	Energy Networks Association
Anand Srinivasan (ASr)	Delphinus Advisory Services (by telephone)

Associate Members

Julie Gilhespie (JG)	CEO, TVCA
Tom Smyth (TS)	BEIS, Interim Government representative

Statutory Officers

[REDACTED]	[REDACTED]
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In Attendance

John McNicholas (JM)	STDC, Engineering & Programme Director
David Allison (DA)	STDC, Interim Commercial Director
Andrew Nixon (AN)	Monitoring Officer/RCBC

[REDACTED]	[REDACTED]
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Apologies: Sir Alan Cockshaw (SAC) and Amanda Skelton (AS)

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 GR declared that he has clients that work with [REDACTED]

Item 4 – Minutes & Actions from last meeting

4.1 The minutes of the previous meetings were endorsed subject to revising the word “audacious” in para 7.6 to “ambitious”.

4.2 Updates on the actions from the previous meetings were all achieved or on the agenda today with the exception of:

Meeting 10

Action 7: DA to produce a note on the key principles of the Petcol project and the opportunity it presents – To be produced for the May Board meeting.

Item 5 – Chairs Update – Ben Houchen

5.1 BH confirmed he had no further update over and above the papers.

Item 6 – Priority Projects and Issues – Paper 11.3

6a Business Case – Paper 11.3 - David Allison

6.1 DA advised that there has been ongoing dialogue with MHCLG & BEIS and that Board members saw a further draft on 1 March. There have been changes to the fundamental strategic requirements and therefore the detail required and the process, including achieving a common understanding of the “do most” option. A further version will be circulated to the Board when available but colleagues asked for a summary of the governments asks to help to better understand the process. TS said that he would share a two page summary from government on their approach which also includes some more detail on the figures

Action 1: Further version of the business case to be circulated to the Board when available. DA

Action 2: A two page summary of the government asks around the business case to be shared with Board members. TS

6.2 During discussion colleagues also noted that the final case needs to be submitted by September as this is now a three year CSR. However, government want an update in May. No decision is expected until the CSR outcome in the Autumn.

b/c/d

6.3

[REDACTED]

6e Tata Steel

6.4 PB asked that thanks be noted to the team at STDC for the considerable amount of work involved in the Tata land acquisition. It was noted that there are some temporary fixes in place to manage what is now STDC land and that a phased approach is required to manage the land through STSC services. Once a way forward has been identified this will be brought to the Board. SJ noted that STSC are keen to take on this contract and are keen to better understand what is required, especially as they are about to commence the demolition contract. DA advised that the Land Registry documentation will be lodged by 1 April and that we have not been able to protect the purchase price as this is required on the Land Registry record. The SPV is established, registered for VAT and has a bank account. PB is the sole director. Articles of Association will be brought to the next Board meeting. An Environmental Action Plan is being developed and there are meetings next week to discuss these and, as a rail operator, there are a number of compliance issues that we must manage. Details to be discussed at the next A&RC meeting. RL will also be working on the finances to ensure all the processes are correct for the SPV.

Action 3: Details of the arrangements with STSC to service the STDC land will be brought to a future Board meeting. DA

Action 4: Articles of Association for the SPV will be brought to the May Board. DA

6f Contracts Review – John McNicholas

6.5 JM had produced a spreadsheet for the Board, appended to this paper, which supported requests from previous meetings. It was noted that there are currently 35 live commissions on procurement, soon to become 37. Within the spreadsheet it was noted there are two ambers and one red which relate to GVA, Gowlings and Deloitte. The scope and requirements of these commissions have changed due to emerging asks but, with increased tightness of controls for these projects, only Deloitte are due to overrun their funding limit. The system appears therefore to be working despite the volume of service providers with whom STDC engage and the demand on resources. During discussion it was suggested that we consolidate legal services and it was noted that this is under review, we are taking learning points from the way that legal advice has been commissioned and we will consolidate going forwards. The budget for consultants for 2019/20 was raised and a request was made for categorisation of future lists to ensure there was clarity over consultants versus other service providers.

