

**Date:** Tuesday 12<sup>th</sup> March 2024 at 2pm.

**Venue:** Teesworks Skills Academy, off Eston Road, Middlesbrough TS6 6UA.

**Membership:**

Mayor Ben Houchen (Tees Valley Mayor)  
Councillor Alec Brown (Leader, Redcar and Cleveland Borough Council)  
Graham Robb (Independent Member)  
David Smith (Independent Member)  
Neil Schneider (Independent Member)

**Associate Membership:**

Julie Gilhespie (Group Chief Executive TVCA, STDC)  
Tom Smyth (BEIS)  
John Samson (Managing Director, Redcar and Cleveland Borough Council)

## AGENDA

1. **Apologies for Absence**  
To receive any apologies for absence.
2. **Declarations of Interest**  
To receive any declarations of interest.
3. **Chair's Update**  
To receive a verbal update from the Chair on activity not highlighted elsewhere on the agenda.
4. **Remediation Financing Update**  
To receive a report from the Group Director of Finance and Resources on the Landfill Tax Relief Scheme and the proposals for STDC to take advantage of this scheme going forward.  
  
*Appendix 2 is exempt from publication pursuant to paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Schedule 12A of the Local Government Act 1972.*
- 15 **Date and Time of Next Meeting**  
To be confirmed.

### Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting or for details of access to the meeting for disabled people, please contact:

[tvcagovernance@teesvalley-ca.gov.uk](mailto:tvcagovernance@teesvalley-ca.gov.uk)

## **South Tees Development Corporation Declaration of Interests Procedure**

1. The purpose of this note is to provide advice and guidance to all members of the Development Corporation Board and Audit & Risk Committee on the procedure for declaring interests. The procedure is set out in full in the Development Corporation's Constitution under the "Code of Conduct for Members" (Appendix 3).

### **Personal Interests**

2. The Code of Conduct sets out in full, the principles on the general conduct of members in their capacity at the Development Corporation. As a general principle, members should act impartially and should not use their position at the Development Corporation to further their personal or private interests.
3. There are two types of personal interests covered by the Constitution:
  - a. "disclosable pecuniary interests". In general, a disclosable pecuniary interest will involve any financial interests, such as paid employment or membership of a body, interests in contracts, or ownership of land or shares. Members have a pecuniary interest in a matter where there is a reasonable likelihood or expectation that the business to be considered will affect your well-being or financial position, or the well-being or financial position of the following persons:
    - i. a member of your family;
    - ii. any person with whom you have a close association;
    - iii. in relation to a) and b) above, their employer, any firm in which they are a partner, or a company of which they are a director;
    - iv. any person or body in whom persons described in a) and b) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
    - v. any body as described in paragraph 3 b) i) and ii) below.
  - b. Any other personal interests. You have a personal interest in any business of the Development Corporation where it relates to or is likely to affect:
    - i. any body of which you are a member (or in a position of general control or management) and to which you are appointed or nominated by the Development Corporation;
    - ii. any body which:
      - exercises functions of a public nature;
      - is directed to charitable purposes;
      - one of whose principle purposes includes influencing public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management).

### **Declarations of interest relating to the Councils' commercial role**

4. Financial relationships between the Development Corporation and individual councils do not in themselves create a conflict of interest for Council Leaders who are also Development Corporation Board members. Nor is it a conflict of interest if the Development Corporation supports activities within a council boundary. Nevertheless, there are specific circumstances where the Board may consider entering into direct contractual arrangements with a council, for example in relation to a particular commercial investment project, or in which that council is a co-funder. In these circumstances a non-pecuniary declaration of interest should be made by the Council Leader or their substitute.

### **Procedures for Declaring Interests**

5. In line with the Code of Conduct, members are required to adhere to the following procedures for declaring interests:

#### **Register of Interests**

6. Each member is required to complete a register of interests form with their personal interests, within 28 days of their appointment to the Development Corporation. If no declaration is received from elected members within 28 days the matter may be referred to the Head of Paid Service of your local authority and Leader of the political group you represent on your council for action. If a Declaration is not submitted within an appropriate timescale you may be prevented from attending committee meetings. Details of any personal interests registered will be published on the Development Corporation's website, with the full register available at the Development Corporation's offices for public inspection. The form will be updated on an annual basis but it is the responsibility of each member to notify the Monitoring Officer of any changes to the register throughout the year. Notification of a change must be made to the Monitoring Officer within 28 days of becoming aware of that change.

