

## **REPORT TO THE OVERVIEW AND SCRUTINY COMMITTEE**

**22 FEBRUARY 2024**

### **REPORT OF THE CHAIR OF STDC SUB-COMMITTEE**

#### **Review of the South Tees Development Corporation**

##### **1. BACKGROUND AND INTRODUCTION**

The Overview and Scrutiny Committee established a Sub-Committee on 14 July 2023 to review STDC and report back its findings to the Overview and Scrutiny Committee.

The following Members were appointed to the Sub-Committee:

Councillor Matt Storey (Chair) (Middlesbrough Council)  
Councillor Andy Kier (Darlington Borough Council)  
Councillor Brenda Harrison (Hartlepool Borough Council)  
Councillor Steven Nelson (Stockton Borough Council)  
Councillor Margaret O'Donoghue (Redcar and Cleveland Borough Council).

The focus of the Sub-Committee was to:

- i) Understand the relationship between Tees Valley Combined Authority (TVCA) and South Tees Development Corporation (STDC), with specific reference to the Teesworks Joint Venture; and
- ii) Analyse how government funding received by TVCA had been utilised by STDC and whether it had achieved value for money for the public sector.

##### **2. RECOMMENDATIONS**

The Overview and Scrutiny Committee (OSC) recommends to Cabinet:

- a) That the TVCA procurement team, which is currently undertaking social value workshops to discuss and share best practices, reports back to OSC as part of regular monitoring and tracking of recommendations. That the report addresses the need to ensure consistency of approach when applying social value.
- b) That careful consideration is to be used when defining the scope and remit of future reviews, ensuring that desired outcomes are attainable and deliver on the intention of the Sub-Committee's review.
- c) That future scrutiny activity is focussed on preliminary development works and projects which add best value.

Anything is possible

- d) That OSC retains the option for the Sub-Committee to reconvene to undertake more in-depth scrutiny activity in relation to key areas arising from the independent review into STDC and Teesworks. That the work programme for OSC is then updated accordingly.
- e) That progress made against the above recommendations is to be reviewed as part of a recommendation tracking system to be introduced by the OSC.

## **DETAIL**

### **Scoping and review**

The key aims of the review were established during an initial scoping exercise for the Sub-Committee.

Members were keen to distinguish between the work delivered by the Sub-Committee and the wider reaching independent review into STDC and Teesworks. The Sub-Committee made clear that it was unable to address specific elements of the independent review, however, would note within recommendations to OSC that further in-depth scrutiny activity may be required, and this should be factored into the work programme.

### **Summary of Sessions**

#### First Session

The Sub-Committee first met on the 11 September 2023 to begin a scoping exercise to establish the parameters of the review.

The Sub-Committee sought to establish if the current arrangements ensured value for money for the public sector, to understand the works being progressed at Teesworks and, determine whether the site operated effectively and delivered positive outcomes for the public sector.

The session consisted of a series of questions and actions to be raised with witnesses as part of the evidence gathering exercise.

#### Second Session

The Sub-Committee met on the 6 December 2023 with representatives from TVCA and Teesworks.

Representatives from Teesworks provided two presentations as follows:

Anything is possible

## **1) Presentation on demolition projects**

- Details of specific projects; demolition of Lackenby BOS Plant; and decontamination and demolition of Redcar Coke Ovens By-Products Plant;
- Procurement process; and
- Tender evaluation.

## **2) Presentation on the South Bank Utilities Project**

- Energisation of South Bank and Quay – The Project;
- Procurement process; and
- Project management.

The session also provided an opportunity for Members to ask questions and request additional information as part of its review.

The following points were discussed:

- Clarification was sought on existing scrap metal on-site and the potential return on sale for STDC. It was advised that there were approximately 17,000 tonnes remaining on site with the likelihood of further volumes following additional demolition at the location. The Sub-Committee was advised that all scrap metal was sold according to market values to achieve the best possible price. In relation to ownership of scrap metal at the BOS Plant, it was advised that the proceeds are split 50/50 between STDC and the Joint Venture partners.
- Clarification was sought in relation to social value figures that had been provided. There were concerns about perceived inconsistencies in relation to the figures that had been provided. Members discussed the benefits of undertaking benchmarking to meet expectations and the use of performance indicators. It was requested that a detailed breakdown be provided for each of the social value figures.
- Whether there was potential for other specialist contractors to undertake works as the project developed with particular emphasis on ensuring jobs for local people. Members were advised that it formed part of the contract management arrangements. Works were allocated in accordance with the tender evaluation framework and different weightings could be applied, as appropriate.
- Clarification was sought about revised timescales for completion of demolition works and direct awards. Members were advised that it had been deemed necessary to accelerate elements of the demolition project. A direct award framework was in place and competitively priced processes had already taken place. It was timescale driven to accelerate the project and ensure value for money.

In terms of next steps, the Sub-Committee requested further information about social value figures, particularly in relation to the Lackenby BOS plant, and to be provided with information and data regarding health and safety arrangements at the site. It was

agreed to convene a final meeting to draw together conclusions and agree recommendations to be approved by OSC.

## Third Session

The third and final session of the Sub-Committee met on 17 January 2024 to draw together conclusions and recommendations. Officers representing procurement attended the session to respond to Members' questions and comments in relation to social value.

## The following points were discussed:

- Officers addressed questions and comments in relation to social value and the interpretation of results. The Sub-Committee was informed that over the last 12 months, TVCA had switched from using a social value portal to an in-house solution calculator that had been developed with best practice measures.
- Members concluded by discussing areas such as effective scrutiny and developing best practice. Members emphasised the need to scrutinise at an early intervention point, to not reactively review, and review after completion of works which restricted the effectiveness of its recommendations.

### **3. FINANCIAL IMPLICATIONS**

There are no specific financial implications arising from this report.

### **4. LEGAL IMPLICATIONS**

There are no specific legal implications arising from this report.

### **5. RISK ASSESSMENT**

There are no specific risks associated with this report.

### **6. CONSULTATION AND COMMUNICATION**

Jackie Noteyoung, Procurement Manager, TVCA – Attended to provide technical expertise as part of the Sub-Committee's review.

**Name of Contact Officer:** Connor Malone  
**Post Title:** Governance and Scrutiny Officer  
**Email Address:** Connor.Malone@teesvalley-ca.gov.uk