

Agenda item 4

Confidential

3.1 None declared.

Item 4 – Minutes & Actions from last meeting

4.1 The minutes of the previous two meetings were endorsed. (28.11.18 & 15.1.19)

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

Meeting 8

Action 5 – A check to be made on whether introduction of revised EZs and a TIF would be a referral decision – it was confirmed that it would not be for EZs but might be for a TIF. To be pursued if a TIF is introduced.

Meeting 1.19 (Extraordinary meeting held 15.1.19)

Action 1 – The James Wharton letter regarding the policy around engagement with the SSI closure would be shared - circulated at today's meeting.

Action 2 – BH, SJ, Anna Turley, Simon Clarke and others to collectively support the CSR business case - meeting arranged for 15.2.19.

Action 3 – Invite WBD to a future meeting of the Board to support discussion of details, once the documents are drafted – awaiting appropriate point when documents etc are available.

Action 4 – Development of Articles of Association for the SPV to be completed by WBD – in hand.

Action 5 – Development of the Shareholders Agreement for the SPV to be completed by WBD – in hand.

Action 6 - Development of the Service Level/Management Agreement – in hand.

Action 7 – Formal application to SSI to be prepared by WBD and Addleshaws to seek consent to allow [REDACTED] [REDACTED] - DA confirmed that this is on hold due to the way we are going to approach SSI/CPO/TATA option. [REDACTED]

Action 8 – Clarification on the definition of “change of use” to be sought from Counsel - discussion held with WBD and the OR and there is a common view about the change of use and that it could be triggered. We are seeking Counsel opinion before the meeting in London 28.2.19.

Item 5 – Chairs Update – Ben Houchen

5.1 BH confirmed no update from the Chair since the Extraordinary meeting held 15.1.19.

Item 6 – Priority Projects and Issues

6a Business Case – Paper 10.3 - David Allison

6.1 DA advised that we have agreed with MHCLG & BEIS that the first draft would be with them by the end of the first week in February. This was reviewed internally yesterday and will be circulated to Board

members next week. The report highlights the emerging funding requirements to support delivery of the national and local objectives; identifies the key principles required to create an effective partnership approach to meet the funding requirements and explains what is seen as a robust framework for managing local risks and providing a practical means for progressing key activities and delivery of objectives. Various options are explored and these are explained in detail in the business case. It was noted that the business case is based, as required, on the requisite five case model including strategy and financial elements and always starts with the “do nothing” option. BH advised that this is our opportunity to convince Treasury that we have a robust financial case for funds through the spending review. TS confirmed timings for the next fiscal exercise are uncertain at the moment. STDC needs to be prepared when the opportunity comes along, whether that is through an emergency budget or a Comprehensive Spending Review. BH noted that there is a Spring Statement on the 13.3.19 however this will be just a general update.

Action 1: Final draft business case to be issued to Board members by 6.02.19 for agreement through a written resolution ahead of submission to MHCLG & BEIS on 8.2.19. **DA**

6.2 During discussion a number of points were raised including:

- The need for a partnership approach as outlined in section 3 was recognised and accepted.
- [REDACTED]
- Will the funding be delivered through Section 31 grant. JG advised that the MHCLG portion will but the BEIS element will not until we complete Transition and take local ownership/control.
- Clarity was sought on the assumptions on business rate retention. JG advised that MHCLG had sought to resolve business rate retention during the previous week but STDC has pushed back and asked for it to be resolved in the round.

6.3 [REDACTED]

[REDACTED] aspects that need to be tidied up, that we demolish or transfer assets and we develop out the whole site.

6b/c/d CPO /Thai Banks/SSI/Official Receiver – John McNicholas / Paul Booth

6.4 JM confirmed that we are pressing on with all the preparations and that we are on track to be ready by the end of February. Boundary details are resolved and we can confirm that RBT will come out but SSI land will potentially remain in the CPO. The next meeting with Counsel in early March will focus on two items, i) funding strategy, meeting held with Deloitte’s yesterday. ii) Market Appraisal. With the peer reviews by Addleshaws and Lichfields we are in a positive position. We need to ensure that we are water tight on our CPO case with the SSI issue so we are proposing to use the rest of March to further refine everything to be ready to make the order at the end of March. BH asked what has changed. JM advised that the funding strategy was yet ready. Sign off is required by the QC - and the earliest that would happen is early March.

6.5 PB advised that we are reconvening with the Thai Banks on 28.2.19 but that whatever figure is agreed they would then take that back to their Board. The expectation for this meeting is that they are going to come back with a significantly higher number and we will need to reflect on their response. JM noted that we have a comprehensive risk register for CPO and the dynamic and the detail in this will change now.

6e Tata

6.6 PB noted that when STDC acquires Tata land we also acquire an option to acquire SSI land if there is a change of use. If SSI are looking to sell then that may allow us to exercise that option. There have been

discussions with the OR and we are also seeking to confirm that legal position. This may require us to have an extra meeting of this Board in early March. If the option is exercised then there will be lots of arbitration behind this so the SSI land will remain in CPO. JM noted that SSI are not currently in a position to challenge CPO but the Thai Banks could if prompted by SSI. PB advised that there is a range of complicated issues to work through. DA confirmed that STDC is working through all the actions required to acquire the Tata land and to operate safely. This will be covered at the A&RC meeting on 20 February. JM confirmed that [REDACTED] must be committed during the current financial year and once the Tata deal is assigned the work can commence. Slides prepared by DA were not shown during discussion but will be shared electronically with Board members.

