

## Questions from Members of the Public and Responses

	Question Received	Response
1	How does the process for cancelling the STDC Board meeting with no contact or notice align with Recommendations 9.8 and 9.10 and does the 'working group process' fit in with these recommendations?	STDC Board meetings are cancelled where there are sufficient apologies on behalf of members or no substantive agenda items requiring a decision. All STDC Board members are notified of cancellation as soon as possible. Without knowing which STDC Board this refers to, we cannot comment on its cancellation.
2	According to point 13.44 of the Tees Valley report it states that Mayor Houchen was providing consent for his own proposals. Why is this?	Point 13.44 states that the Mayor "may find themselves in the position of providing consent for their own proposals" as a natural consequence of being both the Chair of TVCA and STDC. To approve any decision, both bodies require backing from more than just the Mayor - for Cabinet this would include up to the five leaders of the Constituent Councils or the five voting STDC Board members (the majority of which are independent)
3	"Backbench councillors" had been explicitly told by the authority's chief legal officer in 2021 that they were not allowed to scrutinise the corporation or the joint venture, a view contested by the review." Who were the "backbench councillors" referred to here?	We assume this refers to the reference in the Teesworks Report in relation to advice provided to TVCA's Overview & Scrutiny Committee in respect of its statutory powers and remit. There is a report dated 15 September 2021, where this was explained. This is available on the TVCA website but for ease of reference we have provided the link <a href="https://teesvalley-ca.gov.uk/about/wp-content/uploads/sites/2/2023/03/Final-pack-OS-15th-September-2021.pdf">https://teesvalley-ca.gov.uk/about/wp-content/uploads/sites/2/2023/03/Final-pack-OS-15th-September-2021.pdf</a>
4	Does Mayor Ben Houchen agree that Govt commissioners should come in and work with TVCA and by extension the STDC to improve practices? He asked for them to intervene in Middlesbrough Council so why not the combined authority and development board?	The Mayor welcomes the recommendations of the report and is inviting independent charity the Centre for Governance and Scrutiny and Local Government Association, the national membership body for local authorities, to be involved in the implementation of these.

5	Can we have a list of who is part of the working group working on the 28 recommendations from the Tees Valley report?	The Constituent Authorities of TVCA have agreed the membership of the Officer Working Group which has on it representation from all of the constituent authorities. They are - The Chief Executive, Director of Finance & Resources (s73 Officer) and Acting Monitoring Officer from TVCA, the Monitoring Officers from Stockton Borough Council, and Darlington Borough Council, the Chief Executive from Hartlepool Borough Council, the Interim Chief Executive from Middlesbrough Council and the Section 151 Officer from Redcar & Cleveland Borough Council.
6	What is the process for TVCA being advised by STDC of bids for contracts?	To the extent that decisions are 'Referral Decisions' these are referred to TVCA Cabinet. STDC is a separate public body and has its own processes for awarding contracts, and its own, public, Board Meetings.
7	Why did STDC allow its income to be capped annually and overall?	Is this referring to the estate management? If so this is capped at 10% by RICS
8	Have board members been required to sign NDA's? If so, why?	When STDC Board was originally established in shadow form, by Government, all Board Members were required by Government to sign an NDA. In 2019, two new Members of the Board signed similar agreements. Since this date and those described, no Board Members have been asked b7 STDC to sign NDAs.
9	Why is the decision to write to Teesworks Ltd to renegotiate the 90:10 deal is not being referred to the TVCA Cabinet	TVCA Cabinet decisions can only be made in respect of funding or powers directly overseen by TVCA
10	Under what circumstances would a decision of STDC to appoint a developer be a referral decision to TVCA?	The definition of a Referral Decision is detailed in the South Tees Development Corporation Constitution which is publicly available. All decisions which fall within this definition, are by their nature, be referred to TVCA.

