

Date: Thursday 29th July 2021, at 2.30pm

Venue: TMO Offices, Teesworks, Redcar, TS10 5QW

Membership:

Mayor Ben Houchen (Tees Valley Mayor)
Cllr Mary Lanigan (Leader, Redcar & Cleveland Borough Council)
Mayor Andy Preston (Mayor of Middlesbrough)
Graham Robb (Independent Member)
David Smith (Independent Member)
Jacob Young MP (Independent Member)
Neil Schneider (Independent Member)
Julie Gilhespie (Group Chief Executive TVCA, STDC)

Associate Membership:

Tom Smyth (BEIS)
John Sampson (MD, Redcar & Cleveland Council)

AGENDA
ANNUAL GENERAL MEETING

- 1. Welcome & Introductions**
- 2. Apologies for Absence**
- 3. Declarations of Interest**
Attached
- 4. Governance & Appointments**
Attached
- 5. Constitution Amendments**
Attached

AGENDA
BUSINESS MEETING

- 6. Minutes from previous meeting**
Attached
- 7. Chair's Update**
Verbal Update
- 8. Group CEO Update**
Attached
- 9. Finance Update**
Attached
- 10. 2021/22 Budget and Medium-Term Plan**
Attached
- 11. Site Update**
Attached

Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report and appendix are not for publication.
- 12. Freeport Update**
Attached

Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report and appendix are not for publication.

13. Offshore Wind Commercial Proposal

Attached

Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report and appendices are not for publication.

14. Electrical Infrastructure JV (Teesworks Power Limited) Update

Attached

Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report and appendix are not for publication.

15. Date and Time of Next Meeting

Thursday 16th September at 2pm

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: Sharon Jones, Governance & Scrutiny Officer, Sharon.jones@teesvalley-ca.gov.uk. 01642 524580.

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.

AGENDA ITEM 4

REPORT TO STDC BOARD

29th JULY 2021

REPORT OF THE MONITORING OFFICER

GOVERNANCE AND APPOINTMENTS

SUMMARY

This report details a number of items for agreement and confirmation by the Board at its Annual General Meeting (AGM).

RECOMMENDATIONS

It is recommended that the Board: -

- i. agrees the appointments as set out at **Appendix 1**
- ii. agrees the members' allowances scheme for 2021-22 at **Appendix 2**
- iii. subject the approval of the proposed amendment to the STDC constitution to permit the appointment of deputy statutory officers, to appoint Emma Simpson, Group Legal Manager, as Deputy Monitoring Officer of the Development Corporation with effect from the end of the meeting

DETAIL

1. There are a number of items of business that the Board is required to confirm at the AGM, and these are set out below.

Appointments

2. The Board is recommended to agree a number of appointments to its statutory committees for the municipal year 2021-22. The appointments schedule at **Appendix 1** details nominations to the statutory committees.
3. In summary, the following statutory appointments are being made:
 - **Mayor** – The Tees Valley Mayor is Chair for the STDC Board for the period of his appointment to office.
 - **Board** – the Board is the decision making body for the STDC. The Board must include the Tees Valley Mayor and the Leader of Redcar and Cleveland Council (as the authority in which the site is located). Other Board members shall be

appointed following an open and transparent process in accordance with best practice in public appointments.

- **Group Audit and Risk Committee** – The Corporation shall establish a Group Audit & Risk Committee. The Mayor, with agreement of the Combined Authority, shall appoint an independent Chair of the Group Audit and Risk Committee who is not also a member of the Corporation’s Board. The Combined Authority’s Audit and Governance Committee shall appoint one of its members to be a member of the Corporation’s Group Audit and Risk Committee. The other members of the Group Audit and Risk Committee shall be appointed by the Board
- **STSC Board** - STSC Board is to assist the Board in delivering the key objectives of STDC. The primary responsibility of the STSC Board will be to lead on Health and Safety Issues for the Teesworks site. The Board must include a non-executive Chairperson, non-executive directors, Group Chief Executive, Group Director of Finance & Resources, such other executive directors whose appointment is made from time to time in accordance with the Articles of Association.

Members Allowances Scheme

4. Members’ travel and subsistence allowances for the year 2021-22 are detailed in **Appendix 2**.

FINANCIAL IMPLICATIONS

5. Support for the governance of STDC is provided from within TVCA’s core budget, as agreed by Cabinet through the annual budget process, and funded through resources devolved from central government.

LEGAL IMPLICATIONS

6. The report relates to the Constitution of the South Tees Development Corporation which sets out the appropriate statutory framework. The Constitution came into effect on 1st August 2017 and is legally binding.

RISK ASSESSMENT

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

CONSULTATION & COMMUNICATION

8. Members of STDC Board and Committees have been appointed following an open and transparent process in accordance with best practice in public appointments.

EQUALITY & DIVERSITY

9. The subject of this report is not expected to have any impacts on groups of people with protected characteristics.

Name of Contact Officer: Laura Metcalfe
Post Title: Governance Manager

Email Address: laura.metcalfe@teesvalley-ca.gov.uk

Members will be notified of any updated or amended appointments at the meeting or future Board meetings as appropriate.

APPOINTMENTS 2021/22

SOUTH TEES DEVELOPMENT CORPORATION BOARD

Chair / Tees Valley Mayor	Mayor Ben Houchen
Member (RCBC)	Cllr Mary Lanigan
Member (MBC)	Mayor Andy Preston
Member	David Smith
Member	Graham Robb
Member	Jacob Young MP
Member	Neil Schneider
Associate Member	John Sampson
Associate Member	Tom Smyth

Substitute Member (RCBC)	Cllr Alison Barnes
Substitute Member (MBC)	Cllr Mieka Smiles

AUDIT AND RISK COMMITTEE

Chair / Member	Christopher White
Vice Chair / Member	John Baker
Member	TBC
Member	TBC
Member	TBC (Nominated from TVCA A&G – meeting 28 th July)

Substitute Member (TVCA sub)	TBC
------------------------------	-----

SOUTH TEES SITE COMPANY BOARD

Chair	Mary Lanigan
Member	John Baker
Member	Mary Lanigan
Member	Julie Gilhespie
Member	Gary Macdonald
Member	John McNicholas
Member	Derek Wetherill

STATUTORY OFFICERS

Statutory Officer	Julie Gilhespie	Group Chief Executive
Statutory Officer	Gary Macdonald	Group Finance & Resources Director
Statutory Officer	Peter Judge	Monitoring Officer
Statutory Officer	Emma Simson	Deputy Monitoring Officer
Statutory Officer	Peter Judge	Data Protection Officer
Statutory Officer	Gary Macdonald	Senior Information Risk Officer (SIRO)

TVCA GROUP MEMBERS' ALLOWANCES SCHEME

1st APRIL 2021 TO 31st MARCH 2022

In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) ("the Regulations"), the Tees Valley Combined Authority Group's scheme for the payment of Expenses, with effect from 1st April 2021 is as follows:

It is hereby agreed that members expenses shall only be payable for travel outside of the Tees Valley, this includes the independent members of the Audit and Governance Committee.

The Mayor and the Chair of the Local Enterprise Partnership may, however, claim expenses for travel within as well as outside the Tees Valley.

Travel and Subsistence Expenses

1. Mileage Expenses

- Member's motorcycle 21.45p per mile
- Member's Car 46.9p per mile (or round trip journeys in excess of 75 miles, all miles in excess of 75 will be paid at the lower mileage rate of 13.7p per mile.
- Bicycle/Cycle 23p per mile
- In addition 3p per mile can be claimed for each passenger carried (up to a maximum of 4) to whom a travelling allowance would otherwise be payable.

2. Subsistence Overnight Allowance

- Subsistence Allowance overnight or for an annual conference of the Local Government Association (including or not including an annual meeting) or of such other association of bodies as may be approved. This allowance would normally cover the cost of accommodation.

3. Expenses may be paid for:

- a meeting of some other body to which the Combined Authority makes appointments or nominations, or
- a meeting which has both been authorised by the Combined Authority or a committee or sub-committee of the Combined Authority and one or more other authorities, a meeting of a local authority association of which the Combined Authority is a member.
- any other duty approved by the Combined Authority in connection with discharging the duties of the Combined Authority or its committees or sub-committees.

Within the context of this section of the Scheme "Member" includes a Substitute Member.

4. General

- A person may, by notice in writing given to the Proper Officer of the Combined Authority, elect to forgo their entitlement or any part of his/her entitlement to Expenses.
- The time limit from the date on which an entitlement to an allowance arises during which a claim for the allowance must be made by the person to whom they are payable is two months.
- This will not however prevent the Combined Authority from making a payment where the allowance is not claimed within the period specified in the scheme should the circumstances justify doing so.

- Where a Member of the Combined Authority is also a member of another authority, that Member may not receive Expenses from more than one authority in respect of the same duties.
- Where a Member's employer pays or has paid the Member's Expenses, that Member may not also receive Expenses from the Combined Authority.
- Where payment of any allowance has already been made in respect of any period during which the Member concerned:- (i) ceases to be a Member of the Combined Authority; or (ii) is in any other way not entitled to receive the Expenses in respect of that period, the Combined Authority may require that such part of the allowance as relates to any such period be repaid to the Combined Authority.

AGENDA ITEM 5

REPORT TO THE STDC BOARD

29th July 2021

REPORT OF THE MONITORING OFFICER

ANNUAL REVIEW OF STDC CONSTITUTION

SUMMARY

The STDC Constitution requires the Monitoring Officer to formally review the Constitution at least once per year, and to bring forward any proposals for amendment to Board for consideration and endorsement. This report recommends various changes to the current Constitution. The amendments are shown in the proposed new version of the Constitution as set out in **Appendix 1** to this paper. All proposed amendments are marked up in green. The reasons for each proposed change are detailed in the table within this report.

RECOMMENDATIONS

It is recommended that the Board:

- i. Agree the amendments to the Constitution as set out in Appendix 1.
- ii. Agree the revised Constitution be submitted to TVCA Cabinet in September for final agreement and subsequent publication.

DETAIL

1. Cabinet approved the appointment of a new Monitoring Officer to the Group in September 2020.
2. The Constitution (Page 11) requires the document to be reviewed regularly and amended as the Corporation progresses. The Authority is delegated to the Monitoring Officer, who may recommend amendments to the constitution who may have consulted with the Group Chief Executive. Any changes other than minor textual or grammatical corrections must be agreed by TVCA Cabinet.
3. This paper sets out the recommendations of the Monitoring Officer, having undertaken a thorough review. As required by the Constitution, the Group Chief Executive has been consulted on the proposed amendments.
4. The Constitution showing the proposed amendments is attached as an appendix to this paper. The Constitution has been generally reformatted to make it easier to read and navigate. Changes of pure formatting and re-ordering have not been marked but any textural changes have been marked on the document in green text.

5. The following table sets out the recommended principal changes to the Constitution and a short reason for each of those changes.

Ref	Proposed Amendment	Reason
Part 1 - Introduction		
Contents	Content's page has been reformatted to represent the re-ordered sections. Page numbers have been added to create a single navigable word document.	For ease of navigation.
Version Control	Version Control page has been amended to show the amendments made. Version is also included in the header. Reference to South Tees Development Corporation and Teesworks has been added to the footer. This reflects name of the corporation and adopted brand.	Internal Audit recommendation that version control table to be included to page header/footer also to identify version.
Contents	Appendix 1 – Summary of Statutory Framework has been removed from the document.	This information is held elsewhere and is not needed as part of the Constitution.
Para 14 (page 5)	Paragraph 14 added following agreement by Board to allow deputy Leaders to act as substitutes, with voting rights in the absence of their leader.	To ensure quorate meetings can always take place.
Ref	Proposed Amendment	Reason
Part 2 – Rules of Procedure		
Rule 5 (page 15)	Admission of the public inserted.	To provide clarity on procedure for public meetings in line with current legislation.
Rule 6.1 (page 15)	Notice of meeting inserted.	To provide clarity on procedure for public meetings in line with current legislation.
Rule 14 (Page 17)	Access to information inserted.	To provide clarity on procedure for public access to information in line with current legislation.
Rule 15 (Page 18)	Exclusion of access by the public to meetings inserted.	To provide clarity on procedure for public attendance and access to information for confidential and exempt items in line with current legislation.
Rule 16 (Page 19)	Reporting of Proceedings inserted.	To provide clarity on reporting of meetings in line with current legislation.

Rule 17.1 & 17.2 (Page 20)	To strengthen the provision to general disturbance.	To increase certainty.
Rule 18 (Page 20)	Forward Plan provision and detail Inserted.	To provide clarity on publication of a Forward Plan in line with current legislation.
Rule 19 (Page 21)	Urgent decision provision procedure inserted.	To provide clarity on the procedure for decisions between meetings and the appropriate governance controls.
Rule 20 (Page 21)	Procedure for confirmation of decisions in writing.	To give constitutional effect to current practice in certain circumstances.
Rule 22 & 23 (Page 22)	To record the procedures for the authentication and sealing of documents.	To provide a clear process for Board on this issue in line with current accepted Local Government practice for improved governance control.
Rule 24 (Page 23)	To introduce the operative provisions relating to committees and working groups in accordance with Local Government practice.	The operative provisions provide a basis for earlier provisions (Rules 2-4) and provide a link to sub-committee provisions.
Rule 25-27 (Page 23)	Introduce provisions relating to attendance and resignation of members.	This reflects current Local Government practice and provides certainty.
CEO 7 (Page 67)	Amendment to delegation to remove extension to exercise delegated authority to other statutory officers.	To clearly remove the possibility of management overreach in accordance with governance best practice.

FINANCIAL IMPLICATIONS

- Changes to the Constitution have no financial consequences in themselves. The Constitution provides the governance framework for the Development Corporation including the high-level financial delegations, financial regulations and contract procedure rules which control how the Development Corporation deploys its financial resources.

LEGAL IMPLICATIONS

- The Development Corporation's Constitution is its key Constitutional document, when taken together with founding and other applicable legislation. Ensuring the Constitution

remains relevant and up to date is a key element of good governance. Changes to the Constitution are approved by STDC Cabinet, once approved by the STDC Board.

RISK ASSESSMENT

8. A clear, well-structured, and easy to navigate Constitution reduces the likelihood that members and officers mistakenly act outside the governance framework.

CONSULTATION & COMMUNICATION

9. Statutory officers have been consulted about these proposed amendments. The amendments incorporate comments from these sources and other specialists within combined authority staff.

EQUALITY & DIVERSITY

10. The Constitution is of general application.

Name of Contact Officer: Peter Judge
Post Title: Group Chief Legal Officer (Monitoring Officer)
Telephone Number: 01642 527 200
Email Address: peter.judge@teesvalley-ca.gov.uk

Constitution

Version 8.0

July 2021



Contents

Page:

Introduction	3
Objectives	3
Boundary	4
The Board	4
The Statutory Officers	5
Powers of the Corporation	6
Decision Making.....	7
Reporting	8
Committees.....	9
Group Audit and Risk Committee	9
Delegations.....	9
Amending the Constitution	10
Appendix A – Plan of the South Tees Development Corporation.....	11

Document Control	3
------------------	---

Appendices

Appendix I – Rules of Procedure	13
Appendix II – Code of Conduct	24
Appendix III – Financial Regulation	53
Appendix IV - Scheme of Delegation to Chief Officers	62

Document Control

Document Version Control

Document Title	Date approved by Board	Replaces Version	In force from
Constitution - Version 8		Version 7	

Previous Updates

Document Title	Date Approved by Board	Amendments made	In force from
Constitution - Version 1	24.08.2017	None – original constitution	01.08.2017
Constitution - version 2	30.05.2018	Minor Amendments	30.05.2018
Constitution - version 3	25.07.2018	Process, Policy and Legislative changes	25.07.2018
Constitution - version 4.	24.07.2019	Process, Policy and Legislative changes	24.07.2019
Constitution - version 5	29.01.2020	Process, Policy and Legislative changes	29.01.2020
Constitution - version 6	03.06.2020	Process, Policy and Legislative changes	03.06.2020
Constitution - version 7	30.09.2020	Process, Policy and Legislative changes	30.09.2020

Introduction

1. The South Tees Development Corporation (“the Corporation”) is a Mayoral Development Corporation responsible for approximately 4,500 acres (1,820 hectares) of land to the south of the River Tees, in the Borough of Redcar and Cleveland.
2. The Corporation has been established pursuant to the powers devolved to the Tees Valley Mayor under the Tees Valley Combined Authority (Functions) Order 2017. This Constitution reflects this statutory framework and constitutes a direction to the Corporation pursuant to s220 Localism Act 2011.
3. This Constitution initially took effect on August 1st 2017 – when new statutory arrangements were enacted - and has been amended **seven times** subsequently, most recently **on 29th July 2021**. Prior to this the functions of the Corporation were led by a Shadow Board established by the Combined Authority and Government Ministers in May 2016.

Objectives

4. The objectives of the Corporation are:
 - a. To further the economic development and regeneration of the South Tees area, so that it becomes a major contributor to the Tees Valley economy and the delivery of the Tees Valley’s Strategic Economic Plan;
 - b. To attract private sector investment and secure new, additional, good quality jobs, accessible to the people of the Tees Valley;
 - c. To transform and improve the working environment of the Corporation area, providing good quality, safe conditions for the workforce and wider community;
 - d. To contribute to the delivery of the UK Industrial Strategy, by supporting the growth of internationally competitive industries with access to global markets, taking a comprehensive approach to redevelopment at a scale that enables the realisation of an international-level investment opportunity.
5. In support of these core objectives, the Corporation will work collaboratively with the Tees Valley Combined Authority, Redcar and Cleveland Council, the SSI Task Force and other partners to contribute positively to local and Tees Valley-wide initiatives on skills, job opportunities for local people (including those directly and indirectly).
6. affected by the closure of the steelworks), inward investment, transport, sustainable development,

the natural environment, culture and tourism.

7. Arrangements for mutual co-operation and understanding will be set out between the Corporation, Combined Authority and Redcar and Cleveland Council; addressing the issues set out in paragraph 4 and any other relevant matters.
8. To support the achievement of its core objectives, the Corporation will develop, consult upon and maintain a Master Plan, setting out how its objectives will be secured by the development of land and infrastructure within its area of responsibility.