#### **Declaration of Interests at Meetings**

7. The Development Corporation will include a standing item at the start of each statutory meeting for declaration of interests. Where members are aware that any of their personal interests are relevant to an item of business being considered at a meeting they are attending, they must declare that interest either during the standing item on the agenda, at the start of the consideration of the item of business, or when the interest becomes apparent, if later.
8. Where members consider that their interest could be considered by the public as so significant that it is likely to prejudice the members' judgement then they may not participate in any discussion and voting on the matter at the meeting, but may attend the meeting to make representations, answer questions or give evidence relating to the business, before it is discussed and voted upon.
9. If the interest is a disclosable pecuniary interest (as summarised in paragraph 3a) then the member must leave the meeting room during discussion and voting on the item of business, but may make representations, give evidence and answer questions before

leaving the meeting room. Failure to comply with the requirements in relation to disclosable pecuniary interests is a criminal offence.

**Sensitive Information**

10. Members can seek the advice of the monitoring officer if they consider that the disclosure of their personal interests contains sensitive information.

*Appendix 2 to this report is exempt from publication pursuant to paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Schedule 12A of the Local Government Act 1972.*

## **AGENDA ITEM 4**

### **REPORT TO STDC BOARD**

**12TH MARCH 2024**

### **REPORT OF THE GROUP DIRECTOR OF FINANCE AND RESOURCES**

## **REMEDICATION FINANCING UPDATE**

### **SUMMARY**

This paper provides an update to the Board on the landfill tax relief scheme and the proposals for the wider site to benefit from the advantages of this scheme going forward. It asks the Board to reconfirm the approval it gave at its meeting on 16 March 2023 in respect of the legal and financing structure that will allow this to move forward.

### **RECOMMENDATIONS**

It is recommended that STDC Board: -

1. Notes the current position on landfill tax relief;
2. Reconfirms its approval from 16 March 2023 (a copy of that Report is attached at Appendix 1) of the financing scheme designed to deliver remediated sites while taking advantage of this relief;
3. Delegates to the Monitoring Officer in consultation with the Mayor, the Group Chief Executive and Group Director of Finance and Resources, the authority to finalise the legal agreements as set out in this Report; and
4. Delegates to the Group Director of Finance and Resources the authority to approve finance agreements within the STDC approved funding facilities, subject to reporting on the level of this in the finance update at quarterly STDC Board meetings.

### **DETAIL**

1. At its meeting on 16 March 2023, STDC Board approved a financing model for remediation of future sites, based on the expectation that the landfill tax relief would require applicants to be public bodies. Board will remember that the nature of the Teesworks site is such that

individual plots of land are likely not to be viable for development due to the costs of remediation, therefore access to the landfill tax scheme is likely aid the viability of the site.

2. A scheme was approved by Board whereby STDC would retain ownership of a relevant part of the site during the remediation process to allow for it to claim the landfill tax relief, and that Teesworks Limited, which has the responsibility to deliver and fund the remediation of the site, would exercise its option post remediation. It is proposed that Teesworks Limited will refund STDC for all of the costs associated with the remediation. within 3 months of completion of the remediation works. It is proposed that this arrangement would act as a subsidy control compliant financing facility. The details of this are set out in the finance section below.
3. The purpose of this paper is to update the Board on the current status of the landfill tax legislation and seek from the Board, a decision to reconfirm its approval based on the current position.