11	Who decided the make-up of the TVCA Independent Review Working Group and why have no elected councillors been invited to join?	The membership was a proposal made by TVCA and taken to Cabinet and the Overview and Scrutiny Committee. No elected councillors have been invited to join to ensure that this is an apolitical working group solely focused on governance and transparency. Feedback on the report's recommendations is being provided by TVCA's Overview and Scrutiny Committee, wholly made up of elected councillors, and TVCA Audit and Governance Committee, made up of elected members from all five Local Authorities plus independent members. This is alongside STDC Audit and Governance Committee, which includes independent experts. This approach was supported by the elected leaders of the five Local Authorities
12	What does the board intend to do about recommendations that value for money for the taxpayer has not been well served?	The STDC Board is today (29.02.24) being asked to recognise the recommendations in this report, the proposed process to respond to the recommendations and appoint Neil Schneider as the STDC Board sponsor for the process. It should be noted that the Report does not conclude value for money was not achieved but notes that the systems were, in their view not sufficient to evidence it.
13	What is the annual fee for the services of professional advisors Arlingclose Limited?	STDC does not have an annual fee with Arlingclose Limited.
14	Why are total loans increasing from £347m in Fiscal Year Ending 31.03.24, to £378m in Fiscal Year Ending 31.03.25 when the Corporation is in the process of being wound down?	South Tees Development Corporation is not in the process of being wound down. South Tees Site Company, the body first established by BEIS and then brought into local control, and which forms a small part of STDC, is being wound down as the site's COMAH status has been removed.
15	Annual financing costs will increase from £6,011,000 in Fiscal Year 2023/2024 to £16,241,000 in Fiscal Year 2027/28. Why are financing costs increasing when the Corporation is in the process of being wound down?	STDC is not in the process of being wound down.

16	The papers show that STDC cumulative debt by 27/28 will be £337m. Is TVCA liable for this debt in the event that STDC is unable to pay? If TVCA have to take on this debt and TVCA is then wound up, will the five local authorities in the Tees Valley be liable?	The legal position is that there is no automatic transfer of liabilities from STDC to TVCA, and further, legally there is no automatic transfer of liabilities from TVCA to the Constituent Authorities. The borrowing accessed by STDC from TVCA is funded by Business Rates which comes to TVCA in any event and would be available to TVCA for this purpose.
17	1.2 of the Tees Valley review report sets out that business rates are to be a component of repaying prudential borrowing for the next 50 years. Given that 6.14 highlights that TVCA only have access to retained business rates for 25 years, what is the plan for protecting taxpayers' money over the 25 years that this income stream no longer offsets debt servicing liabilities?"	Save for the specific arrangements relating to the Quay, all debt will be managed within the 25 year period Business Rates are available. In relation to the Quay, the borrowing is over 50 years aligning to the useful life of the Quay, and the revenues which will flow over it.
18	What is the purpose of DCS Industrial Ltd and DCS Industrial (South) Ltd with respect to its operations as part of Teesworks Ltd?	DCS Industrial Limited is one of the private sector shareholders in Teesworks Limited. DCS Industrial (South) Limited is the parent company of DCS Industrial Limited. This information is publicly available on the Companies House Website.
19	What marketing services did DCS (1 employee) provide to Teesworks (10% taxpayer owned) for £22,298,016?	This is payment for marketing services in connection with the 4,500 acre Teesworks site.
20	DCS has one employee. How was a £54m consultancy fee good value for STDC?	This was in respect of any value realised as part of a land access dispute. It was a maximum payment and in any event this transaction did not take place and no payment was made.
21	How many contracts were included in the £20m+ sum for marketing from DCS and what are the details?	STDC doesn't hold the detailed invoice information for TWL
22	Who did DCS Industrial subcontract to?	STDC does not hold this information
23	Who else was bidding for the contracts?	STDC does not hold this information