Boundary

9. The precise area covered by the Corporation (the “Site”) is shown at Appendix A.

The Board

10. The Chair, Vice-Chair and Board of the Corporation shall be appointed by the Combined Authority, following a proposal put to it by the Mayor.
11. The Board must include the Tees Valley Mayor and the Leader of Redcar and Cleveland Council (as the authority in which the site is located). The Mayor may propose themselves as Chair of the Corporation.
12. Other Board members shall be appointed following an open and transparent process in accordance with best practice in public appointments. In making appointments, the Mayor and Combined Authority must have regard to the desirability of appointing a person who has experience of, and has shown some capacity in, a matter relevant to the carrying out of the Corporation’s functions. Appointments shall be for a fixed period of no more than 4 years, to align with the Mayor’s period of office.
13. There shall be a minimum of 6 and a maximum of 10 Board Members in total, in addition to those detailed in paragraph 10.
14. The deputy leader of both Middlesbrough Council and Redcar & Cleveland Borough Council are appointed as substitute Members to the Board and may attend and vote in the absence of their leader.
15. A Board member may resign by serving notice on the Mayor.
16. Any Board member may be removed by the Mayor, with the agreement of the Combined Authority, where there is due cause to do so in accordance with Schedule 21 Localism Act 2011.

17. The Chair of the Board may resign that appointment by serving notice on the Mayor, without resigning membership of the Board. Where the Mayor is the Chair of the Board, they may resign by informing the Combined Authority.
18. All decisions of the Corporation, unless otherwise delegated, shall be taken by the Board in accordance with the arrangements set out in this Constitution. The Board shall seek consensus on all matters, but where consensus cannot be achieved decisions shall be made by majority vote, with the Chair exercising a casting vote.
19. Subject to any direction given to it by the Combined Authority, the Corporation may decide on its own procedure, and the procedure of any of its Boards, Group Audit & Risk Committee or workstreams established by the Board.
20. The quorum shall be one-third of the members in office, rounded up in the event of an uneven number, to include at least two of the Board members who are also Cabinet Members of the Combined Authority.
21. The Group Chief Executive of the Combined Authority shall be appointed as an Associate Member, with the right to participate fully in Board discussions and to receive all papers but not vote.
22. The Corporation shall hold an Annual Meeting to consider any amendments to its procedures, to recommend any changes to this Constitution to the Combined Authority, and to make appointments to Committee roles.
23. The Combined Authority may set an allowance for Board members, following advice received from its Independent Remuneration Panel.

The Statutory Officers

24. The Corporation shall appoint a Group Chief Executive with overall responsibility for the Corporation's operations and staff, and to act as lead adviser to the Board.
25. The Group Director of Finance & Resources of the Combined Authority (the "Director of Finance") shall fulfil the role of Director of Finance & Resources of the Corporation. The powers of the Director of Finance & Resources are set out in this Constitution and Statute. The Group Director of Finance & Resources shall oversee the interface between the financial responsibilities of the Combined Authority and the Corporation, to ensure the financial integrity of both organisations.
26. Further to s7 of the Tees Valley Combined Authority (Functions) Order 2017, the designation and reports of the Monitoring Officer to the Combined Authority (the "Monitoring Officer") shall apply as if the Corporation were a Committee to the Combined Authority.

Powers of the Corporation

27. Subject to Legislation, this Constitution and any other directions made by the Combined Authority, the Corporation may do anything it considers appropriate for the purposes of securing the regeneration of its area, or for purposes incidental to that objective.

28. The Corporation has a number of specific powers from the Localism Act, as set out below in this section. All of the powers are subject to the overriding objectives set out in paragraph 3, and the provisions of this Constitution, and are summarised as:

- a. Powers in relation to infrastructure
 - i. This includes the power to provide, or facilitate the provision of infrastructure.
- b. Powers in relation to land
 - i. The power to regenerate or develop land.
 - ii. To bring about the more effective use of land.
 - iii. To provide buildings or other land.
 - iv. To acquire, hold, improve, manage, reclaim, repair or dispose of land, buildings, plant, machinery, equipment or other property.
 - v. To carry out building or other operations, including demolishing buildings.
- c. Powers to acquire land
 - i. To acquire land in its area or elsewhere, in accordance with the provisions of the Localism Act 2011.
- d. Powers in relation to acquired land
 - i. To override easements
 - ii. To extinguish public rights of way (with the consent of the Secretary of State)
- e. Powers in relation to businesses and companies
 - i. To carry on any business.
 - ii. To form or acquire interests in any business or company.
- f. Financial assistance powers
 - i. To provide financial assistance to any person.
 - ii. This may be given in any form, including grants, loans, guarantees, investments, or the incurring of expenditure for the benefit of the person assisted.

- g. Powers in relation to discretionary relief from non-domestic rates
 - i. To determine the amount of discretionary rate relief from non-domestic rates (i.e. business rates).

29. Redcar & Cleveland Borough Council shall continue to be the billing and collecting authority for non-domestic rates for existing operations, except in respect of areas of the Site which are designated as Enterprise Zones where the revenue is received by the Combined Authority. Going forwards designation of the whole of the Site as a Special Economic Area, with business rates at a level of 100%, enables arrangements to be put in place regarding the shares for the Council and TVCA.

Decision Making

30. The Board shall be responsible for identifying any decision or issue which may result in a significant risk of:
- a. A financial liability; or
 - b. A statutory liability; or
 - c. An environmental or criminal liability
31. to the Combined Authority or to any or all of its Constituent Authorities (“a Referral Decision”) and shall refer such decisions or issues to the Combined Authority for agreement before such liabilities arise, and prior to the implementation of any such decision.
32. The Statutory Officers shall advise the Board when a Referral Decision may be required, and their advice shall be communicated to the Board before any such decisions are taken. In the event that the Statutory Officers conclude that a Board decision or other event gives rise to a Referral Decision they shall, in the absence of such a referral by the Board, and in consultation with the Group Chief Executive of the Combined Authority, refer that decision to the Combined Authority for consideration. In these circumstances, the decision will not be implemented until ratified by the Combined Authority. Where there is a requirement for an urgent decision, the Combined Authority will not unreasonably delay ratification.
33. The Statutory Officers shall ensure that where decisions are taken by any of STDC Group entities they comply with the decision-making requirements of STDC Board. Where appropriate decisions considered by Group entities will have reserved matters contained within the relevant statutory documents to ensure that all Group entities comply with this decision-making section.
34. Where the Group Audit and Risk Committee, or the STSC Board identifies a significant risk under paragraph 28, it shall recommend to the Board that in their view this gives rise to a Referral Decision.

35. The Combined Authority may give the Corporation general or specific directions or guidance in relation to the exercise of any of the Corporations functions. The Corporation must comply with any directions given by the Combined Authority that are in force (s220 Localism Act 2011) and must have regard to any guidance issued (s219 Localism Act 2011).
36. A decision by the Corporation to exercise powers in relation to discretionary relief from non-domestic rates which has a significant adverse financial impact upon Redcar & Cleveland Borough Council must also be approved by the Leader of Redcar & Cleveland Borough Council. The Leader of the Council may, or may be required by their Council to, refer such decisions for agreement by the Council as a whole.
37. Officers working for the Corporation shall maintain a register of significant risks which may lead to or constitute a Referral Decision in accordance with clause 28 and notify the Group Director of Finance & Resources at the earliest opportunity of changes to the risk profile of the Corporation which could have a material effect on the Corporation's or Combined Authority's liabilities.
38. The Combined Authority has a Strategic Economic Plan and a Local Industrial Strategy which are supported by Redcar and Cleveland Borough Council's Regeneration Masterplan (2010) and Growth Strategy (2015). The Corporation works within the context of these strategies to grow and diversify the local economy. In 2017, the Corporation launched its comprehensive Master Plan, presenting the vision, strategy and ideas for the transformational regeneration of the South Tees area into a national asset for new industry and enterprise, to be realised through the creation of a world class industrial business park, making a substantial contribution to the economic growth and prosperity of the Tees Valley.
39. The Corporation shall ensure that any new facilities it facilitates do not unduly jeopardise the viability of existing retail business, health, education or training facilities across the wider Tees Valley.

Reporting

40. As soon as reasonably practicable after the end of each financial year, the Corporation must prepare an annual report on how it has exercised its functions during the year, including a copy of its audited statement of accounts for that year, and send that report to the Combined Authority's Cabinet, Overview and Scrutiny Committee and Audit and Governance Committee. The "financial year" shall mean a period of 12 months ending with 31st March.
41. The Corporation's officers shall respond promptly to requests from the Group Director of Finance & Resources, and follow any advice and actions required in a timely manner. The Corporation shall make available any financial information reasonably requested from the Combined

Authority, or from Finance Directors of the Combined Authority's constituent councils.

Committees

42. In addition to the Group Audit & Risk committee and the STSC Board the Corporation may establish workstreams of the Board.
43. A workstream may, with agreement of the Board, include persons who are not members of the Corporation. The work of these workstreams, or any recommendations made by them, will be reported back to the Board as part of the Group Chief Executive's standing update or by additional report as appropriate
44. The Board must approve the Terms of Reference of any such workstream.

Group Audit and Risk Committee

45. The Corporation shall establish a Group Audit & Risk Committee. The Mayor, with agreement of the Combined Authority, shall appoint an independent Chair of the Audit and Risk Committee who is not also a member of the Corporation's Board. The Combined Authority's Audit and Governance Committee shall appoint one of its members to be a member of the Corporation's Group Audit and Risk Committee. The other members of the Group Audit and Risk Committee shall be appointed by the Board.

STSC Board

46. The primary purpose of the STSC Board is to assist the STDC Group Board to deliver the key objectives of the STDC as defined within Clause 4 of this Constitution. The Mayor, with agreement of the Combined Authority, shall appoint a non-executive Chair of the Board. The other members of the Board shall include the non-executive directors, the Group Chief Executive and such other executive directors whose appointment is made from time to time in accordance with the Articles of Association.

Delegations

47. The Corporation may delegate any of its functions to any of its members, Committees or staff.
48. A Committee of the Corporation may delegate any function conferred on it to any member of the Corporation, any sub-committee of the Committee, or any of the Corporation's staff.
49. The Corporation shall establish:
 - a. A Scheme of Delegation to include appropriate financial limits;

- b. Procurement Policy which accords with the Public Contract Regulations 2015;
- c. Financial Procedure Rules including provision for setting an annual budget;
- d. A Code of Conduct together with a register of interests;
- e. Provisions relating to the resolution of conflict of interests;
- f. Access to information procedure rules.

Amending the Constitution

50. This Constitution is a living document and shall be amended as the Corporation progresses. Authority is delegated to the Monitoring Officer of the Combined Authority, in consultation with the Group Chief Executive of the Combined Authority, to make amendments to the Constitution in order to reflect organisational or legislative changes, or to make any minor textual or grammatical corrections. Any other changes shall be agreed by the Combined Authority's Cabinet.

Appendix A – Plan of the area of responsibility of the South Tees Development Corporation

A larger scale plan of the boundary is available at www.teesvalley-ca.gov.uk/stdc



Appendix I

RULES OF PROCEDURE

1. Interpretation

- 1.1 The South Tees Development Corporation is referred to as “the Development Corporation” in these Rules.
- 1.2 These Rules apply to meetings of the Development Corporation Board (“Board”), and where appropriate to the meetings of the Group Audit & Risk Committee and workstreams established by the Board.
- 1.3 References in these Rules to the “Chair” mean the Member for the time being presiding at the meeting of the Board, and at a meeting of the Group Audit & Risk Committee or other workstream established by the Board.
- 1.4 These Rules shall be read in conjunction with other parts of the ~~Constitution~~.
- 1.5 These Rules are subject to any statute or other enactment whether passed before or after these Rules came into effect.

2. Annual Meeting of the Development Corporation ~~Combined Authority~~ Board

- 2.1 The Annual Meeting will:
 - (a) confirm the Mayor as the person who is to preside at meetings;
 - (b) approve the Members of the Development Corporation; agree the portfolio responsibilities of each of the members and any functions delegated to them;
 - (c) elect the Vice Chair(s);
 - (d) approve the minutes of the last meeting;
 - (e) receive any declarations of interest from Members;
 - (f) receive any announcements from the Mayor and/or the Group Chief Executive;
 - (g) consider any recommendations from the **Group** Audit and Risk Committee;
 - (h) appoint the **Group** Audit and Risk Committee;
 - (i) appoint such other workstreams as the Development Corporation considers appropriate;
 - (j) appoint the membership of the workstreams referred to in the preceding sub-

paragraphs after:

- (i) deciding the number of members to be appointed to each workstream and their term of office;
- (k) appoint the Chair and Vice-Chair of the Audit and Risk Committee, after considering any proposal put to them by the Committee.
- (l) appoint the Chair and Vice-Chair of the workstreams referred to in the preceding sub-paragraphs;
- (m) appoint to outside bodies;
- (n) agree the officer scheme of delegation;
- (o) consider amendments to the Development Corporation's procedure rules, as appropriate;
- (p) approve the Development Corporation's allowances scheme;
- (q) decide the date and time for the ordinary meetings of the Development Corporation Board;
- (r) consider any other business set out in the agenda for the meeting.

3. Ordinary Meetings of the Development Corporation Board

3.1 At an ordinary meeting of the Development Corporation, the Board will:

- (a) approve the minutes of the last meeting;
- (b) receive any declarations of interest from Members;
- (c) receive any announcements from the Mayor and/or the Group Chief Executive including those relating to the work or recommendations of any workstreams established by the Board;
- (d) deal with any business from the last ordinary meeting;
- (e) receive reports from the Group Audit & Risk Committee or where appropriate any workstream established by the Board;
- (f) consider any other business specified in the agenda for the meeting. Extraordinary Meetings of the Development Corporation Board

4. Extraordinary Meetings of the Development Corporation Board

4.1 At an extraordinary meeting of the Development Corporation, the Board will consider the business specified in the agenda for the meeting.

5. Admission of the Public

- 5.1 All meetings of the Board and the Group Audit & Risk Committee shall be open to the public, except to the extent that they are excluded whether during the whole or part of the proceedings either:
- (a) In accordance with Section 100A(2) of the 1972 Act; or
 - (b) By resolution passed to exclude the public on the grounds that it is likely, in view of the nature of the business, that if the public were present there would be disclosure to them of exempt information as defined in Section 101 of the 1972 Act. Any such resolution shall identify the business or part of the business to which it applies and state the description, in terms of Schedule 12A to the 1972 Act of the exempt information giving rise to the exclusion of the public.

6. Notice of Meetings

- 6.1 At least five clear days before a meeting of the Board and the Group Audit & Risk Committee, notice of time and place of the intended meeting shall be published at the offices of the Corporation.
- 6.2 An invitation to attend the meeting, specifying an agenda for the meeting shall be left at, or sent by, electronic mail or post to all Development Corporation Members at their usual place of residence, or to such other place as may be requested by a Member.
- 6.3 Lack of an invitation to a Member shall not affect the validity of a meeting.
- 6.4 Agendas and papers for Board meetings and meetings of the Group Audit & Risk Committee will be published on the Corporation website five clear days prior to the meeting date unless ruled commercially or operationally sensitive under Paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972, with written agreement of the relevant Chair

7. Chair of Meeting

- 7.1 At a meeting, the Chair shall preside. If the Chair is absent, the Vice-Chair shall preside. If both the Chair and the Vice-Chair are absent, the Members present shall choose which Member is to preside at the meeting.
- 7.2 Any power or duty of the Chair in relation to the conduct of the meeting, may be exercised by the person presiding at the meeting.
- 7.3 The ruling of the Chair on the interpretation of these Rules in relation to all questions of order and matters arising in debate, shall be final.

8. Items of Business

- 8.1 No item of business may be considered at any meeting except:
- the business set out in the agenda;

- business required by law to be transacted at the annual meeting; or
- business brought before the meeting by reason of special circumstances, which shall be specified in the minutes, and where the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency.

9. Order of Business

- 9.1 Items of business shall be dealt with in the order specified in the agenda for the meeting, except that such order may be varied at the discretion of the Chair, or on a request agreed to by the meeting.

10. Order of Debate

- 10.1 The Chair will introduce each item and may invite a Member or Officer to present it.
- 10.2 Each Member, including Associate Members of the Development Corporation, shall be given an opportunity to speak on the matter and on any recommendations contained in the report.
- 10.3 The order in which anyone will be invited to speak will be decided by the Chair.
- 10.4 Members may speak more than once on the same item, with the agreement of the Chair.
- 10.5 Any Member, when speaking, may move that:
- (a) an amendment be made to the recommendation(s); or
 - (b) that an item be withdrawn.
- 10.6 Any such motion, if seconded, shall either be agreed by consensus amongst those Members present, or be voted upon.
- 10.7 Subject to the outcome of any such motion, once each Member who wishes to speak has done so, the Chair shall move the item, which if seconded, shall again either be agreed by consensus or shall be voted upon.

11. Duration

- 11.1 At any meeting the Chair shall have discretion to adjourn the meeting for a short period of time unless the majority of Members present, by vote, determine it shall stand adjourned to another day, the date and time of which shall be determined by the Chair.

12. Minutes

- 12.1 The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record.

Discussion of the minutes should be restricted to their accuracy.

13. Code of Conduct and Protocols

- 13.1 Members and Associate Members shall comply with the provisions of the Development Corporation's Code of Conduct for Members and of any other Codes or Protocols, approved by the Development Corporation Board, including those relating to registering and disclosing pecuniary and other interests.

14. Access to Information

14.1 In accordance with the Local Government Act 1972 as amended:

- (a) All meetings of the Board and Group Audit & Risk Committee shall be open to the public unless it is likely in view of the nature of the business to be transacted that either confidential information (as defined in section 100A(3) of the 1972 Act) or information falling within one of the categories of exempt information in Schedule 12A (as amended) of the 1972 Act would be disclosed.
- (b) Copies of the agenda and reports open to the public will be available for public inspection at least five clear days before a meeting or where the meeting is convened at shorter notice from the time the meeting is convened. If an item is added to the agenda later, the revised agenda and any additional report will be open to inspection from the time it was added to the agenda. Copies of any agenda or reports need not, however, be open to inspection by the public until copies are available to members of the Corporation. In addition, an item of business may be considered urgently, whereby reason of special circumstances, which shall be specified in the minutes, the Chair is of the opinion that the item should be considered at the meeting, as a matter of urgency.
- (c) The Corporation will make available for public inspection for six years after a meeting the minutes of the meeting (but excluding any part of the minutes when the meeting was not open to the public or which disclose confidential or exempt information), a summary of any proceedings not open to the public where the minutes open to inspection would not otherwise provide a reasonably fair and coherent record, and the agenda for the meeting and reports relating to items when the meeting was open to the public.
- (d) The author of any report will set out in it a list of those documents (called background papers) relating to the report which in his/her opinion disclose any facts or matters on which the report is based and which have been relied on to a material extent in preparing the report (except for documents which are published works or which disclose confidential or exempt information). Such background papers will remain available for public inspection for four years from the date of the meeting.
- (e) Where information is withheld under these provisions the fact must be made known to the member of the public concerned who shall be advised of the categories of information being withheld and the way in which the withholding

of the information can be challenged.