Acton 5: The spreadsheet would be further categorised to ensure clarity between consultants and other service providers. JM

Item 7 [REDACTED]

7.1 [REDACTED]

7.2 [REDACTED]

[Redacted text block]

Action 6: [Redacted text]

Action 7: [Redacted text]

[Redacted text block]

7.3 [Redacted text block]

[REDACTED]

7.4

[REDACTED]

7.5

[REDACTED]

7.6

[REDACTED]

Item 8

[REDACTED]

[REDACTED]

Item 9 – Committee & Group Reports

9a – Audit & Risk – Paper 11.6 - John Baker

9.1 JB noted that the report circulated requested endorsement of the revised Terms of Reference and the Risk Policy. There had been two A&RC meetings due to the volume of business to be covered. The Terms of Reference had been reviewed as an annual requirement and the revisions proposed were endorsed. It was noted that the level of activity on risk had increased and that a series of workshops are planned for March. It was proposed that a short presentation on risk be prepared for a future Board meeting. The Risk Policy was endorsed. Colleagues commented that the discussion at one A&RC meeting on the Tata acquisition had been really useful and productive.

Revised Terms of Reference and Risk Policy endorsed by the Board

9b –Business & Innovation – Paper 11.7 - Paul Booth

9.2 In addition to the report it was noted that there has been one workshop held focusing on reviewing the mechanism for investor engagement and more will be held. A proposal will be developed for the next Board meeting.

Action 8: Proposals for revised mechanism to manage investor engagement will be brought to the May Board. **DA**

9c – Planning & Infrastructure – Philip Leech

9.3 PL noted that a lot of issues were covered in the recent meeting. This includes plans for the [REDACTED]

[REDACTED] In response to a question regarding protection of these funds it was noted that they are coming via TVCA as Section 31 grant which affords some protection. HMT do however expect to see some development from these funds. In discussing contingency plans for utilities and additional work outside the site including stations, bringing in construction traffic etc it was proposed that a more detailed breakdown of what this money will be spent on should be prepared for the Board.

Action 9: A detailed breakdown of what the [REDACTED] will be spent on will be prepared for the Board. [REDACTED]

9d – Design & Guidelines – Philip Leech

9.4 It was noted that we will be going to tender soon on consultants for this work. It is likely to be a 4 month commission within an overall window of 6 months and is covered within the budget.

9e - Energy & Utilities – David Smith

9.5 DS advised that the tender process for the electrical study is in hand. At a meeting this morning there was discussion about the Infrastructure Corridor and considering how we could cope with investors arriving now and the programmes required to replace things like the 66kv supply. A meeting is planned with Bran Sands to discuss waste water; a meeting is also planned with the hydrogen lead at TVCA and work is in hand with companies to provide a 5G network. All of these issues will enable us to plan for the future and a visual plan will be brought to the May Board. BH noted that discussions are underway with ITS to connect broadband to eth site and they also have plans of the location of BT network cables which will be shared when received. A question was asked about district heating and it was noted that in a recent meeting with [REDACTED] the issue of a future supply of steam was covered enabling discussions with investors and a potential revenue generation stream.

Action 10: A visual plan of the utilities on site will be brought to the May Board. **DS**

Action 11: Plans of BT network cables on site will be shared with the EUT&F once received. **BH**

9f – Search & Remuneration – Jane Turner

9.6 This Committee last met on 18 March and it was noted that the CEO selection process is underway. A long list has been identified and this will become a short list on 5 April. Final interviews will be held on 24 April. [REDACTED]

9g – Forward Programme – Paper 11.8 – [REDACTED]

9.7 [REDACTED] noted that the date of the July Board has changed to enable endorsement of the final accounts ahead of the end of July and allowing time for the auditors to complete their processes for relevant documents to then be posted on the STDC website by end July.

Item 10 – Any other Business

10.1 BH recorded a note of thanks to PB for his ongoing contributions in his role as Senior non-executive Officer. He also noted thanks to DB who is attending his last STDC Board meeting as he stands down from his role as Mayor of Middlesbrough.

10.2 JG advised that she had visited the London Legacy Corporation whilst on a recent trip to London. They are doing some interesting work with investors and extended an invitation to STDC Board and staff to visit their organisation. One specific point to note was the inclusion in all their investor deals of a requirement for local content and employment.

The meeting closed at 16.30

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Chairperson