24	Why so much due diligence into a huge company (Able Ports) but then nothing for the current JV partners?	The Able (UK) transaction was a proposed sale of a significant part of the site to allow them to build their own Quay. A very significant amount of due diligence was undertaken to ensure this could be funded and in the end the Board was not assured of their ability to do so. Its worth noting that their quay at the Humber has not been started. The JV structure is completely different and, given the time window available for this in advance of the CPO enquiry, STDC had to work very quickly.
25	Did the due diligence of Able Ports include a question of whether CEO Peter Stephenson would be in a position to provide a personal guarantee for the company's financial commitment, should that be required?	These were confidential commercially sensitive conversations and it would not be appropriate to respond to this question.
26	Why was the Able Ports proposal not brought to the TVCA board?	The proposal never reached the required stage for a substantive decision to be made because it was rejected by the STDC Board.
27	Why were ABLE UK subject to financial diligence checks but not the current Joint Venture Partners?	See above – Q24
28	How many tenders for the Teesworks contracts did you turn down and why?	This question requires clarification before it can be responded to.
29	Can you confirm whether a joint partner from Teesworks Ltd is in attendance at this meeting (STDC board 29/02/24)?	There is no Teesworks member at today's board
30	Is there evidence of the decision making process to award an additional 40% stake in TWL?	Yes, the decision was taken to the STDC Board on 18th August 2021 where it was approved unanimously.
31	Why was there no press release about the removal of COMAH status for the Redcar steelworks site on 15 November 2023, when this was such a major achievement for the Teesworks project?	The removal of COMAH status was a technical landmark and not one directly impacting investment, job creation or the further development of the site. It was therefore considered to be less newsworthy than other contemporaneous events such as British Steel's Electric Arc Furnace plans (Nov 6) and the development of new business units at South Bank (Nov 13) The news was made public at the time in the Mayor and Chief Executives' Board Reports

32	Where have the COMAH substances held on the Teesworks site been disposed of?	There are wide range of routes used all of which are via approved licensed facilities.
33	What will be the debt liabilities for each council for the Teesworks site?	No liabilities are expected for the Local Authorities from the Teesworks site
34	Can the board share the latest communication they have had with BP and Equinor regarding these companies' concern about potential corruption associated with the Teesside development?	This question requires clarification before it can be responded to.
35	How many tenders did you turn down for Teesworks security and why, and can the Board provide details of, and confirm their confidence in the procurement process, and security checks undertaken which awarded the £5 million plus contract to NE Security, a company owned by a long standing friend of Chris Musgrave, Dave Garside, who has well documented associations with people involved in drug trafficking, and whose son (who currently works for NE Security, and whose partner is registered as the Operations Director) was sentenced in 2015 as part of operation Roderigo to 11 years 8 months for trafficking class A drugs, and profiting from this activity to the tune of £957,281.	There were seven responses to the core security contract procurement of which five were non-compliant. The remainder were evaluated in accordance with the published criteria.
36	The proposals for Net Zero Teesside assume that landfill tax grant will be available to STDC to fund the remediation of the site in the first instance. To date no timeframe has been given by the government for the implementation of this scheme. Why does the report make no reference to this, and what are the risks involved?	Government is launching a pilot scheme which STDC is participating in. An update on the LFT position will be brought to a Board meeting.

37	According to 16.10 of the Tees Valley report there was no partnership agreement. Why was this?	16.10 of the Tees Valley Review states: <i>16.10. The explanation of the JV omits to cover important details such as the absence of any obligation on the part of the JV partners to input any funding or deliver any outcomes. There is no Partnership Agreement setting out the obligations of the partners.</i> This does not mean that there are no arrangements which deal with this.
38	You have acknowledged that the review recommends that the JV partners are asked to reconsider elements of the JV deal. The assumption is that you will comply with the recommendation. It instructs the Group Chief Exec to formally write to the partners and request a renegotiation of the joint venture terms. Will the formal request, the JV partners' response, and the resulting agreement be made available to the public?	As with any commercial negotiations, this would be commercially sensitive and, as such, would be exempt from publication.
39	Given the STDC will be asking for renegotiation of the current joint venture partnership what terms will be set out?	As above
40	If the award to the current JV partners was because of their advantageous position with the banks (re the COP) as previously stated, why was Single Tender Waiver documentation not produced and signed off to provide a legal basis for legitimately avoiding procurement norms?	The appointment of the JV partner was an equity arrangement made prior to the CPO and was therefore not a procurement process hence the document referred to was not applicable.
41	Did the Mayor have prior knowledge of the decision of the JV partners to purchase the rights of land pivotal to the compulsory purchase order?	No