15. Exclusion of Access by the Public to Meetings

15.1 (a) Confidential information – requirement to exclude public

The Public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

Confidential information means information given to the Corporation, its Committees and Sub-Committees by a Government department on terms that forbid its public disclosure or information that cannot be publicly disclosed by reason of a Court Order or any enactment.

(b) Exempt information – discretion to exclude public

The public may be excluded from meetings wherever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed.

Exempt information means information falling within the following categories (subject to any qualifications):

- (i) information relating to any individual;
- (ii) information which is likely to reveal the identity of any individual;
- (iii) information relating to the financial or business affairs of any particular person (including the authority holding that information);
- (iv) information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matter arising between the Combined Authority, its Committees and Sub-Committees or a Minister of the Crown and employees of, or office holders under, the Combined Authority, its Committees and Sub-Committees;
- (v) information in respect of which a claim to legal professional privilege could be maintained in legal proceedings;
- (vi) information which reveals that the Combined Authority, its Committees and Sub-Committees proposes (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment;
- (vii) information relating to any action taken or to be taken in connection with

the prevention, investigation or prosecution of crime.

(c) Exclusion of Access by the public to reports

If the Proper Officer considers it appropriate, the Corporation and the Group Audit & Risk Committee may exclude access by the public to reports which in the Proper Officer's opinion relate to items during which the meeting is likely not to be open to the public. Such reports will be marked "Not for Publication" together with the category of information likely to be disclosed.

16. Reporting of Proceedings

- 16.1 Without prejudice to the Chair's powers in procedure rule 5.3, and subject to procedure rules 17.1 and 17.2, while any meeting of the Corporation is open to the public any person attending the meeting may report on the meeting, and publish or disseminate any recording at the time of the meeting or after the meeting.
- 16.2 The Chair may decide not to permit oral reporting or oral commentary of the meeting as it takes place, if the person reporting or providing the commentary is present at the meeting.
- 16.3 Where the public are excluded from a meeting in order to prevent the likely disclosure of confidential or exempt information, the chair may also prevent any person from reporting on that meeting employing methods which can be used without that person's presence at the meeting, and which enable persons not at the meeting to see or hear the proceedings at the meeting, as it takes place or later.

17. General Disturbance

If a general disturbance makes orderly business impossible, the Chair may:

- adjourn the meeting for as long as the Chair considers necessary.
- call for all or any part of the meeting room open to the public, to be cleared, if the disturbance is in that part.

- 17.1 If a member of the public interrupt's proceedings, the Chair shall warn the person concerned. If they continue to interrupt, the Chair may order them to be removed from the meeting room.
- 17.2 If the Chair considers at any meeting that a Member is behaving improperly or offensively, or is deliberately obstructing business, the Chair may move that the Member should not be heard further. If seconded, the motion shall be voted upon without discussion.
- 17.3 If the Member continues to behave in the same way, the Chair may:
- (a) adjourn the meeting for a specified period; and/or

- (b) move that the Member leaves the meeting (if seconded such a motion will be voted on without discussion).

18. The Forward Plan

18.1 Forward Plans for the Corporation will be prepared to cover a period of four months. The Plans will be updated on a monthly basis.

Contents of the Plan

18.2 The Forward Plan will contain details of key decisions which relate to the discharge of Corporation functions and which are proposed to be taken during the period covered by the Forward Plan. The details relating to these key decisions, insofar as they are available or might reasonably be obtained, will be as follows:

- the matter in respect of which a key decision is to be taken;
- the decision maker's name and title, if any;
- the date on which, or the period within which the decision is to be made;
- a list of documents submitted to the decision maker for consideration in relation to the matter, in respect of which the decision is to be taken;
- the address from which, subject to any prohibition or restriction on their disclosure, copies of or extracts from any document listed, is available;
- that other documents relevant to the matter may be submitted to the decision maker; and the procedure for requesting details of those documents (if any) as they become available.

18.3 For the purposes of the Forward Plan, a "key decision" means a decision of a decision maker, which in the view of the Combined Authority's Overview and Scrutiny Committee, is likely to:

- result in the Combined Authority or the Mayor incurring significant expenditure, or making significant savings, having regard to the Combined Authority's budget for the service or function to which the decision relates; or to be
- significant in terms of its effects on persons living or working in an area comprising two or more electoral wards or divisions in the Combined Authority's area.

Publication of the Forward Plan

18.4 The Forward Plan will be published at least 28 days before the start of the period covered in the Plan.

18.5 It will be published on the Combined Authority's website and made available for inspection by the public at the Combined Authority's offices. Exempt information need not be included in the Forward Plan and confidential information cannot be included.

19. Urgent Decisions

19.1 Where a decision needs to be taken urgently and it is not practical to convene a

quorate meeting of the Board or relevant committee or subcommittee of the Development Corporation, the Group Chief Executive, in consultation with the Chair (or in their absence the Vice Chair) of the Board or relevant committee or subcommittee, the Group Director of Finance and Resources and the Monitoring Officer, has the authority to take an urgent decision.

- 19.2 The Monitoring Officer will maintain a record of all 'urgent' decisions and submit a report on these decisions at least annually to the Cabinet. The report will include a summary of the subject matter of the decisions taken.

20. Confirmatory or minor decisions in writing

- 20.1 Where a decision of a minor or confirmatory nature (for example to confirm of the decisions of an unexpectedly inquorate meeting) the chair of the Board or relevant committee or subcommittee of the Development Corporation may request that confirmation of such a decision be made in writing. A written confirmation of the decision by each member of Board, the committee or subcommittee shall be treated as a decision of that body when it is signed by the Chair of the body, who shall have authority to confirm that decision.
- 20.2 The Monitoring Officer will maintain a record of all written records of decisions and report them to the next meeting of the relevant body and submit a report on these decisions at least annually to the Board. The report will include a summary of the subject matter of the decisions taken by this method.

21. Officers' Interests

- 21.1 If it comes to an Officer's knowledge that a contract in which the Officer has a pecuniary interest, whether direct or indirect, has been, or is proposed to be entered into by the Development Corporation, the Officer shall as soon as reasonably practicable give notice in writing to the Monitoring Officer of the fact that he/she has such an interest.
- 21.2 An Officer shall be treated as having an indirect pecuniary interest in a contract if he/she would have been so treated by virtue of Section 95 of the Local Government Act 1972 had he/she been a member of the Development Corporation, i.e. the other party to the contract is a company or other person or body (other than a public body) of which the Officer or his/her spouse/partner is a member or employee or partner.
- 21.3 The Monitoring Officer will keep a record of any such notices/interests and the record shall be open for inspection by any Member of the Development Corporation at its offices.

22. Sealing of Documents

- 22.1 A decision of the Board or the Mayor (or of a joint committee, committee, subcommittee, person or persons to whom the Cabinet has delegated its powers and duties) shall be sufficient authority for the signing or sealing of any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer should be sealed.

22.2 The Common Seal of the Development Corporation shall be kept in a safe place in the custody of the Monitoring Officer and the affixing of the Common Seal shall be attested by the Monitoring Officer or other person nominated by him/her, unless any enactment otherwise authorises or requires, or the Corporation has given requisite authority to some other person (See authority of the Group Chief Executive in accordance with delegation CEO8 (Appendix IV))).

23. Authentication of documents

23.1 Where any document is necessary for any legal procedure or proceedings on behalf of the Development Corporation it will be signed by the Monitoring Officer or other person nominated by him or her, unless any enactment otherwise authorises or requires, or the Corporation has given requisite authority to some other person.

24. Committees

24.1 The Board shall at its Annual Meeting each year appoint such committees as are required to be appointed by or under any statute, and may at any time appoint such other joint committees, committees or sub-committees as are necessary to carry out the work of the Corporation but, subject to any statutory provision, may at any time dissolve a joint committee, committee, sub-committee or alter its membership;

24.2 No joint committee, committee or sub-committee shall continue in office longer than the next Annual Meeting.

24.3 These procedure rules shall, with any necessary modifications, apply to meetings of committees and sub-committees of the Board. Save where it is otherwise stipulated elsewhere in this Constitution or in legislation, decisions of the committees and subcommittees of the Development Corporation shall be made by way of a simple majority of the Members present and voting, and the Chair shall have not have a second or casting vote.

25. Attendance

25.1 The Monitoring Officer shall record the attendance of each Member at each meeting of the Board and committees and subcommittees of the Development Corporation, and it shall be the responsibility of each Member to sign such a record, if requested.

26. Failure to attend Meetings

26.1 Subject to the exceptions prescribed by statute, if a Member of the Development Corporation fails throughout a period of six consecutive months to attend any meeting of the Board or the joint committees, committees or subcommittees of the Development Corporation to which they have been appointed, he/she shall (unless the failure to attend was due to a reason approved by the Board before the end of that period), cease to be a Member of the Development Corporation. For the purpose of this provision, the period of failure to attend shall date from the first meeting which the Member could have attended as a Member.

27. Resignation

27.1 A person appointed as a Member of the Development Corporation may at any time resign his/her office by a notice of resignation in writing signed by him/her and delivered to the Monitoring Officer and the Chair or Vice Chair of the committee that appointed him/her, as the case may be.

28. Members' Allowances

28.1 The Development Corporation may pay travel and subsistence allowances to its Members in accordance with a scheme drawn up and approved by the Board.

28.2 The Development Corporation may pay allowances to eligible members, in accordance with recommendations made by the Tees Valley Combined Authority's Independent Remuneration Panel contained in a report submitted by the panel to the Tees Valley Combined Authority Cabinet.

Appendix II

CODES OF CONDUCT

PREAMBLE

FOR INFORMATION ONLY GENERAL PRINCIPLES OF CONDUCT

Preamble

The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

Selflessness

Holders of public office should act solely in terms of the public interest.

Honesty and Integrity

Holders of public office should be truthful and should avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly on merit, using best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Personal Judgement

Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for Others

Members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the Development Corporation's Statutory Officers and its other employees.

Duty to Uphold the Law

Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship

Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to change poor behaviour wherever it occurs.

NOTE: THIS PREAMBLE AND THE GENERAL PRINCIPLES OF CONDUCT SPECIFIED WITHIN IT ARE FOR INFORMATION ONLY, AND THEY DO NOT FORM A PART OF THE DEVELOPMENT CORPORATION'S CODE FOR ENFORCEMENT PURPOSES.

SOUTH TEES DEVELOPMENT CORPORATION

(“THE DEVELOPMENT CORPORATION”)

CODE OF CONDUCT FOR MEMBERS AND OFFICERS

Members Code of Conduct

Part 1 General Provisions

Introduction and Interpretation

1. (1) This Code applies to **you** as a Member of the Development Corporation when you are acting in that capacity.
- (2) This Code is based upon and is intended to be consistent with the General Principles of Conduct specified in the preamble.
- (3) It is your responsibility to comply with the provisions of this Code.
- (4) This Code does not cover matters in respect of which the Secretary of State may under the Act specifically provide that criminal sanctions will apply.

Interpretation

2. (1) In this Code--
 - “the Act” means the Localism Act 2011
 - "meeting" means any meeting of: -
 - (a) the Development Corporation or the Development Corporation Board;
 - (b) the Development Corporation Group Audit & Risk Committee and any workstream established by the Board

“Member” includes the Mayor, elected and co-opted Members and Associate Members.

General Conduct

3. (1) You must treat others with respect.
- (2) You must not do anything which may cause the Development Corporation to breach any of the equality enactments (as defined in Section 33 of the Equality Act 2006).
- (3) You must not bully any person and you must not intimidate or attempt to intimidate any person who is involved in any complaint about any alleged breach of this Code.

- (4) You must not do anything which compromises or is likely to compromise the impartiality of anyone who works for or on behalf of the Development Corporation.
 - (5) You must not conduct yourself in a manner which could reasonably be regarded as bringing the Development Corporation, or your office as a Member of the Development Corporation, into disrepute.
 - (6) You must not use or attempt to use your position as a Member improperly to confer on or secure for yourself or any other person any advantage or disadvantage.
4. When using or authorising the use by others of the resources of the Development Corporation: -
- (1) You must act in accordance with the Development Corporation's reasonable requirements.
 - (2) You must ensure that such resources are not used improperly for political purposes (including party political purposes); and
 - (3) You must have regard to the Development Corporation's Transparency Code.
5. You must not prevent, or attempt to prevent, another person from gaining access to information to which they are entitled by law.
6. You must not disclose information which is given to you in confidence, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, unless: -
- (a) you have the consent of a person authorised to give it; or
 - (b) you are required by law to do so; or
 - (c) the disclosure is made to a third party for the purpose of obtaining professional legal advice, provided that the third party agrees not to disclose the information to any other person; or
 - (d) the disclosure is reasonable, in the public interest, made in good faith, and made in compliance with the reasonable requirements of the Development Corporation.
7. Where you have been involved in the making of any decision or the taking of any action by the Development Corporation Board or Group Audit & Risk Committee, or recommendation made by any workstream established by the Board, you must not take part in that scrutiny process other than for the purpose of answering questions or giving evidence relating to the business.
8. (1) When making decisions on any matter you must have regard to any relevant advice provided to you by:
- (a) the Development Corporation Group Chief Executive; or
 - (b) the Development Corporation Director of Finance & Resources; or
 - (c) the Development Corporation Engineering & Programme Director

(d) the Development Corporation Monitoring Officer,

where that Officer is acting pursuant to his or her statutory duties.

- (2) You must give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by the Development Corporation

Part 2

Interests

Registration of Members' Interests

1. Subject to paragraph 12, you must register in Development Corporation's register of Members' interests ("Register") information about your personal interests. For the purposes of paragraphs 9 to 15 inclusively 'your personal interests' or 'personal interest' means: -
 - (a) any 'disclosable pecuniary interest' (as specified at the Appendix to this Code or as defined by any statutory provisions in force from time to time under the Act) which you know about and which is held by
 - you, or
 - your spouse or civil partner, a person with whom you are living as husband and wife, or a person with whom you are living as if you are civil partners; and
 - (b) any other interests held by you as set out in paragraph 11.
2. You must register information about your personal interests by giving written notice to the Monitoring Officer, who maintains the Register, within 28 days of: -
 - this Code being adopted by the Development Corporation;
 - your election or appointment as a Member of the Development Corporation; and of
 - becoming aware of any new interest or change to any registered interest.
3. You have a personal interest in any business of the Development Corporation and for the purposes of paragraph 9(b) where either it relates to or is likely to affect: -
 - (a) 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;
 - (b) any body which: -
 - (i) exercises functions of a public nature or
 - (ii) is directed to charitable purposes or

(iii) one of whose principal purposes includes the influence of 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); Sensitive Information
4. Where you think that disclosure of the details of any of your personal interests could lead to you, or a person connected with you, being subject to violence or intimidation, you may inform the Monitoring Officer; and if the Monitoring Officer agrees, a note will be made in the Register to the

effect that you have a personal interest, details of which are withheld under Section 32 of the Act.

Declaration of Interests

5. Where you attend a meeting and you are, or ought reasonably to be, aware that any of your personal interests are relevant to an item of business which is being considered, then you must disclose to that meeting the existence and nature of that interest at the start of the consideration of that item of business, or when the interest becomes apparent, if later.
6. Where you have a personal interest in any business of the Development Corporation which relates to or is likely to affect a body of a type described in paragraph 11(a) and 11(b)(i), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
7. Where you have a personal interest but, by virtue of paragraph 12, sensitive information relating to it is not registered in the Register, you must indicate to the meeting that you have a personal interest, but you need not disclose the sensitive information to the meeting.
8. Where you attend a meeting, and you are, or ought reasonably to be aware that a decision in relation to any item of business which is to be transacted might reasonably be regarded as affecting your well-being or financial position, or the well-being or financial position of a person described in paragraph 17, to a greater extent than most of the inhabitants of the area affected by the decision, then you must disclose to that meeting the existence and nature of that interest at the start of that item of business, or when the interest becomes apparent, if later.
9. The persons referred to in paragraph 16 are: -
 - (a) a Member of your family;
 - (b) any person with whom you have a close association;
 - (c) in relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or a company of which they are a director;
 - (d) any person or body in whom persons described in (a) and (b) have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - (e) any body of a type described in paragraph 11 (a) and (b).

Non participation

10. Where you have a personal interest of the type described in paragraph 16 in any business of the Development Corporation, and the interest is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest and the business: -
 - (a) affects your financial position or the financial position of a person or body described in paragraph 17(a) to (e) inclusively; or

- (b) relates to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body referred to in the preceding sub-paragraph (a),

then subject to paragraphs 19 and 20: -

- (a) you may not participate in any discussion of the matter at the meeting;
- (b) you may not participate in any vote taken on the matter at the meeting;
- (c) if the interest is not registered, you must disclose the interest to the meeting; and
- (d) if the interest is not registered and is not the subject of a pending notification, you must notify the Monitoring Officer of the interest within 28 days.

11. Where you have an interest of the type described in paragraph 18 in any business of the Development Corporation, you may attend the meeting and make representations, answer questions or give evidence relating to that business before the business is considered and voted upon, provided the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Disclosable Pecuniary Interests

12. In addition to the requirements of the Act regarding the registration and declaration of a disclosable pecuniary interest, you must also comply with the statutory requirements relating to withdrawal from participating in any discussion or voting on any matter in which you have a disclosable pecuniary interest.

Requirement to leave a meeting room

13. You must comply with any procedural rule or standing order adopted by the Development Corporation which requires a Member to leave the room during any meeting at which a matter in which they have a disclosable pecuniary interest is being discussed.

Part 3

Disclosable Pecuniary Interests

1. The duties to register, disclose and not to participate in respect of any matter in which a Member has a disclosable pecuniary interest are set out in Chapter 7 of the Localism Act 2011.
2. Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (SI 2012 No. 1464) as follows: -

For this purpose: -

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident

society; “land” excludes an easement, servitude, interest or right in or over land which does not

carry with it a

right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant

Authority; “Member” includes a co-opted

member;

“Development Corporation” means the corporation of which M is a Member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Interest

Employment, office, trade, profession or vocation

Prescribed Description

Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship	Any payment or provision of any other financial benefit (other than from the Development Corporation) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a Member, or towards the election expenses of M. This includes any payment or financial benefits from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992).
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the Development Corporation:- (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the area of the Development Corporation.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the Development Corporation for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge):- (a) the landlord is the Development Corporation; and (b) the tenant is a body in which the relevant person has a beneficial interest
Securities	Any beneficial interest in securities of a body where: - (a) that body (to M's knowledge) has a place of business or land in the area of the Development Corporation; and (b) either – (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of

that class.