## Background to the legislation, and future proposals

4. In 2022, the UK Government, through DEFRA, launched a consultation exercise (a 'Call for Evidence') on the proposal to introduce a Landfill Tax (LFT) Grant scheme. The purpose of the scheme would broadly be to address the barrier faced by the public sector. The purpose of this being, to bringg forward for development, contaminated land requiring remediation, where the remedial solution would necessitate disposal to landfill to an extent that the LFT obligations would result in the total costs of the remediation exceeding the land value uplift to be realised from bringing the land affected by contamination back into beneficial use (the 'Landfill Tax Trap' as it has been described by DEFRA). The intention was that the scheme would only apply to public sector bodies.
5. The LFT levy applicable to landfill disposal for material typologies encountered on the Teesworks site is the 'Standard Rate', which is currently £102.10 per tonne.
6. STDC made a comprehensive submission to DEFRA in response to the consultation exercise, that included case studies from the Teesworks site for projects where LFT would or could serve as a barrier to viably delivering the land remediation.
7. In Q4 2023, following consideration of the consultation responses, DEFRA launched the 'Land Remediation Pathfinder' scheme (a pilot scheme), where the intention is to receive and consider bids for LFT grants from public sector bodies in Q1/Q2 2024, with such grants being accessible in the forthcoming tax year 2024/25. A budget allocation of £78M for the pilot was confirmed in the Chancellor's Autum Statement 2023, and the intention is that awards be made across a varying array of project sectors such as industrial, residential, etc. The scheme has not yet opened for bids, but STDC/Teesworks is already considering priorities for near term land remediation projects, the associated landfill tax implications, and the submission documentation that will need to be prepared.
8. Prior to the implementation of the ongoing land remediation works for NZT, all previous remediation projects on Teesworks had been delivered utilising the Environment Agency (EA)-endorsed regulatory mechanism of a Materials Management Plan (MMP). The MMP mechanism set the parameters governing the recycling and reuse of excavated earthworks

materials from the remediation operations, that has enabled materials reuse to be maximised, so mitigating to an absolute minimum the amount of material disposal to landfill, which, so far, has been rare – thereby realising significant benefits to the environment and to the costs of the related projects.

9. In 2022, the EA changed its policy on the use of MMPs and has stipulated that, on Teesworks, all future remediation projects that propose the recycling and reuse of excavated earthworks materials shall be regulated by the more onerous Deposit for Recovery (DfR) permit mechanism.
10. The DfR permit introduces a greater level of rigour and governance to the handling and reuse of excavated materials. Importantly, it imposes a strict prohibition on the reuse of excavated materials categorised as ‘hazardous’ under current waste regulations, even if the analysis undertaken on ground conditions and the impact on sensitive receptors (such as groundwater and other water resources) confirms no tangible risk from reuse. The MMP mechanism, in contrast, affords a reasonably high degree of latitude on reuse, which has enabled the outcomes at paragraph 8 to be realised.
11. Returning to the pilot scheme, the criteria that will govern the qualification for an LfT grant include the requirement to demonstrate that all reasonable steps are being taken in the remediation proposals to reduce the quantity of material that will be disposed to landfill. So, the need to apply for and endeavour to secure a DfR permit for each remediation project that will or may need to rely on LfT grant support for it to be viable, will be necessary, as this will enable significant volumes of material, but not all, to be recycled and reused.
12. One of the consequences of the introduction of the DfR permit mechanism is that, in virtually every instance, the land remediation projects to be undertaken on the Teesworks site into the future will rely on a much higher degree of disposal to landfill. It has been seen already, in the case of the ongoing NZT project, that materials that meet the requirement for reuse in line with the appointed technical consultant’s analysis and reports, are being precluded from use because they don’t meet the very onerous test for ‘non-hazardous’. Typically, this will or may impact any of Teesworks’ site future remediation projects to the level of 15%-20% of the excavated materials not being suitable for reuse in the works and requiring of landfill. To remind, under the MMP delivery mechanism this wasn’t the case.
13. Taking two near term project examples into consideration, the introduction of the DfR permit mechanism will or may have the following consequences, based on the extensive knowledge on costs and ground conditions built up over the past four years in delivering 260 acres of remediated land on Teesworks under MMPs:
  - Dorman Point Phase 3: this is a 20-acre site, which would have, when delivering under an MMP, carried a maximum remediation cost estimate of £5M. When making allowances for the more onerous criteria that a DfR permit governed delivery model will attract, the cost estimate rises to £21M, of which LfT makes up £12M (the remainder of £4M being haulage and landfill site gate fees, plus the cost of alternative imported fill materials).
  - Foundry West: a 55-acre site with a typical maximum remediation cost estimate under an MMP of £11M, where, under a DfR permit, and with the consequential



implications for landfilling materials deemed hazardous, this estimate rises to £46M, with LFT amounting to £26M (and other additional costs £9M).

