

SOUTH TEES DEVELOPMENT CORPORATION (STDC) BOARD

These minutes are in draft form until approved at the next Board meeting and are therefore subject to amendments.

Date: 12 March 2024 Time: 2.00pm

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

| Attendees: | | Apologies: |
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| Members | | |
| Ben Houchen (Chair) | Tees Valley Mayor | Graham Robb (Attended via Teams – did not participate in the vote) (GR) |
| Councillor Alec Brown (AB) | Leader, Redcar & Cleveland BC | David Smith |
| Neil Schneider (NS) | Independent Member | |
| | Independent Member | |
| Associate Members | | |
| Julie Gilhespie (JG) | TVCA Group Chief Executive | |
| John Sampson (JS) | Associate Member | |
| Tom Smyth (TS) | Associate Member | |
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| Officers | | |
| Gary Macdonald (GM) | TVCA Group Director of Finance and Resources | |
| Emma Simson (ES) | TVCA Acting Monitoring Officer | |
| Governance Officer | TVCA | |
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| No | Agenda Item | Summary of Discussion |
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| STDC 36/2023/24 | Welcome and apologies for absence | The Chair welcomed everyone to the meeting. Apologies were given as noted above. |
| STDC 37/2023/24 | Declarations of Interest | No interests were declared. |
| STDC 38/2023/24 | Chair's Update | The Chair advised the Board that there was nothing further to update that was not covered elsewhere on the agenda. The Chair invited the Monitoring Officer to read out the questions submitted by members of the public and subsequent responses. The Monitoring Officer reported that several questions had been received with only four relating to agenda items. The four questions had been answered and uploaded to the TVCA website. All other questions would be dealt with via the Freedom of Information (FOI) process. |
| STDC 39/2023/24 | Remediation Financing Update | The Chair opened this section of the meeting by informing board members that should they wish to discuss appendix two, the press and public would need to be excluded under the terms of paragraph 3 of schedule 12a of the Local Government Act. Board members were provided with an update on the landfill tax relief scheme and the proposals for the wider site to benefit from the advantages of this scheme going forward. 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 required applicants to be public bodies. The Board was reminded that the nature of the Teesworks site was such that individual |

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| | | <p>plots of land were likely not to be viable for development due to the costs of remediation, therefore access to the landfill tax scheme was likely to aid the viability of the site.</p> <p>A scheme was approved by Board whereby STDC retained 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 had responsibility to deliver and fund the remediation of the site, would exercise its option post remediation. It was proposed that Teesworks Limited refunded STDC for all costs associated with the remediation, within three months of completion of the remediation works. It was proposed that this arrangement would act as a subsidy control compliant financing facility.</p> <p>The Board was then provided with an update on the status of the landfill tax legislation and a decision sought to reconfirm its approval based on the current position.</p> <p>The Chair asked what would happen in a scenario where there was little or no landfill requirement for a plot on site?</p> <p>It was advised that the landfill tax grant scheme was predicated on the remediation project being unviable without the grant. At the beginning of the process, STDC were unlikely to know whether there was a landfill requirement and on the assumption that a prospective tenant has been identified, legal work was required to undertake site testing, structure the contracts for the remediation work and the contracts for the tenant's option at the same time and hence STDC would need to agree the structure in advance. If it turned out that there was no or limited requirement for landfill, the grant would not be applied for and the remediation costs, including landfill tax to the extent required would form part of the total project cost fully refundable by Teesworks Limited (TWL)</p> <p>In addition, what would happen in a scenario where a plot was proposed for development on the basis of receipt of landfill tax grant and it proceeded on that basis. Subsequently, the Government scheme assessment disagreed on the basis that they felt the scheme was viable without landfill tax grant?</p> |
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| | | <p>It was advised that it would be similar to the first example except there would be a larger landfill tax requirement. It would be up to TWL to decide if they wished to go ahead with this scheme in these circumstances.</p> <p>The Board were advised about the background and process in relation to tax relief. It was advised that it was managed and maintained by central government who would be responsible for ensuring the appropriate checks and balances were in place as part of their assessment of any landfill tax grant application.</p> <p>AB and NS requested confirmation that any proposal to proceed with the remediation financing proposal would only go ahead if the legal advice received categorically confirmed that the proposals were legally compliant including appropriate subsidy control compliance. The Monitoring Officer confirmed that as statutory officers the proposals could not go ahead unless they were lawful and compliant, including subsidy control compliance.</p> <p>NS asked statutory officers if the decision proposed constituted a referral decision to TVCA. The statutory officers confirmed that the proposal and recommendations contained within the report did not constitute a referral decision.</p> <p>Members were informed that the dispensation of this relief was for the Government to determine. Applications were to be reviewed based on the evidence provided.</p> <p>Under the terms of paragraph 3 of schedule 12a of the Local Government Act, the Chair invited a motion to exclude the press and public during the consideration of appendix two to the report.</p> <p>The proposal was moved by Neil Schneider and seconded by Ben Houchen.</p> <p>Members were advised by the Monitoring Officer that the recommendations were not referral decision.</p> |
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| | | <p>RESOLVED: That STDC Board:</p> <ol style="list-style-type: none"> 1. Noted the current position on landfill tax relief; 2. Reconfirmed its approval from 16 March 2023 (a copy of the report was attached at Appendix one) of the financing scheme designed to deliver remediated sites while taking advantage of this relief; 3. Delegated 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. Delegated 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. |
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| | Date and Time of Next Meeting | To be confirmed. |