Part 4

Officers Code of Conduct

1. Purpose

- 1.1 This code sets out the standards of conduct that the South Tees Development Corporation (“the Development Corporation”) expects from its Officers. The aim is to promote high standards of conduct and to maintain public confidence in the Development Corporation and its services.

2. General Principles

- 2.1 The public is entitled to expect the highest standards of conduct from all Officers. The role of Officers is to represent the Development Corporation in delivering services to the local community. Officers must perform their duties to the best of their abilities with honesty, integrity, impartiality and objectivity and contribute to the maintenance of high standards in public service. Officers must at all times act in accordance with the trust that the public is entitled to place in them.
- 2.2 This code should be read in conjunction with the Development Corporation’s Constitution and other relevant Policies and Procedures.

3. Gifts and Hospitality

- 3.1 All offers of gifts or hospitality should be treated with caution. Where a gift or hospitality could be perceived as an inducement or reward for performing Development Corporation duties, or where acceptance of the gift or hospitality could be open to misinterpretation, Officers should tactfully but firmly refuse the offer.
- 3.2 Gifts of a promotional nature, e.g. calendars, diaries and pens which are of a low monetary value i.e. less than £25 may be accepted.
- 3.3 All offers of gifts and hospitality of £25 or more in value, including any offers of sponsorship for training or development, whether or not they are accepted, must be recorded promptly (and no later than 28 days from the date of the offer) in a register held by the Senior Administrator.
- 3.4 It is a criminal offence under the Bribery Act 2010 to accept a bribe or to bribe another person. The offence of being bribed will occur where an employee agrees to receive or accepts an advantage (for their own or another’s benefit and whether or not he or she actually receives it), in order to carry out the improper performance of a Development Corporation function, or where the advantage may be a reward for already having performed the function improperly.
- 3.5 The offence of bribing another person occurs where an employee offers, promises or gives a financial or other advantage to another person, with the intention that this will induce that person to improperly perform a function or activity, or in order to reward that person for the improper performance of such a function or activity.
- 3.6 Guidance on the Bribery Act indicates that bona fide hospitality and promotional, or other

business expenditure which seeks to improve the image of a commercial organisation, better to present products and services, or to establish cordial relations, is recognised as an established and important part of doing business and it is not the intention of the Act to criminalise such behaviour.

- 3.7 If Officers are in any doubt about the acceptance of a gift or hospitality they should inform the Monitoring Officer in advance (where feasible) and seek advice. Where an employee receives an unsolicited gift or believes that a person is otherwise attempting to influence him or her, the Monitoring Officer should be informed immediately.
- 3.8 Particular care should be taken by Officers concerned with purchasing the award of official contracts or the allocation of grant monies. An Officer who knowingly accepts a gift or favour from a contractor or other person providing services to or seeking services or funding from the Development Corporation may put themselves at risk of a disciplinary investigation. Failure to record offers of gifts and hospitality may also be the subject of investigation by managers.

4. Confidential Information

- 4.1 Officers should treat all information they receive in the course of their employment as confidential to the Development Corporation. Officers must not use information in the Development Corporation's possession to further their private interests or those of their relations and friends. Deliberate exploitation of confidential information for personal gain may result in disciplinary action, including dismissal.
- 4.2 Officers are only permitted to disclose confidential information where it is required by law or where the Development Corporation has agreed to make the information available to the public. Where Officers are in any doubt as to whether they are permitted to release information they must consult their Manager before any disclosure is made.

5. Officer Interests

- 5.1 Officers must disclose any personal conflicts of interest and must not involve themselves in any decisions or matters where their actions could be perceived as biased. A personal conflict may arise where an Officer provides consultancy services in a private capacity which conflict with or are of a similar nature to the Development Corporation's services, or which may result in a reduction of the Development Corporation's services. Another example is where an employee, acting in a private capacity, causes conflict with a service provided by the Development Corporation to a service user.
- 5.2 Officers interests in contracts must be disclosed in writing where Officers have any financial interest, direct or indirect, in any contract which the Development Corporation has entered into or is proposing to enter into, or any application by the Development Corporation for a licence, consent or permission. Officers are also required to identify a partner, relative or close associate who might have a legitimate interest in Development Corporation contracts or services.
- 5.3 Officers must also disclose in writing any interests where they are involved as either as an individual or as a partner in a business or as a Director of a Company or where they have a substantial shareholding in a public or private company which regularly has dealings with the Development Corporation. For this purpose, "substantial" can be defined as more than £5,000 nominal value or 1/100th of the nominal value of the company whichever is the lower.

Friendship or membership of an association or society could also influence an Officer's judgements and should be treated in the same way.

- 5.4 If Officers are in any doubt as to what interests they need to declare they should seek guidance from the Monitoring Officer. Failure by Officers to declare interests in contracts or companies is a criminal offence. Failure to disclose a conflict of interest may result in disciplinary action.

6. Public Office

- 6.1 Officers who wish to seek public office in a Local Authority other than that with whom they are employed or act for are not generally prevented from doing so unless they occupy politically restricted posts under the Local Government and Housing Act 1989 ("the 1989 Act") but should discuss their intentions and the implications with the Monitoring Officer and seek legal advice.

- 6.2 Officers other than holders of politically restricted posts who become councillors of other Local Authorities should ensure that their two capacities are kept separate. In particular, they should take care that they do not disclose or use for an unauthorised purpose confidential information which could benefit or cause harm either to the Authority represented or to the Development Corporation.

7. Political Activities

- 7.1 Political activities relate to standing for public elected office, engaging in party political debate in a personal capacity, by speaking or writing in public and canvassing at elections. The ability of Officers to engage in such activities is restricted if they occupy politically restricted posts, as defined by section 2 of the 1989 Act and specified in a list maintained by the Development Corporation as required by that Act.

- 7.2 An employee who proposes to engage in political activities should consider all aspects of this Code and ensure there is no conflict of interest between their duties as an employee and their political activities. Officers who regularly advise Members, regularly have contact with the public or media, or exercise delegated powers should take particular care when they propose to engage in political activities. They must in all cases consult their Manager.

- 7.3 Where Officers are required to advise Members they must do so in ways which do not compromise their political neutrality and must not allow their own personal or political opinion to influence or interfere with their work.

8. Recruitment and Employment

- 8.1 Officers involved in recruitment or decisions relating to discipline, promotion or grading must not be involved where they are related to an applicant or have a close association with an applicant or employee.

- 8.2 All Officers involved in recruitment and selection on behalf of the Development Corporation must be familiar with, and abide by, the Development Corporation's recruitment policy and procedures.

- 8.3 Canvassing of Members of the Development Corporation relating to any employment matter including appointments, is strictly prohibited and may result in disciplinary action.

9. Sustainability Issues

- 9.1 Officers must be aware of their obligation towards improving the environment and in particular ensure the wider long-term implications of their actions are in accordance with Development Corporation policy.
- 9.2 Officers are required to consider sustainability issues when undertaking their duties, including the procurement of goods and services. In particular they should seek opportunities to improve and promote energy conservation, advocate recycling and waste minimisation, reduce pollution and support Development Corporation initiatives to improve the environment.

10. Diversity

- 10.1 All Members of the local community, customers, contractors, Members and Officers have a right to be treated with fairness and dignity. All Officers are required to comply with the Development Corporation's diversity policies and in accordance with the legal requirements placed upon the Development Corporation.

11. Intellectual Property/Copyright/Lecture Fees

- 11.1 All creative designs, writings and drawings produced by Officers in the course of their duties are the property of the Development Corporation.
- 11.2 All inventions made by Officers remain the property of the Development Corporation if made during the course of their duties. The duties are described in the Officers terms of employment, job description and those arising from an instruction from a manager or other authorised officer of the Development Corporation.
- 11.3 Fees for giving lectures or writing articles may only be retained by Officers where these activities are not integral to their employment or position with the Development Corporation and they are conducted in the Officers own time.
- 11.4 Where Officers are interviewed by the media or agree to give lectures in connection with their official duties the Development Corporation's Head of Communications and Marketing must be consulted on any intended lecture or publication in the press or other media which is connected to their official duties and prior consent of their line manager must be obtained.
- 11.5 Officers should take care when expressing their personal views publicly that they do not undermine confidence in their objectivity in the performance of their duties.

12. Use of the Development Corporation's Facilities

- 12.1 Officers must ensure that they use public funds entrusted to them in a responsible and lawful manner. They should strive to ensure value for money to the local community and to avoid legal challenge to the Development Corporation.
- 12.2 The Development Corporation's resources should be used solely in respect of its business. No improper use must be made of premises, vehicles, equipment, stationery or services. A

reasonable amount of personal use of ICT and telephone facilities may be made but is subject to any Development Corporation ICT protocols and any arrangements for the payment of personal telephone calls.

13. Performance of Duties

- 13.1 Officers are required to observe agreed working procedures, operational regulations, health and safety rules, regulations, professional codes of practice and the provisions of the Development Corporation's Constitution and to carry out reasonable and proper instructions in matters relating to their duties.
- 13.2 An Officer must not: -
- (a) Fail to discharge through carelessness, or neglect an obligation placed upon him/her by contract or by law;
 - (b) Fail to report any matter which he/she is required to report;
 - (c) Fail to wear safety clothing or footwear, or use safety equipment which has been issued as being necessary in the interests of health & safety or otherwise fail to have due regard to health & safety requirements.
- 13.3 Failure to observe the Officers Code of Conduct or any human resources policies and procedures (for instance relating to substance misuse, smoking or ICT protocols) or other Development Corporation policies, regulations or standards, may lead to disciplinary action in accordance with the Development Corporation's disciplinary procedures.

Part 4

Protocol on Member/Officer Relations

1. The Role and Purpose of the Protocol

- 1.1 The South Tees Development Corporation (“the Development Corporation”) strives to carry out its duties and provide services in a way that is effective; efficient in terms of the resources deployed; and responsive to the views and wishes of the people that might be affected by what it does.
- 1.2 Above all, the Development Corporation operates with, and promotes high ethical values and standards in an environment which demands close and effective working relations between all Members and Officers without either seeking to take unfair advantage of their position. This is achieved by means of a culture of mutual respect, trust, courtesy, openness and understanding, in which Members and Officers feel free to speak to one another openly and honestly.
- 1.3 With this in mind, the purpose of this Protocol is not in any way to change that relationship, but to offer guidance to Members and Officers on their respective roles and their working relations with one another, in order to help them to perform more effectively and thereby to ensure the efficient and effective running of the corporation and the delivery of best value services to the local community.
- 1.4 The relations between Members and Officers are complex and varied. This Protocol does not therefore aim to be either prescriptive or comprehensive. It is intended simply to offer guidance on some of the issues which most commonly arise. It is hoped however that the approach which it adopts to these issues will serve as a reference document for dealing with other issues.
- 1.5 This Protocol relies to a large extent on current practice and convention. It does, however, attempt to promote greater clarity and certainty for the benefit of both Members and Officers.
- 1.6 The Protocol also seeks to reflect and bring together the principles underlying the respective Codes of Conduct which apply to Members and Officers. The shared objective of these Codes is to enhance and maintain the integrity (both real and perceived) of Development Corporations and those who work within them and to maintain the very high standards of personal conduct required of all who serve the public.
- 1.7 Development Corporations do not however operate in isolation. The Development Corporation always seeks to work in partnership with other local organisations and agencies and regional and national bodies to the greatest effect for the people of the area. Increasingly the Development Corporation’s Members and Officers are

required to represent the Development Corporation on a variety of outside bodies and organisations with statutory and non-statutory links to the Development Corporation. Whilst the procedural aspects of the Protocol relate mainly to the Development Corporation, it is expected that Members and Officers representing the Corporation on outside bodies, continue to maintain the ethos of courtesy, respect and understanding advocated by this Protocol.

- 1.8** The Protocol must be read and operated in the context of all relevant legislation and national and local codes of conduct and the Development Corporation's Policy on confidential reporting. A copy of the Members' Code of Conduct and the Confidential Reporting Policy are reproduced in this part of the Constitution. Advice and guidance in connection with the Code and Policy, together with this Protocol can be obtained from the Development Corporation's Monitoring Officer.

2. The Roles of Members and Officers

2.1 Members

The roles of Members of the Development Corporation and Officers employed by the Development Corporation are different, but complementary. Members and Officers are servants of the public and they are indispensable to one another, but their responsibilities are distinct. All Members, including the Mayor, serve only so long as their term of office lasts. Officers are responsible to their Corporation (the Development Corporation). Their job is to give advice to all Members including the Mayor, and to the Corporation, and to carry out the Corporation's work under the direction and control of the Corporation.

Mutual respect between Members and Officers is essential to good governance. Close personal familiarity between individual Members and Officers can change this relationship and prove embarrassing to the Members and Officers.

- 2.2** The five guiding principles to be followed are that the Development Corporation should be:

Transparent – to ensure that the public are clear about who is responsible for particular decisions.

Understandable – to ensure that the decision-making process is simple, clear and unambiguous to Members, Officers and the public.

Efficient – to enable swift and responsive action.

Accountable – to ensure that decisions are open to scrutiny by Members and by the public and that members of the public are able to measure the Development Corporation's actions against its agreed policies.

Providing Best Value - to promote continuous improvement within the Development Corporation and demonstrate Best Value in ensuring resources are

directed appropriately.

2.3 Officers

Officers support and advise the Development Corporation, and the constituent parts of its decision-making processes; implement the Development Corporation's decisions and may themselves take decisions formally delegated to them through the approved Scheme of Delegation. All Officers are required to be politically neutral.

2.4 Both Officers and Members, including the Mayor, must comply in all respects and at all times with their respective Codes of Conduct, not only in their dealings with each other, but also when dealing with partners and the public.

2.5 In particular, it should be recognised that Members of the Development Corporation do not have any special immunity from civil or criminal wrongs that they may commit against fellow Members, Officers or members of the public. Members must ensure that they do not, therefore, for example, slander or libel another person. During the course of their normal duties for the Development Corporation, Members will only have a qualified (and not an absolute) protection against prosecution or civil action.

2.6 Any member of the public (including Officers) can complain to the Development Corporation's Monitoring Officer about a Members' alleged breach of the Development Corporation's Code of Conduct for Members and/or bring private, civil action against a Member. The Auditor can also take legal action against an elected Member and the Development Corporation, as a whole, for any alleged breach of the law.

2.7 The Development Corporation has statutory duties with regard to equality issues and in accordance with Development Corporation's Code of Conduct for Members, Members must promote equality by not discriminating against others. Members and Officers should not, therefore, by their behaviour or speech act in a discriminatory way with regard to, for example, a person's age, gender, race, disability, religion, ethnicity, nationality or sexual orientation. Such principles will apply to the implementation of personnel policies, recruitment and promotion as they apply to day to day dealings with fellow human beings.

2.8 Members' expectations

Members can expect from Officers: -

- (a) A commitment to the Development Corporation as whole, and not to any particular political group.
- (b) A working partnership.
- (c) An understanding of and support for the respective roles, workloads and

pressures.

- (d) Reasonable and timely response to enquiries and complaints.
- (e) Professional advice, not influenced by political views or preference, which does not compromise the political neutrality of Officers.
- (f) Regular, up to date information on matters that can reasonably be considered appropriate and relevant to their needs, having regard to any individual responsibilities that they have and positions that they hold.
- (g) Awareness of and sensitivity to the political environment.
- (h) Respect, dignity and courtesy and not acting in a discriminatory way through behaviour or speech.
- (i) That they have received relevant training and development in order to carry out their role effectively.
- (j) Integrity, mutual support and appropriate confidentiality
- (k) That employees will not use their relationship with Members to advance their personal interests or to influence decisions improperly.
- (l) That Officers will at all times comply with the relevant Code of Conduct.
- (m) Support for the role of Members as the local representatives of the Development Corporation, within the parameters of support approved by the Development Corporation.
- (n) That Officers will promote equality of opportunity in all Development Corporation matters.

2.9 Officers' Expectations

Officers can expect from Members: -

- (a) A working partnership.
- (b) An understanding of and support for the respective roles, workloads and pressures.
- (c) Leadership and direction.
- (d) Respect, dignity and courtesy and not acting in a discriminatory way through behaviour or speech.

- (e) Integrity, mutual support and appropriate confidentiality.
- (f) Not to be subject to bullying or harassment or to be put under undue pressure. Members should have regard to the seniority of Officers in determining what are reasonable requests, having regard to the relationship between Members and Officers, and the potential vulnerability of Officers, particularly at junior levels.
- (g) That Members will not use their position or relationship with Officers to advance their personal interests or those of others or to influence decisions improperly.
- (h) That Members will at all times comply with the Development Corporation's Members' Code of Conduct.
- (i) That Members will promote equality of opportunity in all Development Corporation matters.

2.10 Limitations Upon Behaviour

The distinct roles of Members and Officers necessarily impose limitations upon behaviour. By way of illustration, and not as an exclusive list: -

- (a) Close personal, as opposed to working, relationships between Members and Officers can confuse these separate roles and detrimentally affect the proper discharge of the Development Corporation's functions, not least by creating the perception in others that a particular Member or Officer may be securing advantageous treatment.
- (b) The need to maintain the separate roles means that there are limits to the matters on which Members may seek the advice of Officers, both in relation to personal matters and party political issues.
- (c) Relationships with a particular individual or party group should not be such as to create public suspicion that an employee favours that Member or group above others.

2.11 Grievances or Complaints

Procedure for Officers

- (a) From time to time the relationship between Members and Officers may break down or become strained. Whilst it will always be preferable to resolve matters informally, through conciliation by an appropriate senior manager or Member, Officers will have recourse to a Policy and Procedure relating to grievances, where the matter concerns their employment or to the Development Corporation's Monitoring Officer, as appropriate to the

circumstances. In the event of a grievance or complaint being upheld, the matter will be referred to the Group Chief Executive Officer who will decide on the course of action to be taken.

Procedure for Members

- (b) In the event that a Member is dissatisfied with the conduct, behaviour or performance of an Officer, he/she should not raise the matter in public or before the press, as Officers have no means of responding to the same in public. The matter should be raised with an appropriate Officer.