14. In order for these projects to be viable, STDC will need to take the lead and apply for the LFT exemption.
15. Notwithstanding the above, there are projects on the Teesworks site, such as the SLEMS (which is an area the site that is particularly contaminated with residues from the steel making process), where, irrespective of the regulatory governance (MMP vs DfR), the reliance on disposal to landfill will be very significant, such is the adverse nature of the ground conditions arising from former site usage.
16. Absent the assurance on securing the necessary LFT grant (only accessible to public sector bodies) the market will not support remediation of sites of the type encountered across Teesworks. It is therefore important that the public sector led model is maintained in delivering the remediation of these sites, in order to enable development opportunities, and the economic benefits these will bring, to be realised, whilst still ensuring that the funding of the remediation works stays with Teesworks.
17. Should the LFT exemption not be approved on a particular site, despite STDC and TWL believing that the site was not viable without it, STDC would not progress with the remediation without TWL underwriting the costs and consequently in these circumstances there is a risk that individual plots would not come forward. Should this be the case, further negotiations with TWL will be required to find a way forward.
18. The Board can choose not to support this approach and leave Teesworks to exercise its option and remediate land itself. However, the risks relating to viability outlined above mean that there is a significant chance that large elements of the site could go undeveloped with this approach.

## FINANCIAL IMPLICATIONS

19. It is proposed that STDC's commercial position will be protected by a financing agreement that will ensure that:
  - Teesworks Limited reimburses all costs associated with remediation of any site managed in this way, plus interest at a subsidy control compliant rate;
  - STDC will retain ownership of the site during the remediation period and until the debt from Teesworks Limited to STDC is paid. This will be dealt with under the legal agreement by effectively inhibiting the current Teesworks Limited option over the relevant part of the site until the debt is paid.
  - The debt will be repaid within 3 months of practical completion of the remediation works; and

Ultimately if the debt is not repaid, STDC will retain the remediated site and will be freely able to develop it itself

## LEGAL IMPLICATIONS

20. Officers have instructed King's Counsel to advise on the Subsidy Control implications of this scheme. . The instruction was initially done some months ago but has been on hold during the Tees Valley Review. This work has now been reinitiated. As part of this, and to support the legal advice, officers are also seeking commercial advice on the proposed terms of the financing facility. The formal advice will be shared with the Board once received and reviewed by the Monitoring Officer.
21. In addition Ward Hadaway Solicitors have provided legal support in the development of the Financing Agreement, a current draft of which is included at Confidential Appendix 2.
22. The Financing Agreement will not be finalised until receipt of the final legal and commercial advice, to ensure that all terms agreed are compliant with the advice.

## RISK ASSESSMENT

23. A risk assessment of the decision will be built into the Risk Register and monitored alongside the other site development risks.

**Name of Contact Officer: Gary Macdonald**  
**Post Title: Group Director of Finance & Resources**  
**Email: [gary.macdonald@teesvalley-ca.gov.uk](mailto:gary.macdonald@teesvalley-ca.gov.uk)**  
**Telephone Number: 01642 527700**

~~Under the terms of paragraph 3 of schedule 12a Local Government Act 1972,  
Appendix 3 to this report is not for publication~~

## AGENDA ITEM 5

### REPORT TO THE STDC BOARD

16<sup>TH</sup> MARCH 2023

### REPORT OF GROUP CHIEF EXECUTIVE OFFICER

## GROUP CEO UPDATE

### SUMMARY

The purpose of this report is to provide the Board with an activity update since the last meeting and to provide a progress update in relation to the transition into the development phase of the Teesworks site.

### RECOMMENDATIONS

It is recommended that the STDC Board:

- i. Notes the activity progressed since the last meeting; and
- ii. Approve the updated approach to development in light of expected Government legislation in respect of landfill tax as set out in paragraphs 21-27

### DETAIL

1. As previously reported in January, the 2023 calendar year ahead represents the completion of STDC areas of responsibility on site in terms of public sector remediation, decontamination and demolition activity, declassification of COMAH status and SeAH delivery implementation support. Further updates are provided within this report covering; Freeport, Utilities, Programme Development and new developments since the last Board meeting.
2. The development phase of the Teesworks site is progressing well with SeAH Wind construction activity for their huge monopile facility and various commercial negotiations with multiple prospective tenants at an advanced stage. One such development is elsewhere on the Agenda today for consideration and approval by Board. The performance of the site is ahead of any schedules previously considered in the original business case and this is enabling accelerated inward investment opportunities for the area leading to skilled jobs in new clean growth sectors repositioning the Tees Valley as a leading player in these areas.

