

Appendix 1 to this report is not for publication by virtue of paragraphs 1 and 2 of schedule 12A of the Local Government Act 1972

AGENDA ITEM 9

**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET**

29TH SEPTEMBER 2017

**REPORT OF THE
MANAGING DIRECTOR**

SOUTH TEES DEVELOPMENT CORPORATION GOVERNANCE

SUMMARY

This report gives an update on the Governance of the South Tees Development Corporation, including new appointments to the Board, and sets out the recommendation of the Tees Valley Independent Remuneration Panel (IRP) for remuneration for members of the South Tees Development Corporation Board, for consideration by the Tees Valley Combined Authority Cabinet.

*Information in **Appendix 1** is exempt from publication because of reference to appointments of named individuals. If the recommendations are approved, the information will be released publicly and the appendix declassified.*

RECOMMENDATIONS

It is recommended that the Tees Valley Combined Authority Cabinet:

- i. Note the formal establishment of the South Tees Development Corporation as a statutory body, with effect from 1st August 2017, and launched by the Prime Minister on 23rd August.
- ii. Approve the Corporation Board's proposal for the appointment of Vice-Chairs and an additional board member, as set out in **Appendix 1**.
- iii. Agree the Independent Panel's recommendation that remuneration of £5000 per year is provided for eligible members of the Board;
- iv. Agree that the remuneration be reviewed by the Independent Remuneration Panel at the stage where the future governance of South Tees Development Corporation and the South Tees Site Company Ltd is considered, with a recommendation to be reported back to the Combined Authority Cabinet, at the appropriate point.

DETAIL

ESTABLISHMENT OF THE SOUTH TEES DEVELOPMENT CORPORATION

1. The South Tees Development Corporation was formally established on 1st August and launched by a visit from the Prime Minister, Northern Powerhouse Minister and BEIS Secretary of State on 23rd August. It is the first Mayoral Development Corporation outside of Greater London and represents significant opportunity for investment, regeneration and job creation.
2. The South Tees Development Corporation Board, chaired by the Tees Valley Mayor, held its first meeting on 24th August. The Board is made up of a mix of public, private and education sector individuals and will provide leadership for the overall vision for the site. Cabinet agreed at its July meeting that the Board should be invited to appoint its own Vice-Chairs, and information on this proposal is provided in Appendix 2. The Board also proposed an additional member, in order to more closely align the governance of the South Tees Development Corporation and the South Tees Site Company (a central government body), as also described in Appendix 2.
3. The Development Corporation is currently developing its master plan for the 4,500 acre site, which will be launched in October for public consultation.

INDEPENDENT REMUNERATION PANEL

4. The Independent Remuneration Panel is appointed by the Combined Authority and includes a representative appointed by each of the five Local Authorities. The Panel met on 1st August 2017 to consider options for the remuneration of the South Tees Development Corporation Board members. This report sets out the recommendations arising from this meeting for consideration by Cabinet.
5. The IRP was presented with detailed background information on the development of the South Tees Development Corporation. The Panel was also given comparator information for remuneration of Boards members for similar organisations, which included the two existing Development Corporations in London and the South Tees Site Company (STSC) Ltd Board, which will continue to exist separately in the interim. It was recommended that those Board members who were on the South Tees Site Company Board in addition to the Development Corporation Board, and who are already in receipt of remuneration for the Site Company Board, should not be eligible for remuneration. The elected members (Tees Valley Mayor, Leader of Redcar and Cleveland Borough Council and the Mayor of Middlesbrough) should also not be eligible for remuneration as Board members, since their remuneration is considered separately within their own authorities taking into account their wider responsibilities. Associate Members are also not eligible.
6. Taking all of the information into account, the Panel recommended that the allowance for the eligible Development Corporation Board members should be set at £5000, to

reflect the value of the work to be undertaken and the engagement and commitment required by the Board members.

7. The Panel also recommended that this allowance be reviewed by a meeting of the IRP at a relevant point in the future. It was agreed that the most appropriate point would be when consideration is given to the future governance of the South Tees Development Corporation and the South Tees Site Company Ltd. Following this review, the IRP would then make further recommendations, as appropriate, to the Cabinet.

FINANCIAL IMPLICATIONS

8. The funds for the remuneration of eligible Board members will be provided from within the Development Corporation's own operational budget.

LEGAL IMPLICATIONS

9. There are no legal implications to this report.

RISK ASSESSMENT

10. This report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION

11. Consultation was undertaken through the IRP, and this report sets out their recommendations for agreement by Cabinet.

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