Part 5

Confidential Reporting Policy

This policy enables employees, and other persons working for the South Tees Development Corporation (“the Development Corporation”) on Development Corporation premises, together with suppliers and those providing services under a contract with the Development Corporation to voice confidentially serious concerns over alleged malpractice and alleged wrongdoing within the Development Corporation.

Officers will be nominated for the purpose of dealing with concerns raised by employees or other persons under this policy.

1. INTRODUCTION

1.1 Employees/Officers are sometimes the first to realise that there may be something seriously wrong, but they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Development Corporation; or they may fear harassment, victimisation or other reprisals. In these circumstances it may be easier to ignore the concern rather than report what may be just a suspicion of malpractice.

1.2 The Development Corporation is committed to the highest possible standards in the delivery of its services, and for full accountability for those services. In line with that commitment employees are encouraged to come forward and voice any serious concerns they may have about the Development Corporation’s operations. It is recognised that certain matters will have to be dealt with on a confidential basis. This policy makes it clear that you can do so without fear of reprisals. This policy is intended to encourage and enable you to raise serious concerns within the Development Corporation rather than overlooking a problem or “blowing the whistle” outside.

1.3 The policy applies to all Officers, employees and any contractors working for the Development Corporation on Development Corporation premises. It also covers suppliers and those providing services under a contract with the Development Corporation in their own premises.

2. AIMS AND SCOPE OF THIS POLICY

2.1 This policy aims to:

- (a) provide avenues for you to raise concerns and receive feedback on any action taken;
- (b) allow you to take the matter further if you are dissatisfied with the Development Corporation’s response to the concerns expressed; and

- (c) reassure you that you will be protected from possible reprisals or victimisation

2.2 Complaints systems are in place to provide a mechanism for individuals to complain about the standard of service, action or lack of action by the Development Corporation or its employees, which affect our services to the public. If you are an employee there are procedures in place to enable you to lodge a grievance relating to your own employment. The Confidential Reporting Policy is intended to cover concerns that fall outside the scope of these procedures e.g. malpractice or wrongdoing. Thus any serious concern that you may have regarding possible malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Development Corporation (although complaints about Members' conduct will need to be forwarded to the Development Corporation's Monitoring Officer) or others acting on behalf of the Development Corporation, can and should be reported under this policy. Employees and Officers are expected to report malpractice and wrongdoing and may be liable to disciplinary action if they knowingly and deliberately do not disclose information relating to malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Development Corporation or others acting on behalf of the Development Corporation.

3. WHAT IS MALPRACTICE OR WRONGDOING?

3.1 Malpractice and wrongdoing may be about something which: -

- is unlawful; or
- against the Development Corporation's Procedure Rules or policies; or
- is not in accordance with established standards of practice; or
- amounts to improper conduct by an Officer or a Member.

The overriding concern should be that it would be in the public interest for the malpractice or wrongdoing to be corrected and, if appropriate, sanctions to be applied.

The following are examples of issues which could be raised under this policy. It is not intended to be an exhaustive list and there may be other matters which could be dealt with under the policy:

- (a) any unlawful act or omission, whether criminal or a breach of civil law
- (b) maladministration, as defined by the Local Government Ombudsman
- (c) breach of any statutory code of practice
- (d) breach of, or failure to implement or comply with any policy determined by the Development Corporation

- (e) failure to comply with appropriate professional standards or other established standards of practice
- (f) corruption or fraud
- (g) actions which are likely to cause physical danger to any person, or give rise to a risk of significant damage to property
- (h) failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income, to the Combined Authority or would otherwise seriously prejudice the Development Corporation
- (i) abuse of power, or the use of the Development Corporation's powers and authority for any unauthorised or ulterior purpose unfair discrimination in the Development Corporation's employment or services
- (j) dangerous procedures risking health and safety
- (k) damage to the environment
- (l) other unethical conduct

4. SAFEGUARDS

4.1 HARASSMENT OR VICTIMISATION

The decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice or from the Development Corporation as a whole. The Development Corporation will not tolerate any harassment or victimisation and will take appropriate action in order to protect you if you raise a concern in good faith. In addition you are protected in law by the Public Interest Disclosure Act 1998, which gives employees protection from detriment and dismissal where they have made a protected disclosure, provided the legal requirements of the Act are satisfied.

This does not however necessarily mean that if you are already the subject of disciplinary procedures that those procedures will be halted as a result of a concern being raised under this policy.

4.2 CONFIDENTIALITY

It will be easier to follow up and to verify complaints if complainants are prepared to give their names. However, wherever possible the Development Corporation will protect those who do not want their names to be disclosed. It must be appreciated that any investigation process may nonetheless reveal the source of the information and that a statement from you may be required as part of the evidence.

4.3 ANONYMOUS ALLEGATIONS

Concerns expressed anonymously are much less powerful, and they will be treated with caution and considered at the discretion of the Development Corporation. In exercising this discretion the factors to be taken into account would include:

- (a) the seriousness of the issues raised;
- (b) the credibility of the concern; and
- (c) the likelihood of obtaining the necessary information and confirmation of the allegation.

4.4 DELIBERATELY FALSE OR MALICIOUS ALLEGATIONS

The Development Corporation will view very seriously any deliberately false or malicious allegations it receives and will regard the making of any deliberately false or malicious allegations by any employee as a serious disciplinary offence which could result in dismissal. If you make an allegation in good faith but it is not confirmed by the investigation, no action will be taken against you.

The Development Corporation will try to ensure that the negative impact of either a malicious or unfounded allegation about any employee is minimised. However, it must be acknowledged that it may not be possible to prevent all of the repercussions potentially involved.

5. HOW DO I RAISE A CONCERN?

5.1 If you suspect wrongdoing in the workplace:

- **do not** approach or accuse the individuals directly
- **do not** try to investigate the matter yourself
- **do not** convey your suspicions to anyone other than those with the proper authority, but **do** something!

5.2 As a first step, you should normally raise concerns with your immediate manager or supervisor. However, the most appropriate person to contact will depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. For example, if you believe that senior management is involved in the matter of concern, or the normal channels of communication are inappropriate for some reason, as an employee of the Corporation you should approach a Nominated Officer (HR Advisor). If you feel that this would be inappropriate in the light of the particular matter concerned, or if you are not a Development Corporation employee, you can contact the Development

Corporation's Monitoring Officer.

- 5.3 Concerns may be raised verbally but are better raised in writing. You are invited to set out the background and history of the concern giving relevant names, dates and places where possible, and the reason why you are particularly concerned about the situation. If you do not feel able to put your concern in writing you can telephone or meet the appropriate Officer.
- 5.4 The earlier a concern is expressed, the easier it is to take appropriate action.
- 5.5 Although you are not expected to prove the truth of an allegation that is made, it will be necessary for you to demonstrate to the person contacted that there are sufficient grounds for concern.
- 5.6 Advice and guidance on how matters of concern may be pursued can be obtained from the Development Corporation's Monitoring Officer.
- 5.7 Alternatively, you may wish to seek advice from your professional association.

6. HOW THE DEVELOPMENT CORPORATION WILL RESPOND

- 6.1 The action taken by the Development Corporation will depend on the nature of the concern. Where appropriate, the matters raised may:
 - be investigated by management, internal audit, or through the disciplinary process
 - be referred to the Police
 - be referred to the external Auditor
 - need to be the subject of a referral to the Development Corporation's Monitoring Officer
 - form the subject of an independent enquiry
- 6.2 In order to protect individuals and the Development Corporation, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example allegations of breaches of the Development Corporation's Code of Conduct, or discrimination issues) will normally be referred for consideration under these procedures.
- 6.3 Some concerns may be resolved by agreed action without the need for investigation.
- 6.4 Within 14 calendar days of a concern being raised under this procedure the relevant Officer will write to you:
 - (a) acknowledging that the concern has been received;
 - (b) indicating how it is proposed to deal with the matter;

- (c) giving an estimate (so far as reasonably practicable) as to how long it will take to provide a final response;
- (d) telling you whether any initial enquiries have been made; and
- (e) telling you whether further investigations will take place and if not, why not.

6.5 The amount of contact between you and the Officers considering the issues will depend on the nature of the matters raised; the potential difficulties involved; and the clarity of information provided. If necessary, further information will be sought from you.

6.6 Where any meeting is arranged, you have the right, if you so wish, to be accompanied by someone who is not involved in the area of work and/or the matter to which the concern relates.

6.7 The Development Corporation will take appropriate steps to minimise any difficulties you may experience as a result of raising a concern. For example, if you are required to give evidence in criminal or disciplinary proceedings the Development Corporation will advise you about the procedure.

6.8 The Development Corporation accepts that you need to be reassured that the matter has been properly addressed. Therefore, subject to any legal restraints, you will receive as much information as possible about the outcomes of any investigation.

7. HOW CAN I TAKE THE MATTER FURTHER?

7.1 This policy is intended to provide employees and other persons with an avenue to raise concerns **within** the Development Corporation and it is hoped that you will take this option in the first place. The Development Corporation hopes you will be satisfied with the action taken under the policy. If you are not, and you feel it is right to take the matter outside the Development Corporation, then depending upon the nature of the issue involved, the following are possible contact points:

- a) the External Auditor
- b) relevant professional bodies or regulatory organisations
- c) the Police
- d) the Local Government Ombudsman
- e) Public Concern at Work
- f) an independent legal adviser within the meaning of the Public Interest Disclosure Act 1998
- g) a regulatory body designated for the purposes of the Public Interest Disclosure Act

7.2 If you do wish to take the matter outside the Development Corporation, you must first ensure that you do not disclose confidential information. Check with the Compliance & Governance Manager or the Monitoring Officer about that. In

addition, if you wish to secure the protections afforded by the Public Interest Disclosure Act, you must ensure that your disclosure is protected within the meaning of the Act and that it complies with a set of specific conditions which vary according to whom the disclosure is made. Again please check with the Compliance & Governance Manager or the Monitoring Officer about these matters.

8. RESPONSIBILITY FOR THE POLICY

- 8.1** The responsibility for the effectiveness of this policy rests with the Monitoring Officer. That Officer will be advised about and maintain records of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Development Corporation or one of its Committees.

Appendix IV

FINANCIAL REGULATIONS

1. Purpose and Scope

- 1.1 These regulations form part of the Development Corporation's Constitution and they set out the financial management policies of the South Tees Development Corporation (The Development Corporation) and are a key part of the Corporation's financial governance arrangements. All references to The Development Corporation within these financial regulations shall be taken to include all Development Corporation Group entities.
- 1.2 These regulations lay down for the guidance of Members and Officers, principles to be followed in securing the proper administration of the financial affairs of the Development Corporation.
- 1.3 It is important that these Regulations are, and continue to be, relevant to the Development Corporation. They should be reviewed regularly to remain consistent with the Development Corporation's Constitution and related documentation and be in line with best practice and legislation.
- 1.4 Where references are made to Group entities and/or activities that may on occasion conflict with a Subscription and Shareholders' Agreement (SSHA) of Group entities these Financial regulations will prevail.

2. Role of the Development Corporation

- 2.1 Many of the responsibilities for financial matters are defined within the constitution of which these regulations form part and the Scheme of Delegation. Responsibilities are either reserved for the Development Corporation's Board to exercise or delegate to specific officers such as the Group Chief Executive Officer and Group Director of Finance & Resources.
- 2.2 The Development Corporation has overall responsibility for ensuring that the Development Corporation's expenditure remains within the resources available to it.

3. The Development Corporation is responsible for approving the Financial Control Framework of the Development Corporation.

Role of the Group Director of Finance & Resources

- 3.1 South Tees Development Corporation shall appoint an officer, the **Group** Director of Finance & Resources, who shall be responsible for ensuring the proper administration of the Development Corporation's financial affairs.
- 3.2 The **Group** Director of Finance & Resources shall issue and keep under continuous review, such instructions, advice or procedures relating to financial matters as he or she considers necessary to secure the proper administration of the Development Corporation's financial affairs.
- 3.3 The **Group** Director of Finance & Resources is responsible for reporting, where appropriate, breaches of Financial Regulations.
- 3.4 The **Group** Director of Finance & Resources has responsibility for ensuring compliance with the requirements of the Accounts and Audit Regulations relating to accounting records, control systems and audit.
- 3.5 If any financial issues arise which result in any uncertainty or ambiguity as to the correct procedure to follow under these regulations, then the **Group** Director of Finance & Resources shall have delegated powers to give a valid direction as to the appropriate procedure to follow.
- 3.6 The Director of Finance & Resources for the Development Corporation is fulfilled by the Group Director of Finance & Resources for the Combined Authority. If significant conflicts of interest arise between these two roles, these will be identified, and discussed with the Group Chief Executive Officer, who may direct another person to temporarily fulfil the role of **Group** Director of Finance & Resources for the purpose of resolving the significant conflict of interest.

4. Role of the Officers and Group entities ("the Group")

- 4.1 Chief Officers shall promote the financial management standards set by the **Group** Director of Finance & Resources and shall adhere to the standards and practices set down in these regulations.
- 4.2 It is the responsibility of Officers to consult with the **Group** Director of Finance & Resources and seek advice on any matters likely to have a material effect on the Development Corporation finances, before any decision is made.
- 4.3 If any Chief Officer or officer acting on behalf of the Development Corporation is aware of any contravention to these Financial Regulations, they must immediately notify the **Group** Director of Finance & Resources who shall determine appropriate action.

5. Accounting Policies

- 5.1 The Group Director of Finance & Resources is responsible for selecting Accounting Policies and ensuring that they are applied consistently. The key controls in Accounting Policies are that:
- i. Systems of internal control are in place to ensure that financial transactions are lawful.
 - ii. Proper accounting records are determined and maintained.
 - iii. Financial statements are prepared which represent fairly the financial position of the Development Corporation and its income and expenditure.

6. Financial Planning

- 6.1 The Group Director of Finance & Resources shall determine the appropriate timetable for the preparation of the annual budget that conforms to the statutory deadlines.
- 6.2 Each financial year, as part of the ongoing financial strategy, the Group, in consultation with the Group Director of Finance & Resources, will develop annual revenue and capital budget proposals for consideration by the Development Corporation's Board.
- 6.3 The Group shall prepare a statement of all resources and approvals covering a rolling programme identifying all approved schemes and programmes.
- 6.4 The Group Director of Finance & Resources will advise the Development Corporation on the robustness of budget proposals in accordance with his / her responsibilities under these financial regulations.
- 6.5 All revenue reserves held by the Development Corporation will be kept under review by the Group Director of Finance & Resources with a view to ensuring that they are spent on their specified purposes and that planned expenditure is properly phased.
- 6.6 The Group Director of Finance & Resources will also advise the Development Corporation on the prudent level of reserves and general balances.

- 6.7 The Group Chief Executive and Group Director of Finance & Resources will recommend approval of investment plans to the Development Corporation.

7. Financial Management – Revenue and Capital

Budget Monitoring and Control

- 7.1 The Group are responsible for monitoring their income and expenditure against the revenue and capital budgets approved by the Development Corporation.
- 7.2 The Group Director of Finance & Resources will establish an appropriate framework of financial management and control for the Development Corporation which ensures that;
- 7.3 budget management is exercised within approved Development Corporation revenue and capital budgets;
- 7.4 expenditure and income is monitored using information held on the Development Corporation's corporate financial information system;
- 7.5 timely and sufficient information on receipts and payments on each budget is available to enable managers to fulfil their budgetary responsibilities;
- 7.6 additions and changes to approved expenditure plans require approval by the Board.
- 7.7 The Group must personally ensure that any information which suggests a potentially significant variation against their approved budget (both overspends and underspends) is notified at the earliest opportunity to the Group Director of Finance & Resources. Where appropriate, the Director of Finance & Resources shall prepare a specific report for the Development Corporation to consider the proposed approach to mitigate the effects of such variation.
- 7.8 Where additional revenue or capital resources become available, or are forecast to become available, the Group must notify the Group Director of Finance & Resources at the earliest opportunity.
- 7.9 The Group Director of Finance & Resources will prepare revenue and capital budget monitoring reports in conjunction with the Group for presentation to the Development Corporation on a regular basis. The frequency and content of these reports shall be determined by the Group Director of Finance & Resources, in consultation with the Development

Corporation's Board.

- 7.10 Where the Group wish to propose new capital and revenue schemes or blocks for inclusion in the Development Corporation's programme, they must first consult the Group Director of Finance & Resources who will determine the approach to be taken for approval of the proposal. The proposals would need to be approved by the Development Corporation following advice from the Group Director of Finance & Resources.
- 7.11 Bids for external funding to support capital and revenue expenditure cannot take place until approved by the Group Director of Finance & Resources.
- 7.12 Expenditure cannot take place unless the scheme or programme is fully funded and approved.

8. Treasury Management

- 8.1 The Development Corporation's Treasury Management activities shall be defined as the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 8.2 All Treasury Management activity shall be undertaken in full compliance with the Chartered Institute of Public Finance & Resources and Accountancy's Code of Practice: Treasury Management in Public Services (revised 2011) as may be revised from time to time or such other practices and procedures as may be approved by the Development Corporation.
- 8.3 Only the Group Director of Finance & Resources may enter into any borrowing, investment and financing arrangements on behalf of the Development Corporation.
- 8.4 The Group shall ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the prior approval of the Group Director of Finance & Resources.
- 8.5 The Group Director of Finance & Resources is responsible for formulating an annual Borrowing and Treasury Management Strategy for approval by the Development Corporation in advance of the year together with providing a mid-year review and annual report after its close.

9. Banking Arrangements, Cheque Security and Credit Cards

- 9.1 No Group officer/entity other than the Group Director of Finance & Resources may open any bank account in the name of the Development Corporation
- 9.2 The Development Corporation's banking terms and overdraft arrangements shall be agreed by the Group Director of Finance & Resources.
- 9.3 All arrangements for the ordering and issuing of cheques shall be agreed by the Group Director of Finance & Resources, who shall make proper arrangements for their custody.
- 9.4 All cheques drawn on behalf of the Development Corporation shall be signed by 2 of the 3 key nominated signatories – Group Chief Executive Officer, the Group Director of Finance & Resources and the Engineering & Programme Director.
- 9.5 Credit cards, charge cards and other payment methods held in the Authority's name may only be opened, closed and managed by the Group Director of Finance & Resources.
- 9.6 The Group Director of Finance & Resources will ensure that bank reconciliations are completed on at least a monthly basis.