## FREEPORT

3. Following the approval of the Full Business Case and the agreement of the MOU, Teesside Freeport now moves into a full operational phase.
4. Two Green Freeports have been announced in Scotland, at Cromarty Firth and Firth of Forth. Teesside Freeport has started to establish working relationships with the Scottish Green Freeports.
5. The inward investment and innovation and skills workstreams have commenced for 2023 which are reflecting the transition from FBC approval to operational deployment.
6. The formal launch of the ICC UK's Centre for Digital Trade and Innovation (C4DTI) took place at Teesside University on 8 March. A more detailed update is provided in the separate Freeport paper.

## UTILITIES

7. The joint venture procurement in respect of Teesworks power needs has not reached commercial agreement. Given the transition of all future development to the private sector going forward Teesworks Limited is exploring and developing commercial options for the ongoing future development of the private wire network on site.
8. In terms of specific utilities projects, the work to connect and accommodate SeAH's power requirements continues with a new South Bank 66 & 11kV substation required. All orders for electrical elements are in place and detailed engineering progressing. We are liaising with the supply chain including site visits to this supplier which are already scheduled.
9. SeAH have also formally requested an increase of capacity from 44MVA to 51MVA. This is achievable at no extra cost to STDC, with appropriate amendments to the delivery programme expected to accommodate this change request.
10. The workstream with National Grid (NG) to formally assess the viability of the High Voltage Network to accommodate generation (TV ERF, battery energy storage and wind generation) and to assess future site demand scenarios for Teesworks is ongoing, with Teesworks in continued dialogue with NG.
11. The SCADA system install is complete and system operational. Optimisation of system is continuing. The documentation pack has been issued for review and a training schedule has been developed, training will progress over the next 8 weeks.
12. Strategy for the former Redcar site distribution has been refined to accommodate NZT remediation timescales, optimisation of existing assets and the ability to supply potential customers. Work ongoing to prioritise and develop priority items for action in Q1 2023.

## PROGRAMME DEVELOPMENT

### 13. Dorman Point

- The Eston Road highway access scheme is fully complete and operational. Design work is now underway in connection with the implementation of security control measures for Dorman Point.
- Around 65 acres of ground remediation works have been completed, with a further phase underway, opposite the Teesworks Skills Academy. Additionally, work is progressing on the construction of the new open channel watercourse, as part of the Teesworks strategic surface water drainage network.
- With the recent announcement of the proposed Circular Fuels development, design work is shortly to commence for the extension of road and drainage networks through the site, with similar activities happening in parallel for electrical infrastructure and other utilities.

### 14. South Bank

- Progress is being maintained on the construction of South Bank Quay. With the quay wall having now been completed, the land-based works are focused on construction of the heavy lift platform and concrete pavement immediately behind the wall. Regarding the river works, the Phase 2 dredging – the main capital dredge – commenced on 30-Jan-23 and is progressing, benefitting from a favourable weather window, with the works having reached 40% completion.
- Construction of the 1.7km (1 mile) long South Bank Link Road commenced in January. This is a 34-week project, due for completion in September 2023.
- Regarding the new South Bank Watercourse, which is being delivered in two phases, Phase 1, comprising around 40% of the project, is progressing and will conclude in May. The procurement of a contractor for Phase 2 will begin in March, with overall project completion targeted for the end of 2023.
- Work continues on construction of the SeAH Wind monopile manufacturing facility with ground engineering (piled foundation) works being well advanced.

### 15. Demolition Works Programme

- Considerable progress is being maintained on the site-wide demolition programme. Demolition of the South Bank Coke Ovens, Redcar Coke Ovens Battery and Redcar Sinter Plant are complete. On the BOS Plant, all demolitions have been concluded, with scrap metals processing being all that remains, and this will complete by April.
- Decontamination and demolition work on the Redcar Coke Ovens By-Products plant continues and is scheduled for completion by May 2023.
- On the Redcar Blast Furnace, there is one final blowdown scheduled for March, that will complete the demolition operations. Finally, work on the demolition of Redcar Power Station is progressing.
- We expect the entire demolition programme to be complete by July 2023, within a two-year timeframe, some two years ahead of the original four-year estimate.
- Regarding the Altrad decontamination project, this is expected to complete at the end of March 2023.

### 16. Net Zero Teesside

- We expect to finalise the commercial negotiations with BP by the end of February. Once concluded, and with the Option Agreement signed, the ground remediation works to the 100-acre site can commence. A start date in early March 2023 is being targeted.