42	Why did STDC consider Teesworks Quay Ltd (no employees, £100 assets, ultimately owned by the JV partners) the best party to manage the quay which was to be built?	STDC did not appoint Teesworks Quay Limited. In relation to the options this is a property transaction and in respect of the JV the nature of the agreement is one of equity and hence neither are subject to the procurement regulations. TQL will be appointing a professional operator to run the Quay on its behalf.
43	Is there evidence that all precautions have been taken to prevent heavily contaminated materials from polluting the local marine environment? Can they make available advice received & how they mitigated the risks?	All work undertaken is carried out under license from the EA or MMO whose roles are to ensure this is the case.
44	What conversations did the STDC Chief Executive have with SeAH Steel Holdings between 7 July 2021 and 14 February 2022 regarding their transfer from Humber to Teesside Freeports?	This will require detailed searches to ensure the answer is accurate and will be provided as soon as available.
45	The board papers outline that £3.1m has been spent to date on legal fees pertaining to STDC v PD Ports litigation. Teesworks Ltd were a third party in the litigation and the judge chose to class them together with STDC, referring to them as the STDC parties. Does this £3.1m include any legal fees incurred by Teesworks Ltd?	No. This figure refers to STDC's legal fees. TWL is responsible for its own fees.



46	<p>Documents appended to the review report outline the terms of a commercial deed. It described entitlements for both Teesworks Ltd and DCS Ltd should the judgement go in favour of STDC, which put PD ports in a position whereby they had to pay for access rights This deed stipulated that it was to be 50% of any sum to a limit of £54m. In addition, an associated company DCS Ltd, would also be entitled to a fee for consultancy services in connection with the dispute, up to a limit of £54m. Bearing in mind the judge’s statement (point 280 in the court papers) which stated that Mr Musgrave saw an opportunity that a considerable price could extracted from PD ports for providing alternative access, the commercial deed was very lucrative for Teesworks Ltd and DCS Ltd worth potentially £108m. Given that Teesworks Ltd and the associated company DCS Ltd stood to make financial gains of potentially £108m if the case was resolved in STDC's favour, how much are TWL contributing to STDCs costs?</p>	<p>This was in respect of any value realised as part of a land access dispute. It was a maximum payment and in any event this transaction did not take place and no payment was made.</p>
47	<p>Regarding the commercial deed, what assessment was made of the value in financial terms that could be extracted and how much Teesworks Ltd and DCS Ltd stood to benefit compared to STDC?</p>	<p>This was in respect of any value realised as part of a land access dispute. It was a maximum payment and in any event this transaction did not take place and no payment was made.</p>
48	<p>Please advise where and when the terms of the commercial deed were agreed and who signed it off?</p>	<p>Original response given on 29 February 2024 was: “This was agreed by the STDC Board in November 2021.” This response has now been updated on 7 March 2024 to: “This took place at the meeting on 18 August 2021, and the commercial deed was signed in November 2021.”</p>

49	Why did the STDC pursue the PD Ports case against legal advice, on what grounds and under whose advice?	South Tees Development Corporation and Teesworks Limited advanced legal proceedings as PD Ports were claiming that rights existed across vast areas of land on the Teesworks estate, yet no documentation was ever provided. Of the 18 claims, eight were dropped, four ruled in favour of STDC and six in favour of PD Ports. Teesworks Limited can now move forward and continue to develop the site at pace.
50	Appendix 5 contains information on future litigation costs which is confidential at the moment, but its clear there will be further costs. Referring again to point 280 in the court papers that Mr Musgrave saw an opportunity that a considerable price could extracted from PD ports for providing alternative access, how will the costs awarded be split between Teesworks Ltd and STDC?	The appendix is designed to allow the Board to make a decision about potential next steps, if any. It is not directly related to costs.
51	It seems the motivation for the case came from Mr Musgrave's desire to profiteer and the STDCs inability to act in the best interests of getting best value from public funds. Given the risk associated with this action why wasn't the decision to go ahead with the court case a referral decision to TVCA?	South Tees Development Corporation and Teesworks Limited advanced legal proceedings as PD Ports were claiming that rights existed across vast areas of land on the Teesworks estate, yet no documentation was ever provided. Of the 18 claims, eight were dropped, four ruled in favour of STDC and six in favour of PD Ports. Teesworks Limited can now move forward and continue to develop the site at pace. This is not a referral decision