10. External Funding /Grants

- 10.1 The Group Director of Finance & Resources must be consulted on and approve all submissions to central government, European Union, Tees Valley Combined Authority and external bodies for funding. Prior to making any submission in relation to external funding, the Group must ensure that:
 - (a) an exit strategy is identified to manage the ultimate cessation of the funding stream with no adverse impact on the Development Corporation;
 - (b) any match-funding requirements are given due consideration prior to entering into agreements and that future revenue budgets reflect these requirements; and
 - (c) they are able to comply with the terms and conditions of a grant scheme, including auditor certification requirements, before accepting them.
- 10.2 The Group must seek approval from the Group Director of Finance & Resources before accepting any offer of funding from external bodies.

- 10.3 The Group are responsible for ensuring that all expenditure to be funded by grant is properly incurred in accordance with the requirements and conditions of the funding body, and is supported by adequate evidence.
- 10.4 The Group are responsible for ensuring the completion and submission of grant claims. The Group must also ensure that grant claims comply with the requirements and grant conditions of the funding body, are submitted promptly, supported by adequate evidence and approved by the Group Director of Finance & Resources.
- 10.5 The Group are responsible for ensuring that any legal implications and risks of working with third parties are appropriately addressed. This will include any back to back agreements as required.

11. Income

- 11.1 All monies received on behalf of the Development Corporation shall be paid in full into the Development Corporation's bank account without delay.
- 11.2 The Group shall ensure that all accounts for income due to the Development Corporation are raised within five days on an official sales invoice which provides particulars of all charges to be made for work done, services rendered, or goods.
- 11.3 The Group Director of Finance & Resources shall be notified promptly of all money due to the Development Corporation and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money.
- 11.4 Any proposal to introduce charges or make changes to existing charges for the provision of services must be approved by the Group Director of Finance & Resources.
- 11.5 Any write off of unrecoverable debt should be in accordance with the write off criteria set by the Group Director of Finance Resources.

12. Ordering of and Payments for Works Goods and Services

- 12.1 Wherever possible a purchase order is required for all purchases of goods and services and these must be raised within the Development Corporation's financial system.
- 12.2 The Group must ensure that orders represent legitimate liabilities of the

Development Corporation, sufficient budgetary provision exists to cover the payment and expenditure is correctly coded.

- 12.3 All orders for goods and services must be made in accordance with the Development Corporation's Procurement Policy.
- 12.4 All purchase orders and payments must be approved as detailed in the Scheme of Delegation.
- 12.5 The Group have the responsibility to ensure that payments are made within the terms of the contract and legislative requirements.

13. Insurance & Risk Management

- 13.1 The **Group** Director of Finance & Resources shall be responsible for ensuring that all insurable risks of the Development Corporation are adequately covered, for maintaining the necessary records and for managing all claims on behalf of the Development Corporation.
- 13.2 The Group shall notify the **Group** Director of Finance & Resources promptly of all risks, liabilities, properties or vehicles which are required to be insured, and of any alterations affecting risk or insurances indicating the amount of cover required.
- 13.3 The Group shall immediately notify the Director of Finance & Resources of any fire, loss, accident or other event that may give rise to a claim against the Development Corporation's insurers.
- 13.4 Directors are responsible for ensuring that a register of significant risks is maintained, reported and monitored.

14. Internal Audit

- 14.1 The **Group** Director of Finance & Resources shall be responsible for maintaining an internal audit of all accounts and financial transactions of the Development Corporation, and shall satisfy himself/herself as to security arrangements for the custody and safeguarding of the Development Corporation's assets as laid down in any legislation applicable to the Development Corporation and any relevant codes of practice adopted by the Development Corporation.
- 14.2 The **Group** Director of Finance & Resources, or nominated individuals undertaking internal audit functions, shall have authority to all relevant records of any Service, and shall be entitled to require the production

property and to obtain information or explanations with regard to any matters under examination.

- 14.3 The Group shall notify the Group Director of Finance & Resources immediately of any circumstances which may suggest the possibility of irregularity or loss affecting the Development Corporation. Where the Group Director of Finance & Resources considers that an irregularity may have occurred, action shall be taken by way of an investigation and report.
- 14.4 Directors shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are implemented in a timely manner.
- 14.5 The Group Chief Executive and Group Director of Finance & Resources (the Statutory Officers), as outlined in clause 28 of the Development Corporation's Constitution, shall advise the Board when a Referral Decision may be required.
- 14.6 The Development Corporation shall maintain a register of significant risks which may lead to or constitute a Referral Decision (Clause 33 of the Constitution) and notify the Group Director of Finance & Resources at the earliest opportunity of changes to the risk profile of the Corporation which could have a material effect on the Corporation's or the Combined Authority's liabilities.

15. Arrangements with external Organisation

- 15.1 The Group Director of Finance & Resources must be consulted prior to the establishment of any financial arrangements as part of partnerships or joint arrangements with external companies, other public organisations and community and voluntary groups. No partnership or joint arrangements shall be entered into without the approval of the Development Corporation.
- 15.2 Directors must confirm whether any arrangement requires the Development Corporation to be designated an 'Accountable Body'. Where this is the case, the Group Director of Finance & Resources must be consulted and approval of the Development Corporation must be obtained prior to the arrangement becoming operational.
- 15.3 The financial arrangements of all partnerships where the Development Corporation is the Accountable Body should meet the requirements of the Development Corporation's Financial Procedure Rules and Contract Procedure Rules.

Appendix V

SCHEME OF DELEGATIONS TO CHIEF OFFICERS

1. Introduction

This Scheme of Delegation has been adopted by the Board (meaning the members of the South Tees Development Corporation meet as such) and can only be altered by the Board.

The roles of Chief Executive Officer and Director of Finance and Resources of the Development Corporation are discharged by the Group Chief Executive Officer and Group Director of Finance and Resources respectively.

The scope of this Scheme of Delegation applies to the whole STDC Group where defined below: -

The delegated Authority of STDC group entities is administered via the respective Subscription and Shareholders Agreement(s) (SSHA). The decision-making powers are specifically set out within the matters reserved for Board decision within the SSHA agreement(s) those entities.

STDC Board approves, and/or delegates to its statutory officers in consultation with the Chair, the necessary matters reserved for Board and also the nomination of STDC Board representation on Group entities. STDC Board representatives are required to operate within the relevant arrangements established, and varied from time to time by Board approval, to enable the efficient and effective operation of STDC Group entities.

1.1 Chief Executive Officer (CEO)

The CEO shall fulfil the statutory role of Accounting Officer. The CEO is responsible for the corporate management and overall operational capacity of the Development Corporation, including the strategic management of all of the Development Corporation's staff.

The CEO is appointed the Proper Officer for the purpose of receiving a list of the Development Corporation's politically restricted posts.

The CEO cannot be the Monitoring Officer.

1.2. Monitoring Officer

Under the provisions of s7 of the Tees Valley Combined Authority (Functions) Order 2017, the designation and reports of the Monitoring Officer to the Combined Authority (the Monitoring Officer) shall apply as if the Corporation were a Committee to the Combined Authority. The Monitoring Officer will be responsible for promoting and maintaining high standards of conduct. The Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration and probity to all Members and provide a comprehensive service to the

Development Corporation Board.

The Monitoring Officer to the Development Corporation is appointed the Proper Officer in relation to the following functions under the Local Government Act 1972:

- a) Determination of those reports which should be available for public inspection prior to a meeting of the Development Corporation Board, the Audit and Risk Committee and any other of the Development Corporation and those which are likely to be heard in private and consequently which should not be released to the public (section 100B (2)).
- b) Provision of documents to the press, additional to committee reports (section 100B(7)).
- c) Preparing written summaries of proceedings (section 100C (2)).
- d) Making arrangements for lists of background papers to reports to be compiled, and for copies of documents on those lists to be made available for public inspection (section 100D (1))
- e) Advising on what may or may not be a background paper for the purposes of reports which are open to public inspection (section 100D (5))
- f) Determination of documents disclosing exempt information which may not be inspected by Members (section 100F(2)).
- g) Signature or authentication of Summonses to the Development Corporation Board (paragraph 4 (1A) (b) of Schedule 12).
- h) Declaration and Certificates with regard to securities (section 146 (1)(a) and(b)).
- i) Deposit of documents (section 225 (1)).
- j) Certifications of photographic copies of documents (section 229 (5)).
- k) Issuing and signing of formal notices (section 234 (1) and (2)).

The Monitoring Officer is also appointed the Proper Officer for the following purposes: -

- l) Certification of copies of resolutions, minutes, other documents.
- m) Exceptions to the overview and scrutiny and publicity requirements relating to key decisions (the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017).

The Monitoring Officer will maintain an up to date Register of Member's interests and an up to date version of the Constitution and will ensure that it is widely available for consideration by Members, officers and the public.

The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct and be responsible for the receipt and acknowledgement of complaints of failure by a Member of the Development Corporation to comply with the Members Code of Conduct.

The Monitoring Officer cannot be the Group Chief Executive Officer or the Director of Finance & Resources.

1.3 Group Director of Finance & Resources

The Group Director of Finance & Resources has responsibility for ensuring lawfulness and financial prudence of decision making. The Director of Finance & Resources is appointed Proper Officer in relation to the following:

- a) receipt of money due from officers (Local Government Act 1972, section 115 (2));and
- b) proper administration of the financial affairs of the Development Corporation.

The Director of Finance & Resources will provide advice and guidance to all Members on financial impropriety and budgetary issues and will report to the Development Corporation regarding any proposal, decision or course of action that will involve incurring unlawful expenditure, or that is unlawful and is likely to cause a loss or deficiency on the part of the Development Corporation (including all entities within the Development Corporation Group), or if the Development Corporation, or any of its Group entities, is about to enter an item of account unlawfully.

1.4 Engineering & Programme Director

The role of the Engineering & Programme Director is commercially focused to lead on the complex regeneration of the South Tees Mayoral Development Corporation area. The Engineering & Programme Director will develop, implement and deliver a comprehensive programme management approach that meets the current and future needs of the organisation. The Engineering & Programme Director will provide expert professional leadership and advice to the CEO, senior colleagues and all Members whilst leading the internal and external multi-disciplinary teams and ensuring the programme is commercially focused and protected.

1.5 General

All officers in whose name reports are submitted to the Development Corporation Board, the Audit & Risk Committee and any workstream established by the Board, shall submit such reports via the Monitoring Officer for:

- a) Compilation and retention of lists of background papers and copies of the relevant documents and reports.
- b) Identifying and determining what are background papers.

2. Scheme of Delegation of Functions to Chief Officers

2.1 Section 101 of the Local Government Act 1972 enables the Development Corporation to delegate the discharge of any of its functions to its officers.

2.2 Section 107D of the Local Democracy, Economic Development and Construction Act 2009 enables the Mayor to arrange for an officer of the Development Corporation to exercise any functions exercisable by the Mayor.

2.3 This part of the Constitution specifies those powers of the Development Corporation and

the Mayor which, for the time being, are exercisable from time to time by officers of the Development Corporation, and stating the title of the officer in question by whom the powers are exercisable.

2.4 Chief Officers in the context of this Constitution mean the Group Chief Executive Officer, the Group Director of Finance & Resources, the Engineering & Programme Director and the Monitoring Officer.

2.5 The delegated powers of Chief Officers set out in this Scheme may be exercised by other officers authorised by the Chief Officer with the delegated power to act on their behalf and in their name, provided that appropriate administrative procedures are in place to record the authorisation and monitor decisions taken.

2.6 The exercise of delegated powers by officers is required to be in accordance with and subject to:

- a) Statute or other legal requirements, including the principles of public law, the Human Rights Act 1998, statutory guidance and statutory codes of practice;
- b) this Constitution, the Development Corporation Board's Rules of Procedure and Financial Regulations currently in force;
- c) the revenue and capital budgets of the Development Corporation, subject to any variation thereof which is permitted by the Corporation's Financial Regulations; and
- d) any policy or direction of the Development Corporation Board, the Audit & Risk Committee and any workstream established by the Board acting in exercise of the powers delegated to it by the Development Corporation.

2.7 Officers may **not** exercise delegated powers where:

- a) the matter is reserved to the Development Corporation Board, or the Mayor, and is to be exercisable only by them, by law or by this Constitution
- b) the matter is a function which cannot by law be discharged by an officer;
- c) the Development Corporation Board, or a committee, sub-committee or joint committee to which the Development Corporation is a party, has determined that the matter should be discharged otherwise than by an officer.

2.8 Where in relation to an item before the Development Corporation Board, Audit & Risk Committee and any workstream established by the Board, a Chief Officer is given specific authority to determine a particular matter, the officer should ensure that there is an appropriate audit trail to evidence such a determination.

2.9 Any reference in this Scheme of Delegation to any enactment shall include a reference to any amendment or re-enactment of the same.

3. General Delegations to all Chief Officers (unless otherwise stated)

GD1 The day to day routine management, supervision and control of services provided for the Development Corporation by staff under its control in accordance with the Rules of Procedure and Financial Regulations of the Development Corporation.

Contracts and Accounts

GD2 The disposal of surplus or obsolete equipment to the person submitting the highest quotation up to a limit of £10,000 in value.

GD3 The acceptance of the best value tender or quotation (in consultation with Group Chief Executive Officer and Group Director of Finance and Resources):

- a) For the supply of goods, materials or services for which financial provision has been made in the Development Corporation's Budget and that do not exceed £1,000,000, and
- b) For building and civil engineering works for which financial provision has been made in the Development Corporation's Budget and that do not exceed £10,000,000

GD4 The invitation of quotations for contracts for the supply of goods, materials or services from at least three persons, subject to financial provision having been made in the Revenue or Capital Budget of the Development Corporation.

GD5 The invitation of quotations for contracts for the execution of works from at least three persons, subject to financial provision having been made in the Revenue or Capital Budget of the Development Corporation.

GD6 The provision of services or the purchase of materials or minor items of equipment for which provision has been made in the revenue estimates.

4. Delegations to the Group Chief Executive Officer

- CEO1 To discharge the functions of the Group Chief Executive Officer in relation to the Development Corporation.
- CEO2 To engage officers on behalf of the Development Corporation in order to coordinate and carry out its functions.
- CEO3 To discharge any function of the Development Corporation which has not been specifically delegated to another officer or reserved to the Development Corporation Board or Audit & Risk Committee whether by law or by this Constitution.
- CEO4 To take all action which is necessary or required in relation to the exercise of any of the Development Corporation's functions or the functions of the Mayor (other than those functions which by law can be exercised only by the Development Corporation or by the Mayor), having regard to the Development Corporation's or Mayor's approved plans, policies or strategies and the Development Corporation's budget, and all enabling legislation.
- CEO5 Take any action which is necessary or required as a matter of urgency in the interests of the Development Corporation, in consultation (where practicable) with the Chair of the Development Corporation Board, the Monitoring Officer, the Group Director of Finance & Resources and the Engineering & Programme Director.
- CEO6 Nominate, appoint and remove, in consultation with the Chair of the Development Corporation Board, Development Corporation representatives on the board of companies, trusts and other bodies, and to agree constitutional arrangements for such companies, trusts and other bodies, and give any necessary consent required within their relevant constitutions.
- CEO7 To authorise any named officer of the Development Corporation to exercise functions delegated to the Group Chief Executive Officer, ~~the Director of Finance & Resources, the Engineering & Programme Director or the Monitoring Officer, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.~~
- CEO8 Authentication of documents and the use of the corporate seal, following appropriate consultation with the Monitoring Officer and Chair of the Board

5. Delegations to the Group Director of Finance & Resources

- DoFR1 To effect the proper administration of the Development Corporation's financial affairs particularly in relation to financial advice, procedures, records and accounting systems, internal audit and financial control generally.
- DoFR2 After consulting, so far as practicable with the Group Chief Executive Officer, the Engineering & Programme Director and the Monitoring Officer, to report to the Development Corporation Board if it appears to him/her that a decision has been made, or is about to be made which involves or would involve the Development Corporation incurring unlawful expenditure, or that a course of action has been taken or is about to be taken which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Corporation, or that an item of account is about to be made which is unlawful. Such a report will have the effect of prohibiting the proposal, decision or other action being implemented until the report has been considered.
- DoFR3 The taking of all action required on borrowing, investment and financing subject to the submission to the Development Corporation Board of an annual report of the Group Director of Finance & Resources on Treasury Management activities at six-monthly intervals in accordance with CIPFA's Code of Practice for Treasury Management and Prudential Codes.
- DoFR4 To effect all insurance cover required in connection with the business of the Development Corporation and to settle all claims under such insurances arranged for the Development Corporation's benefit.
- DoFR5 To discharge the functions of the Development Corporation under the Accounts and Audit (England) Regulations 2015 (with the exception of Regulations 6(2), 9(2) and 20(1)).
- DoFR6 To be the officer nominated, or to nominate in writing another officer, as the person to receive disclosures of suspicious transactions for the purposes of the Proceeds of Crime Act 2002 and any Regulations made thereunder.
- DoFR7 To exercise the responsibilities assigned to the Group Director of Finance & Resources in the Development Corporation's financial arrangements and procedures and in its Procurement Policy.
- DoFR8 To authorise any named Officer of the Development Corporation to exercise functions delegated to the Group Director of Finance & Resources, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.

6. Delegations to the Engineering & Programme Director

- EPD1 To effect the proper administration of the Development Corporation's operational affairs particularly in relation to the regeneration programme, its projects, procurement, risk, recruitment and learning and development.
- EPD2 To authorise any named Officer of the Development Corporation to exercise functions delegated to the Engineering & Programme Director, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.

7. Delegations to the Monitoring Officer

- MO1 The Monitoring Officer is authorised to:
- a) institute, prosecute, defend, withdraw, conduct, settle or appeal any administrative action and/or any legal proceedings on behalf of the Development Corporation;
 - b) negotiate, issue, conclude and/or sign or execute any notice, document or agreement in any case where such action will facilitate, or be conducive or incidental to the carrying out of any decisions of the Development Corporation Board; or in any case where the Monitoring Officer considers that such action is necessary to protect the Development Corporation's interests, or to further or achieve the objectives of the Development Corporation; and
 - c) settle or otherwise compromise any such administrative action or legal proceedings if they have been commenced or there are reasonable grounds for believing such actions or proceedings may be contemplated.
- MO2 Authentication of documents and the use of the corporate seal.
- MO3 After consulting, so far as practicable, with the Group Chief Executive Officer, **Group** Director of Finance & Resources and the Engineering & Programme Director, the Monitoring Officer will report to the Development Corporation Board if he/she considers that any proposal, decision or omission has given rise to or is likely to or would give rise to a contravention of any enactment or rule of law or any maladministration or failure as determined following an investigation by the Local Government Ombudsman. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- MO4 To accept on behalf of the Development Corporation Board in-year changes to the membership of the Audit & Risk Committee and other workstreams established by the Board.
- MO5 To make minor changes to the Constitution and its associated documents in order to reflect organisational or legislative change when the power remains unaltered.