#### 17. Teesworks Park and Ride Facility

- This facility is part of the wider Transport funded solution for the site including links to the wider transport infrastructure.
- The concept design is complete for the proposed 1,500-space Park and Ride facility at Steel House, the planning application has been approved, and development of detailed design proposals continues. One of the first users of the facility will be the NZT project, where 2,000 construction operatives are expected at peak.
- Advance earthworks are underway to prepare the site for construction, involving the removal of large landforms.
- We expect to commence the procurement process for the construction contractor over the coming weeks.

#### 18. Key Risks to Delivery

- As noted, STDC is working on several significant projects all of which carry delivery risks. These are actively in mitigation through the comprehensive project management and related project controls processes being implemented by our appointed consultants, with robust project plans in place, regular project progress reviews being held, and intervention actions being taken, where necessary, to address potential impacts to cost and schedule, and ensure delivery to programme.

### **SAFETY, HEALTH AND ENVIRONMENT (SHE) MANAGEMENT UPDATE**

19. The associated services that have maintained the site in terms of Keep Safe will no longer be required as the areas they supported are either removed or de-risked to a level that can be taken on by future estate management arrangements. The South Tees Site Company (STSC) Board will meet over the course of the next six months to agree the detailed arrangements for this transition and oversee the conclusion of STSC activities on site and make recommendations to the STDC Board in respect of future Safety, Health and Environment management as part of overall Estate Management activities.
20. We anticipate that the COMAH status of the site will be removed during 2023 after which SHE responsibilities will be discharged in a different way. The details of this will come to Board at the point that we anticipate the change happening.

### **LANDFILL TAX AND REGENERATION**

21. STDC, through the acquisition of brownfield land for economic regeneration purposes, as a public sector body has since inception inherited major environmental liabilities, not of their making, connected with this former industrial site. These liabilities have a critical influence on STDC's ability to successfully remediate a site for future development.

22. Invariably, on sites with a longstanding use history comprising heavy industrial processes, significant quantities of the materials to be handled through the remediation programme can, by their nature, be deemed not suitable for reuse, and requiring of disposal to landfill. However, considering the contaminative nature of said materials, any such operations presently attract a Landfill Tax levy at the current Standard Rate of £96.70 per tonne, which usually renders this option non-viable and often places the regeneration body in an impossible position in endeavouring to maximise the return on public sector investment.
23. Landfill Tax is a pertinent example within the current regulatory framework (and a problem experienced across the whole of the UK). The imposition of Landfill Tax on a public sector remediation programme such as STDC's activity at Teesworks involves expenditure of public sector funds for economic regeneration purposes, when materials are being recycled, reused, and contained to the regeneration site. The imposition of Landfill Tax appears counterintuitive. The magnitude of the monies involved in paying Landfill Tax can be very large, and invariably would see the regeneration body paying back to UK Government funds that had been allocated to it in support of the economic regeneration initiative being delivered.
24. STDC and has responsibility for the public sector obligations at the former steelworks site, including historic contamination. With this responsibility comes the costs and associated significant landfill tax costs. All future development and associated remediation is the responsibility of the private sector.
25. The Government issued a consultation in November 2021 with responses required by February 2022 which TVCA as a Group responded to (response is shown at **Appendix 1**). Following the consultation, and further dialogue with Government throughout 2022, the Government have indicated that legislative changes would be required to address the issues raised here in respect of Landfill Tax.
26. The expectation is that new landfill tax legislation will be brought forward in March this year that would provide reliefs that would only apply to certain specific categories of regeneration and would require the public body to be the beneficiary of the landfill tax reliefs. A further detailed briefing produced for Government on the landfill tax issues is provided at **Appendix 2**.
27. The change in legislation is expected to propose that only public bodies can obtain the necessary landfill tax reliefs for regeneration projects and activity. STDC as landowner are proposed therefore to conduct all future land remediation for development at Teesworks prior to Teesworks Ltd drawing down its option on relevant areas of the site. Clear funding and future tenant arrangements will be in place with Teesworks Limited prior to contracting for such works.

## **FINANCIAL IMPLICATIONS**

28. The changes to the landfill tax regime will mean that STDC will be conducting capital development works on the Teesworks site with future Finance updates to Board incorporating this activity in addition to pre-existing STDC obligations on site. The funding and cashflow for such work will be required to be in place prior to any works being contracted.