Action 2: SH to circulate DA's Tata slides to the Board Members. SH

Item 7 – Key Investors – Paper 10.4 – Paul Booth/John McNicholas/David Allison

7.1 [REDACTED]

Action 3: [REDACTED]

7.2 [REDACTED]

Action 4: [REDACTED]

[REDACTED]
working with the Comms team in regards to developing a marketing strategy for the site. A presentation will be delivered at the next B&I which will also be considering a refresh of the mechanisms in place for engaging with and progressing investor enquiries. BH advised that Board members who don't normally attend the B&I Committee are welcome to attend the meetings.

7.3 [REDACTED]

7.4 [REDACTED]

[Redacted text block]

7.5 [Redacted text block]

7.6 [Redacted text block]

Action 5: [Redacted text block]

Action 6: TS to send the South Tees Investment Group key principles to [Redacted] to circulate to the Board. TS/[Redacted]

7.7 [Redacted text block]

7.8 [Redacted text block]

7.9 [Redacted text block]

Action 7 : DA to produce a note on the key principles of the [REDACTED] and the opportunity it presents.
DA

7.10 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

7.11 [REDACTED]
[REDACTED]
[REDACTED]

Item 8 – [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Item 9 – Committee & Group Reports

9a – Audit & Risk – Paper 10.6 - John Baker

9.1 Meeting held 19.12.18 with Chris White in position as the new Chair of A&RC. Two key items to highlight from his report, 1) [REDACTED] - to be the key agenda item at the next meeting on 20.2.19. 2) Turner & Townsend project on risk – there has been some debate about delivery of this project but we now have some experienced resource and plan to deliver the documentation by the end of March. A series of workshops will be run. JB will be representing the Board, however, other Board members would be welcome to attend these workshops.

9b – Business & Innovation – Paper 10.7 - Paul Booth

9.2 Nothing further to report

9c – Planning & Infrastructure – Philip Leech

9.3 JM is updating the Master Plan to support CPO working with PL as Chair of the Committee and he will bring this to the Board for information. There will be a range of strategies to underpin the Master Plan which are also key to CPO and the SPD. Discussion has also focussed on Section 106. All work in progress.

9d – Design & Guidelines – Philip Leech

9.4 Discussions on the design/infrastructure at these meetings will take the Master Plan to the next stage. Standards are required for us and for investors to achieve the aim of an innovative Industrial park and sustainable projects leaving us with a lasting legacy driving up land values and longer term sustainability. Development guidelines are proposed rather than just Design guidelines.

9e - Energy & Utilities – David Smith

9.5 Invitation to tender now ready and DS will take this forward.

9f – Search & Remuneration – Jane Turner

9.6 The last meeting was on 28 January where it was confirmed that the recruitment consultant for the CEO role is Hays. JT/ JB/JG meeting with Hays and BEIS tomorrow to discuss timeline, looking to interview

early April, anticipating an appointee to start mid / late Summer/Autumn to incorporate the individuals' notice period. A piece of work is being carried out through HR from TVCA to look into interfaces between STDC/TVCA in terms of HR practices, policies, procedures.

Item 10 – Any other Business

10a – Terms of Reference for EUT&F & DGT&F – Paper 10.8 – [REDACTED]

10.1 [REDACTED] presented Paper 10.8 seeking endorsement of the Terms of Reference for the 2 Task & Finish Groups. The Board endorsed the membership and the Terms of Reference for both.

The Board endorsed the proposals.

10b – Communications Update – Paper 10.9 – John Baker

10.2 Everything we do has a thread of communications running through it.

10c – Forward Programme – Paper 10.10 – [REDACTED]

10.3 A programme of Internal Audit work is being carried out and a full report will be produced for the May Board. B&IC is reviewing its procedures as has been noted.

10.4 PB advised that STSC is doing a great job looking after the site and health/safety & environment. For future meetings he proposed adding a short report to this Board

Action 8: A report on the work of STSC to be added to the agenda for future meetings. [REDACTED]

10.5 JG covered the two separate reports that were issued to the Board noting that:

- a) [REDACTED] would probably be referenced in the Value for Money audit by the External Auditors.
- b) [REDACTED] had been discussed by the Board in September and there had subsequently been a disciplinary review. STDC has no discipline policy at present so [REDACTED] (TVCA HR) will take the recommendations forward.

10.6 JM produced a spreadsheet for the Board, following requests at previous meetings, showing live commissions and control of finances over the projects. It was noted that ad hoc instructions being given to keep projects moving had led to a review of use of the processes in place. Red and Amber projects were discussed and it was noted that one key commission – [REDACTED] [REDACTED] It was agreed that the Board are keen to understand what actions have been taken to regain control and that this would be discussed at the A&RC in February.

Acton 9: [REDACTED] to add control of procurement commissions to the agenda for February A&RC. [REDACTED]

10.7 ■ noted that filming opportunities on site, which could be quite lucrative, are now being considered by management. ■ who had been looking at the site and had initially been turned away, have put their proposal on the back burner. However, we have since had an additional request for another opportunity for what would be the ■. Discussions are underway.

The meeting closed at 16.30

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Chairperson