MO6 To make any textual or grammatical corrections to the Constitution and its associated documents.

Supporting the Standards Regime

MO7 To receive and acknowledge complaints of failure to comply with the Members' Code of Conduct under the Development Corporation's adopted local standards arrangements.

MO8 To review complaints received in respect of any alleged breach by a Member of the Code of Conduct for Members and to act in accordance with the Development Corporation's adopted local arrangements.

MO9 The Monitoring Officer will, where considered appropriate, either conduct or arrange for investigations to be conducted into alleged breaches of the Members' Code of Conduct referred to him/her.

M10 The Monitoring Officer will undertake informal resolution of such complaints in accordance with the Development Corporation's adopted local arrangements.

M11 To authorise any named Officer of the Development Corporation to exercise functions delegated to the Monitoring Officer, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.

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: 23rd February 2021

Time: 2 pm

TEAMS Meeting

Attendees:		Apologies:
Ben Houchen (Chair)	Tees Valley Mayor	Andy Preston, Mayor of Middlesbrough
Paul Booth	TV LEP	John Sampson, MD, RCBC
Graham Robb	Recognition PR	
Sir Alan Cockshaw	Independent Member	
Jacob Young	Member of Parliament	
David Smith	Energy Networks UK	
Mary Lanigan	Leader, RCBC	
Tom Smyth	BEIS, Interim Government Representative	
Julie Gilhespie	TVCA, STDC Group	
Gary MacDonald	TVCA, STDC Group	
John McNicholas	STDC	
Mike Russell	STDC	
Chris Harrison	Joint Venture Partner	
Peter Judge	TVCA	
Sharon Jones (Secretariat)	TVCA	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	Welcome and introductions	The Chair welcomed everyone to the meeting.		
2.	Apologies for Absence	Apologies were given as noted above.		
3.	Declarations of Interest	Paul Booth declared an interest as a Non-Paid, Non-Executive Director of the company that are involved in discussions regarding the Goods Recycling Project.		
4.	Minutes of previous meetings	The minutes of the meeting held on 27 th January 2021 were agreed as a true record.		
5.	Chair's Update	<p>The Chair advised Members that there is potential future project in the pipeline regarding goods recycling. At this stage any update is for information only.</p> <p>CH gave an overview to Members on the potential project. The proposition at this stage is to look into whether the project is to be pursued and if so, who we engage with.</p> <p>It was agreed that a more rounded proposition on the project will be added to the agenda for the next Board meeting and at this point Members can make a decision on whether to move forward.</p>	Add item to agenda for the next meeting	SJ

6.	Tees Valley Freeport Bid	<p>A paper was circulated updating Members on the position of the Tees Valley Freeport Bid.</p> <p>The bid is now submitted and an announcement from Government as to whether we have been successful is expected in the next few weeks.</p> <p>Resolved that the Board:</p> <ul style="list-style-type: none"> • Note the content of this update report. • Nominates David Smith as STDC Board member to sit on the Teesside Freeport Board, should the board be constituted following a successful bid and completion of a satisfactory Business Case. 		
7.	Approval to procure and award contracts for various commissions exceeding the current scheme of delegation thresholds for Chief Officers	<p>The Chair proposed and Board agreed to pass a resolution to exclude the press and public under paragraph 3 of part 1 of schedule 12a of the Local Government Act 1972, in order to allow Board to consider matters of a commercially confidential nature.</p> <p>A paper was circulated providing details of two major areas of work over the coming months that are pivotal to the successful transformation of the Teesworks site. In order to progress there are contracts to be procured and let with values that will exceed the current Scheme of Delegation approvals.</p> <p>Approval is required to move forward with appointing contracts that are in excess of delegations in line with the demolition framework, which has already been signed off. All Procurement for the framework has been done in line with the OJEU process.</p> <p>Resolved that the Board:</p> <ul style="list-style-type: none"> • Endorses the proposal to procure and award contracts for the necessary Services and Works detailed in the paper. 		

		<ul style="list-style-type: none"> Delegates all necessary legal, financial and commercial authorisations relating to the various contractual undertakings to the Group CEO, in consultation with the Chair, the Director of Finance and Resources, and the Monitoring Officer. <p>At the next Board meeting an update on the awarded contracts and construction work will be given, as well as a presentation and update on progress with the Quay.</p>	Add to agenda for the next meeting	SJ
8.	Site Access Dispute	<p>A paper was circulated giving Members an update on a Land Access dispute on the Teesworks site.</p> <p>Resolved that a final attempt to deal with the matter detailed in the paper be undertaken by offering a meeting within the next two weeks. If this is unsuccessful then the recommendations detailed within the paper are agreed by the Board.</p>		
9.	Date & Time of Next Meeting	TBC		

AGENDA ITEM 8

REPORT TO THE STDC BOARD

29th JULY 2021

REPORT OF THE GROUP CHIEF EXECUTIVE

GROUP CHIEF EXECUTIVE UPDATE

SUMMARY

The purpose of this paper is to provide an update to the STDC Board on the key activity within STDC since the last meeting.

RECOMMENDATIONS

It is recommended that the Board notes the content of this update report.

ORGANISATIONAL DEVELOPMENTS

1. Since the Last update to the Board the Tees Valley has been announced as one of the successful bidders for Freeport Status. As a large area of the proposed Freeport sits within the Teesworks Site Boundary, work is ongoing to reflect the impacts of freeports on the wider regeneration programme to ensure best advantage is taken of freeport incentives. In particular, tax zones, which offer a range of time limited tax incentives to eligible businesses
2. In addition to confirmation of Freeport status STDC has continued to develop a business case for additional funding linked to development of the Tees Valley Offshore Wind Hub on the South Bank area of the site. This business case is expected to secure a further £20m of funding to support site preparation works and ensure that the site is ready to accommodate offshore wind manufacturers at the earliest opportunity. A large part of the Offshore Wind hub also forms part of the Teesside Freeport and is expected to have tax zone status.
3. As part of the plans for the proposed offshore wind hub, in March LM Wind (a subsidiary of GE Renewable Energy) announced plans to open and operate plant for the production of offshore wind turbine blades on the Teesworks Site and Heads of terms have been agreed. The plant is currently in the detailed design phase and is expected to open and start production in 2023 alongside the completion of the Teesworks Quay at South Bank
4. Further developments by operational area are provided below.

FREEPORT

5. Teesside Freeport continues to progress with the Shadow Governance Board and Workstreams associated with Strategy & Accountability for Public Funds, Assurance & Compliance and Investment and Innovation established and meeting on a monthly basis.
6. A review of the implementation of the Freeport at a general level and on Teesworks was provided to the ARC at their last meeting and risks associated to the delivery of Freeport at Teesworks have been incorporated into the PMO.
7. Teesworks have a team allocated to the delivery of the Primary Custom Zone and are currently reviewing the location and specification for the site.

COMMERCIAL

8. Currently, Teesworks has in excess of 250 direct enquiries from occupiers looking to locate their businesses on the Teesworks site. The majority of these enquiries, c. 85%+, are looking to take advantage of Teesworks' Freeport Status in some form.
9. The Commercial Delivery Team are currently in 'advanced discussions' with c. 20 occupiers, 3 of whom have confirmed their commitment to site, 5 have received draft Heads of Terms and the remaining 12 firms are currently conducting their in-house due diligence having received the full information pack. Of these requirements, c. 50% would require access to South Bank Quay, c. 15% need to be located in the vicinity of the EfW/ERF project on Dorman Point and the remaining 35% are looking to take advantage of the utility and rail capabilities Teesworks are able to offer. The total land area of these occupiers' requirements is c. 745 acres.
10. Away from occupier requirements, further opportunities linked to site infrastructure are being explored. These include the potential for a fibre/ 5G network across the site; exploring options to unlock the potential of the two waste tips (which currently account for c. 150 acres of land that cannot be developed at South Bank); commercialising utilities to create additional income; and assessing the viability of the cross-site rail network system.
11. In addition, the formal marketing process of Teesworks has now begun. This involves the creation of new marketing material and technical packs, an active online presence, translation of the website in the 5 most widely spoken languages, a presence at global 'trade shows' to ensure our name is synonymous with market leaders and individual conversations with global brands to assess their future requirements.

UTILITIES

12. Regarding the Electrical Infrastructure JV Procurement Process negotiations with the Preferred Bidder have continued since February 2021. The main issue has been the impact of the HSE Actions legal which were only issued by the HSE in December 2020, following a COMAH visit in November 2020. This timing was after selection of the

Preferred Bidder. One of the HSE actions legal is to undertake a network protection study that will confirm the appropriateness of the protection settings for the Teesworks electrical distribution network. The work was contracted in May 2021 and will be completed in October 2021.

13. As a consequence of the need to undertake a protection study, the deal structure has changed and will now involve a dual close. The first close, is now likely in July 2021, to set up a management and sales joint venture to support the wider growth aspirations of the Teesworks site and to oversee early works in support of demolition and / customer connections. The second close, likely in December 2021, will see a new joint venture company being formed between the Preferred Bidder and STDC that will acquire the HV assets and will then own, operate, and develop the HV infrastructure. The new business will be branded as Teesworks Power Ltd.
14. Between now and the second close STDC will contract for upgrade works that will strengthen the network, such as Scada system upgrade and earthing protection, these costs will be fully reimbursed at the second close.
15. In addition, early works to support the demolition of the BOS Plant and the LM Wind development have been awarded to the Preferred Bidder consortium.

PROGRAMME DEVELOPMENT

16. Dorman Point (150-acre site)
 - a. Eston Road Highway Access Scheme (new roundabout)
 - Preliminary construction activities: 100% complete.
 - Main works construction commencement: June 2021.
 - Revised programmed completion: March 2022.
 - b. Site Preparation and Ground Remediation Works, Phase 1 (40 acres, western zone of site)
 - Construction progress: 60% complete
 - Programmed completion:
 - Phase 1a (TV ERF site): August 21
 - Phase 1b (remainder of site): October 2021.
 - c. Site Preparation and Ground Remediation Works, Phase 2 (50 acres, eastern zone of site)
 - Construction progress: 68% complete
 - Programmed completion: September 2021.
 - d. Site Preparation and Ground Remediation Works, Phase 3 (30 acres, central zone of site)
 - Programmed start date: October 2021.
 - Programmed completion: March 2022.
 - e. Site Preparation and Ground Remediation Works – Phase 4 (30 acres – former SSI land)

- Programmed start date – October 2021.
- Programmed completion: March 2022.

17. Metals Recovery Area (50-acre site)

a. Site Preparation and Ground Remediation Works

- Construction progress: 100% complete – completed 04-Jun-21.

18. South Bank

a. South Bank Quay Phase1 (450 linear metres of usable quay)

- Surveys and investigations – complete.
- Planning permission – secured.
- Marine Works Licence from the MMO – now expected Jul/Aug-21.
- Stage 1 of the two-stage tender process is complete, with contractors Graham and Volker Stevin being selected to proceed to Stage 2.
- The Stage 2 'Early Contractor Involvement' (ECI) process is now underway, which will see the two selected contractors develop out their full design and construction proposals, culminating in the submission of their final tenders on 09-Aug-21.
- Tender evaluation stage: 10-Aug-21 to 27-Aug-21.
- Contract commencement: 06-Sep-21.
- Phase 1a completion (250m of quay): December 2022
- Phase 1b completion (200m of quay): March 2023.

b. Site Preparation and Ground Remediation Works

Area C (GE Blade Manufacturing Facility site – 50 acres)

- Advance major site clearance and demolition works: 75% complete.
- Ground remediation works commencement: 01-Jun-21, 20% complete.
- Target completion:
 - Phase 1 (main factory site): October 2021
 - Phase 2 (factory site north): November 2021
 - Phase 3 (factory site south): February 2022

Area B (Land behind South Bank Quay Phase 1 – 70 acres, ex-Tarmac leased land)

- Scheduled commencement: 19-Jul-21
- Target completion:
 - Area B1 (100m wide land strip behind quay – 20 acres):
 - Phase 1a of quay: September 2021
 - Phase 1b of quay: October 2021
 - Area B2 (remainder of land – 50 acres): September 2022.

Area A (Land behind South Bank Quay Phase 2, excluding SBCO – 90 acres)

- Advance site clearance works 100% complete.
- Ground remediation works commencement date: TBC.

19. SLEMS Area (60-acre site)

- The appointed technical consultant is progressing design solutions to the remediation of the SLEMS, in particular the in-situ treatment of the 1.0 million tonnes of BOS Oxide.
- We have targeted a minimum 6-month programme for the design and regulatory approvals process.
- Projected earliest start date on site: January 2022

20. Demolition Works Programme

a. Heavy Fuel Oil (HFO) Tank Farm and Buildings at South Bank

- HFO Tank Farm: 100% complete.
- Buildings at South Bank: 90% complete.
- Programmed completion: July 2021.

b. Torpedo Ladle Repair Shop Complex (Dorman Point): 100% complete.

c. Advance Demolitions, Redcar (the Foundry and NZT sites)

- Coal Handling Facility, Redcar: 100% complete.
- RDL Stores, Tube City, various conveyors: 100% complete.
- Raw Materials Handling Facility: 15% complete.
- Sinter Yard Conveyors: 80% complete.
- Programmed completion: October 2021.

d. Primary Demolition Programme

General

- The major demolition projects have been allocated to the Lot 1 Demolition Contractors under the Framework and detailed preparations and works planning are now underway for commencement of the remaining projects on 02-Aug-21.
- The major projects (and their contractors) comprise:
 - South Bank Coke Ovens By-Products Plant – Keltbray.
 - South Bank Coke Ovens Battery Facility (already commenced) – Thompsons of Prudhoe
 - BOS/CONCAST Plant (already commenced) – Thompsons of Prudhoe.
 - BOS/CONCAST Plant Coke Ovens Gas Main Cleaning/Decontamination (already commenced) – KDC.
 - Redcar Blast Furnace – Thompsons of Prudhoe.
 - Redcar Coke Ovens Battery Facility – KDC.
 - Redcar Coke Ovens By-Products Plant – Erith.
 - Redcar Sinter Plant – Brown and Mason.
 - Redcar Power Station – Brown and Mason.

BOS/CONCAST Plant (Thompsons)

- Scrap Bays: 100% complete.

- Mould Bay and Export Bay: 50% complete.
- Programmed completion: December 2022.

BOS/CONCAST Plant Coke Ovens Gas Main Cleaning/Decontamination (KDC)

- Temporary works erection: ongoing.
- Programmed completion: December 2022.

Stock Houses, Area Workshops and Related Conveyors - NZT Site (Thompsons)

- Conveyors: 80% complete.
- Area Workshops demolition: commences July 2021 (STSC operatives now relocated to Redcar Power Station).
- Stock Houses demolition: commences September 2021.
- Programmed completion: December 2021.

South Bank Coke Ovens Battery Facility (Thompsons)

- Project commenced: 07-Jun-21.
- Programmed completion: October 2021.

21. Net Zero Teesside Site (125 acres)

- We are now moving into detailed dialogue with the NZT team on the specific requirements for site preparation and ground remediation. Utilities diversion requirements are also being assessed and planned.
- Phase 1 of the site preparation and ground remediation works are currently scheduled to start in January 2021. We will be procuring consultant and contractor appointments through the second half of 2021.

22. GE Blade Manufacturing Facility, South Bank

- The appointed design team has completed the concept design for the facility, in support of the planning submission.
- The team is now engaged in developing the full technical design, which is scheduled to be complete by the end of September 2021.
- Detailed dialogue with the GE/LM Wind team continues, both on the facility requirements, as we press for the earliest possible design freeze from LM, and on HSE and commercial matters.
- Construction programme: October 2021 to February 2023.

23. Key Risks to Delivery

a. South Bank Quay Phase 1

- Ongoing delays in securing the MMO Marine Works Licence.
- Lead in times for primary materials (e.g., tubular piles) impacting delivery to programme.
- Addressing the logistics associated with bringing ashore major volumes of earthworks materials from dredging and other excavations in front of the quay wall.

b. Demolition Programme

- Lead-in times for delivery of advance enabling works (e.g., STSC works).
 - HV infrastructure diversion projects – long lead-in times for the delivery of 66kV equipment.
- c. Delivering the GE site facility
- Programme in general – the timescale for delivery of the Phase 1 site preparation and ground remediation works is very tight and requires a high level of intensity of earthworks operations.
 - Unforeseen ground conditions impacting delivery to programme.
 - Securing a design freeze with LM Wind in order that the detailed design can be completed on time.
 - Long lead-in times for major construction materials such as primary and secondary steelwork, and cladding systems.
 - Finalising the commercial and related legal agreements.
- d. Teesworks programme acceleration in general
- Project management resourcing.

STDC is working actively in mitigation of all of the above risks, with plans in place and measures being taken to address potential impacts to programme.

SITE MANAGEMENT REPORT

A separate site update report is included later in the agenda

FINANCE UPDATE

Separate finance updates are included later in the agenda

FINANCIAL IMPLICATIONS

24. The financial implications of programme activity are captured in the STDC Delivery Group meetings throughout the year. The Group received regular financial updates linked to programme milestones and a procurement pipeline has been produced to integrate with the programme plan. This will ensure spending profiles are monitored and key critical expenditure path items are identified.

LEGAL IMPLICATIONS

25. Whilst matters with legal implications are discussed in this report, this update report has no specific legal implications.

RISK ASSESSMENT

26. Risks are reviewed on a regular basis by Risk Owners and the Risk Management Team.

CONSULTATION & COMMUNICATION

27. This paper has been prepared directly from separate reports prepared by the Senior Management team of STDC. As the purpose of this report is to provide updates/ information no further consultation has been undertaken/ is necessary.

EQUALITY & DIVERSITY

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

Name of Contact Officer: Julie Gilhespie

Post Title: Group Chief Executive

Telephone Number: 01642 528 834

Email Address: julie.gilhespie@teesvalley-ca.gov.uk

AGENDA ITEM 9

REPORT TO THE STDC BOARD

29th July 2021

REPORT OF DIRECTOR OF FINANCE AND RESOURCES

FINANCE UPDATE

SUMMARY

The purpose of this paper is to update the Board on financial performance for the year ended 31 March 2021 and the two months to 30 May 2021

A separate paper is included which includes details of the proposed budget and medium term plan for 2021/22

RECOMMENDATIONS

It is recommended that the STDC Board:

- i. Notes the content of this report

FINANCIAL PERFORMANCE STDC GROUP – MARCH 2021 (EXCLUDING STSC)

Management accounts for the 12 months ended 31 March 2021 show total delivered spend of £50.8m compared to an original budget of £40.7m and stretch MTFP target of £60.1m.