29. The Park and Ride facility will be funded from Transport allocations with all necessary land area for the facility remaining with STDC to manage.
30. Finance updates are provided as separate papers for Board consideration.

### **LEGAL IMPLICATIONS**

31. The landfill tax requirements are expected to be passed through parliament alongside the Finance Bill in March 2023. The proposed changes to STDC operating model contained in this update report would only take effect if the legislation was passed and if it required a public body such as STDC to be the beneficiary of the landfill tax reliefs.

### **RISK ASSESSMENT**

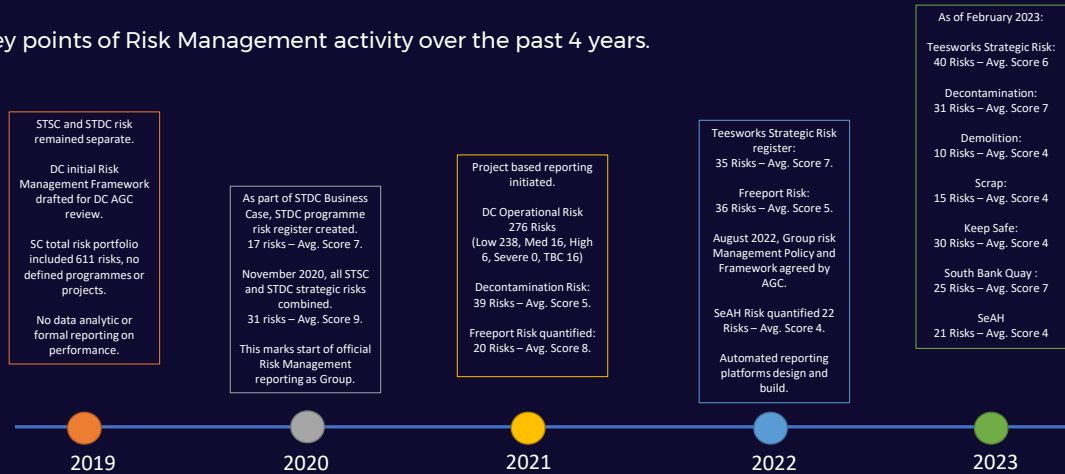
32. At the last Board a review of 2022 was provided and a forward look to 2023. Following on from this update it seemed appropriate to reflect on the significant undertaking that Board Members (past and present) and partners across the region undertook including the risks that required effective management to ensure these future opportunities could be realised.
33. Back in 2017 when the South Tees Development Corporation was created several key milestones and decisions were required from the Board to ensure that the overall development was a success. At each of these key stages the Board agreed to accept and take on new risks that were necessary to transform the area and realise the opportunities for the site to be an anchor of economic growth in the region.
34. To provide Board Members with a recap of these key milestones and decisions provided below is a diagram showing them along with the change in the STDC risk profile over that same time period taken from our Risk Management systems. You can see from the analysis that economic regeneration activity of this scale requires an appropriate risk appetite to be considered.

#### ***Diagram 1***



# Journey of risk 2017 - 2023

Key points of Risk Management activity over the past 4 years.



TEESWORKS

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35. The analysis demonstrates the journey STDC Board Members, officers, partners and stakeholders have been required to manage throughout this time period. Since 2017 814 risks have been identified and assessed of which 512 risks have been closed or avoided following analysis of the context and mitigation/management measures were put in place. The current risk portfolio for the Teesworks site includes 302 risks, all of which have been identified, assessed or in the assessment stage.

The average risk score for STDC is currently at 5 which is a reduction of 59.9% from the average inherent risk score at the time of identification. The current risk performance has 90% of all risks within tolerance with all others with active management plans. Further information in respect of the risk management position is provided at **Appendix 3**.

36. The updated Risk Management Policy and Framework is provided separately on the Agenda for Board members to review and, where applicable, approve.

## EQUALITY & DIVERSITY

37. No specific impacts on groups of people with protected characteristics have been identified.

**Name of Contact Officer:** Julie Gilhespie

**Post Title:** Group Chief Executive Officer

**Email Address:** [Julie.gilhespie@teesvalley-ca.gov.uk](mailto:Julie.gilhespie@teesvalley-ca.gov.uk)