Analysis of performance for the year is provided below.

		2020/21	2020/21	2020/21	2020/21
	2020/21	Outturn	Var	Approved	2020/21
	Actual	Forecast	Outturn	Budget	Var
Performance overview	£'000	£'000	£'000	£'000	£'000
Central costs					
Overheads	2,107	2,096	(11)	2,813	706
STDL Site Management	1,080	1,173	93	1,173	93
	3,187	3,269	82	3,986	717
Projects					
Teesworks	6,074	5,584	(490)	9,855	3,781
Dorman Point	10,361	11,191	830	10,017	(344)
South Bank	12,445	12,681	236	10,912	(1,533)
Teardrop	218	311	92	985	767
Net Zero Teesside	39	202	164	531	492
Foundry	154	-	(154)	502	348
Steel House (inc I Gatehouse)	2,399	2,468	69	5,000	2,601
IFC	-	-	-	380	380
Other	142	196	53	49	(93)
	31,832	32,633	800	38,231	6,399
Land acquisition					
CPO Settlement/other	15,764	15,900	136	19,640	3,876
Total spend	50,784	51,802	1,018	61,857	10,991

Following the January board meeting a detailed review of project activity was undertaken to develop an outturn spend forecast for the year of £51.8m (blue highlighted) performance is also compared to the MTFP stretch target.

In the financial commentary to the last board finance update it was noted that delivery leads had a high level of confidence that the original budget presented in the business case to Government would be exceeded ensuring delivery targets were met for government funding and ensuring that significant proportion of the revised budget/MTFP target for the year would be met.

The eventual outturn performance of £50.7m sits in the middle of this spend range as anticipated.

- The £1m variance compared to outturn expectations of £51.8m is principally driven by lower than forecast levels of aggregates processing at Dorman Point and South Bank. During the year STDC paid £3.4m to Teesworks Limited in settlement for recovered aggregates used in site regeneration activity. Early run rate estimates were used when calculating the outturn for the year which were shown to be overly prudent in practice
- Aside from the above delivery to the year end was in line with management expectations.
- Compared to budget, capital project delivery out turned at £6.3m below the approved budget envelope. This level of spend was set as a challenge target and the profile of programmed activity has reflected core priorities with a focus on Dorman Point and South Bank with work on other areas of the site deferred in the programme as priorities develop linked to material developments such as Freeports.

- Similarly, the programmed underspend on Land Acquisition/ CPO does not reflect a saving, rather deferral of completion of certain land transactions into 2021/22.

Note that all government funding streams including Business Case MOU, MHCLG Prairie (Dorman Point) and Getting Britain Building (Steel House Gatehouse) are all being spend in line with targets/ expectations.

FINANCIAL PERFORMANCE SOUTH TEES SITE COMPANY – OCTOBER TO MARCH 2021

At South Tees Site company, the costs of core keep safe operations since transition are in line with the levels anticipated in STDC's Medium term financial plan.

Overall spend is £0.4m higher than planned driven by acceleration of the Invest to Save (decontamination) programme

	P7-12		STDC	MTFP
2020/21	Actual		MTFP	Var
STSC actual and outturn performance	£'000		£'000	£'000
Keepsafe	7,122		7,107	(15)
Tier 3 (Including Enfield)	791		3,113	2,322
Invest to Save	7,033		4,299	(2,734)
Total	14,946		14,519	(427)

- Overall spend reported is £427k in excess of the STDC planned level, the variance arising due to acceleration of I2S spend of £2.7m offset partly by lower than anticipated spend against "Tier 3" activity of £2.3m.
- The increased Invest to save spend reflects acceleration of the decontamination programme, rather than an anticipated overspend against the overall project outcomes.
- The "Tier 3" spend programmed into the Medium-Term plan was a high-level estimate for unforeseen costs of a reactive nature. In the year these costs have been limited to those related to the demolition of the Ammonia washers on site. Funding earmarked for these reactive costs can be diverted to cover the increased invest to Save spend in the year.

GROUP FUNDING POSITION MARCH 2021

Considering the reported performance noted above the Group carries £119.0m of funding into 2021/2 as follows:

		01-Apr-20	New funding	STDC	STSC	31-Mar-21
2021/22 regeneration capital funding	Category	Uncommitted	Commitments	Expenditure	Expenditure	Uncommitted
		£'000	£'000	£'000	£'000	£'000
Historic Government Revenue Grants	Revenue	935		(935)		-
Historic TVCA capital allocations	Capital	91		(91)		-
MHCLG Prairie (Dorman Point) funding	Capital	11,530		(9,973)		1,557
TVCA investment Plan Capital allocation	Capital	33,286		(28,596)		4,690
TVCA Investment Plan revenue allocation	Revenue	10,100		(2,161)		7,939
Business case capital Funding - MHCLG regeneration	Capital		39,910	(4,242)		35,668
Business case capital funding - BEIS capital	Capital		13,794	(2,686)	(427)	10,682
Business case revenue funding - Kepsafe and invest to save	Revenue		58,828		(11,406)	47,422
Business case Capital Funding - "Tier 3"	Capital		12,125		(3,113)	9,013
Get Britain building fund	Capital		4,100	(2,100)		2,000
Total brought forward into year		55,942	128,757	(50,784)	(14,946)	118,969
<i>Revenue</i>		<i>11,035</i>	<i>58,828</i>	<i>(3,096)</i>	<i>(11,406)</i>	<i>55,361</i>
<i>Capital</i>		<i>44,907</i>	<i>69,929</i>	<i>(47,688)</i>	<i>(3,540)</i>	<i>63,609</i>
Total		55,942	128,757	(50,784)	(14,946)	118,969

Note: Funding commitments include funding confirmed via approved business cases as at 31 March 2021

- Funding above has been allocated in accordance with management accounts data
- Business case funding has been drawn down in line with the agreed payment phasing set out in the business case before acceleration of delivery.
- The accelerated activity delivered in the year has been funded by utilising the TVCA investment plan capital allocation (light yellow highlight).
- The £28.6m of allocated expenditure in the year is comprised of £15.7m of costs linked to land acquisition (principally via CPO) and the remaining £12.9m of funding utilised has been used to fund the additional delivery in the year.

TRADING UPDATE TO 30 MAY 2021 – STDC

Financial performance for the two months to 30 May 2021 lags behind phased targets in the operational delivery plan by £5.7m. However, a significant number of procurements are currently underway and the resulting acceleration of delivery is expected to reverse this trend in the coming months

	2056	P2 Actual YTD	P2 Plan March	Var
		£'000	£'000	£'000
Performance overview				
Income				
Dividend Received		4,750	4,750	-
Accrued share of Aggregates		956	867	89
		5,706	5,617	89
Central costs				
Overheads		534	1,046	(512)
STDL Site Management		85	517	(432)
		619	1,563	(944)
Projects				
Teesworks		1,362	2,215	(853)
Dorman Point		1,395	2,961	(1,566)
South Bank		1,255	2,386	(1,131)
Lackenby		0	1,250	(1,250)
Net Zero Teesside		-	716	(716)
Foundry		-	-	-
Steel House (incl Gatehouse)		32	30	2
IFC		-	-	-
Aggregates settlement		2,390	2,167	223
Other		-	540	(540)
		6,434	12,265	(5,831)
Land acquisition				
Costs of land acquisition		1,192	-	1,192
Net Expenditure		2,539	8,211	(5,672)

Note: A separate paper is included on this agenda which outlines the proposed medium term financial plan for the STDC group for the period 2021-2024

Income – Reported results show £5.7m of income being actual and accrued dividends from Teesworks Limited (“TL”). The amounts captured reflect an actual dividend of £4.75m received from TL derived from TLs activities exploiting scrap and aggregates on site plus an estimate of STDC’s share of further realisations

Overheads – Are tracking behind the phased plan, principally some significant cost one off items have yet to materialise in the year. Overheads for the year include c£5.4m of items included as contingency budgets for costs that may crystallise depending on the outcome of commercially sensitive negotiations and legal proceedings.

Project expenditure – Is running c £5.8m behind planned levels, however significant levels of procurement activity is currently underway which will drive programme acceleration (see below) and it is anticipated that this position will quickly reverse

Land acquisition costs – principally reflect the purchase of a un until now tenanted plot of land on the South Bank sits. The plot was purchased by STDC at a negotiated settlement in order to make way for the proposed GE development.

Financial commitments pipeline – Since the start of the financial year, following successful procurement of contractors under the demolition framework and announcement of GE’s commitment to developing and offshore wind blade manufacturing facility on site a period of significant procurement activity is underway.

STDC carried in £63m of capital funding to support current regeneration delivery and has recently secured a further £20m of funding to support the TOMS offshore wind hub on South Bank.

	2021/22
	Capital
	£'000
2021/22 regeneration capital funding	
MHCLG Prairie (Dorman Point) funding	1,557
TVCA investment Plan Capital allocation	4,690
Business case capital Funding - MHCLG regeneration	35,668
Business case capital funding - BEIS capital	10,682
Business case Capital Funding - "Tier 3"	9,013
Get Britain building fund	2,000
Total brought forward into year	63,609
TOMS Offshore wind funding	20,000
Total available funding	83,609

- Note a revised MOU including the TOMS (offshore wind hub) funding was approved in July 2021 releasing a further £20m of funding in year

As at 1 July 2020 the combined forward value of contracts in delivery, further procurements underway and other known capital commitments had reached c£73m leaving c £10m of funding headroom.

The acceleration of the programme has meant that committed costs are likely to be incurred in advance of tenants being secured which would provide a revenue stream that can be capitalised or used to secure borrowings.

The latest capital delivery plan target spend level of £104m for the year (excluding £30m planned expenditure on the quay development which will be separately funded by ring fenced borrowings). This leaves an additional external funding requirement of c £20m to deliver the capital plan for the remainder of the year

In order to bridge this funding gap created by the accelerated programme alternative funding sources are being explored by management including assessment of potential income benefits from scrap realisation (as the demolition programme accelerates) and seeking additional private sector investment.

In the meantime, capital commitments made will be restricted to the available level of funding

TRADING UPDATE TO 30 MAY 2021 - STSC

STSC expenditure is tracking in line with expenditure plans for the year

	P2 Actual	P2 Plan	YTD
	YTD	YTD	VAR
	£'000	£'000	£'000
Keep safe/former SSI site Management	2,369	2,861	(492)
Invest to Save	3,270	3,046	224
Tier3/Safety led demolition	528	315	213
	6,167	6,222	(55)

- Planned expenditure levels assume a continuation of current cost run rates on keep safe for the remainder of the year. Detailed planning is underway to establish the likely outturn cost for the year and current run rates remain the best estimate of overall cost as cost savings arising from lower keep safe activity requirement as assets are demolished are temporarily offset by additional workload handing over areas of the site to demolition contractor

FINANCIAL IMPLICATIONS

- Financial implications are discussed in the body of this report.

LEGAL IMPLICATIONS

1. There are no legal implications associated with the recommendations of this report.

RISK ASSESSMENT

1. This is an update report and as such is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.”

CONSULTATION & COMMUNICATION

2. Data reported in this paper has been considered by the STDC operational performance group and delivery group before being collated into this Board report
2. No specific impacts on groups of people with protected characteristics have been identified

Name of Contact Officer: Mike Russell
Post Title: Head of Finance and Resources
Telephone Number: 01642 526 459
Email Address: mike.russell@teesworks.com

REPORT OF DIRECTOR OF FINANCE AND RESOURCES

BUDGET 2021-22 AND MEDIUM-TERM PLAN 2021 TO 2024

SUMMARY

The purpose of this paper is to present the budget and medium-term plan to the Board for approval

RECOMMENDATIONS

It is recommended that the STDC Board:

- i. Notes the content of this report;
- ii. Approves the Medium-Term Financial Plan for 2021 to 2024 subject to iv below;
- iii. Subject to recommendations iv and v below, approves the first year of the Medium-Term Financial Plan as the budget for 2020/21
- iv. Delegates authority to the Group Director of Finance and Resources to approve expenditure in line with the Medium-Term Financial Plan, subject to all financial commitments over and above the level of current available funding being supported by new funding or income streams; and,
- v. Subject to recommendation iv above, delegates authority to the Group Director of Finance and Resources in consultation with the Chief Executive and Mayor to authorise acceleration of activity specified in the Medium Term Financial Plan and vire budgets within the approved funding envelope.

CONTEXT

1. In the second half of 2020/21 STDC BEIS/MHCLG the former SSI land assets transitioned into local control, STDC acquired STSC and the initial tranche of funding was released following of the successful business case to government to support the STDC Programme.
2. The original plan reflected an approach to the regeneration of the site at a rate which would allow income from tenants to be recycled into the regeneration of the site allowing STDC to become essence become self-funding
3. However, in recent months, significant developments linked to the site, including the plan to create an offshore wind manufacturing hub and quay facility (with GE Renewables as an anchor tenant) have created a requirement to accelerate delivery on site.

Accelerated delivery is necessary to allow STDC and potential tenants to fully exploit these new opportunities.

4. In particular, offshore wind opportunities are linked to tranches of Government funding for “contracts for difference” which must be accessed by wind farm operators within defined time windows to secure revenue. Similarly, tax incentives around the Freeport are time limited from the Freeport’s launch.
5. The three- year financial plan presented below reflects this acceleration focusing upon the following key areas:
 - Completion of the site wide demolition decontamination programme. Leading to subsequent removal of COMAH status on the former SSI site;
 - Completion of site preparation activities across the site which, combined with the demolition and decontamination programme, will create developable areas for new tenants; and,
 - Construction of the South Bank Quay which will facilitate operation of the offshore wind manufacturing hub.

PLAN OVERVIEW

6. The MTFP assumes overall expenditure of £478m across the three-year period to 31 March 2024 and captures planned activity across the entire STDC Group comprising STDC, STDL and STSC.

	2020/21	2021/22	2022/3	2023/4	2021-2024
	Draft	Plan	Plan	Plan	Plan
Overview Financial plan 2021-2024	£	£'000	£'000	£'000	£'000
Income	-	(7,023)	(1,025)	(3,940)	(11,988)
General operating costs	2,107	4,742	5,349	7,091	17,182
Non recurring revenue costs	-	3,000	-	-	3,000
Site/Estates Keepsafe and Management costs	8,202	17,768	6,921	7,422	32,111
Total operating expenditure	10,309	25,510	12,270	14,513	52,293
Enabling expenditure	6,074	3,000	3,000	3,000	9,000
Capital projects delivery	25,758	109,885	170,160	85,230	365,275
Other capital delivery costs	7,824	33,123	12,917	10,222	56,262
Total Capital delivery	39,656	146,008	186,077	98,452	430,537
Land acquisition costs	15,764	3,460	-	-	3,460
Investment in HV Joint Venture	-	3,354	465	473	4,292
Other Capital Expenditure	15,764	6,814	465	473	7,752
Net Expenditure	65,729	171,309	197,787	109,498	478,594
Being:					
Revenue	10,309	18,487	11,245	10,573	40,305
Capital	55,420	152,822	186,542	98,925	438,289

7. The plan reflects all business cases and funding approved up to the point of drafting this plan. Further iterations of the plan will be necessary through the year to reflect ongoing

developments. In particular, the plan is yet to reflect the potential financial impacts of developing of the GE blade manufacturing facility, or funding and costs linked to the establishment and operation of the Tees Valley Freeport.

8. Summary narrative by headline category is provided below supported by more detailed analysis where appropriate in Appendix 1 – Supplementary Analysis
9. **Income** - In 2021/22 income comprises actual dividends received during the first quarter of 2021/22 from Teesworks Limited, (following realisation of scrap and other site materials by Teesworks). Whilst future similar income is likely, none is reflected in the plan at this stage as future dividends are reliant on the site regeneration strategy to generate materials, Teesworks Limited's subsequent realisation strategy and the dividend strategy adopted by the Board of Teesworks Limited moving forward
10. Planned income from 2022/3 is linked to commercial activity on site including anticipated initial rental streams from NZT and EFW, alongside anticipated operating profits from the Quay commencing 2023/24
11. **Operating Expenses** – Comprise staffing and overhead, alongside site keep safe/ estates management and finance charges. Between 2021/22 a reduction in cost is assumed as keep safe activities wind down following demolition of high-risk COMAH assets. In 2023/4 costs increase due to forecast finance charges on borrowings for the Quay
12. **Capital delivery** - predominantly reflect the project budgets for planned cost of demolition, site preparation and development of the Quay. A more detailed analysis of these costs is provided in Appendix 1
 - **Other capital delivery costs** – include settlement payments to Teesworks Limited for aggregates used on site and completion of the decontamination projects commenced by STSC prior to transition (Coke Oven Gas Main and Ammonia Washers)
 - **Enabling expenditure** - reflects a budget for studies and other professional fees linked to regeneration of the site.
13. **Land Acquisition costs** – Comprises management's cost estimate to complete the acquisition of remaining land parcels on site as part of the CPO process and other negotiations
14. **Investment in HV JV** – Reflects the agreed net payments by STDC into the High Voltage Asset Joint Venture vehicle. The draft agreement provides for a Gross investment of £6.3m by STDC in instalments over a period of three years split 15% equity and 85% debt. This investment would only be made on realisation of the new customers anticipated within the business plan. The agreement also includes a payment of £1.15m from the JV to STDC in return for transferring the assets.
15. The MTFP reflects the net payment amount due through to 31 March 2024 of £4.3m assuming completion in November 2021.

FUNDING CONSIDERATIONS

16. The planned acceleration of delivery leads to full utilisation of government capital funding during 2020/21. For activity to be delivered at the planned accelerated pace additional funding sources will need to be secured. Excluding borrowings earmarked for the quay, the necessary funding sources to be confirmed in future years have been identified (light blue highlight) which provides the cumulative additional funding requirement to support the programme across the remainder of the MTFP which is currently £222m. The original financial model has always anticipated the utilisation of leasehold rentals to service borrowing in order to enable the full site wide remediation.
17. An analysis of funding across the MTFP period from 1 April 2021 to 31 March 2024 is presented below:

	Opening/ New Commitments	2021/22 Plan	2022/3 Plan	2023/4 Plan	Carried Forward
Funding Analysis	£'000	£'000	£'000	£'000	£'000
MHCLG Prairie (Dorman Point) funding	1,557	(1,557)	-	-	-
TVCA investment Plan Capital allocation	4,690	(4,690)	-	-	-
TVCA Investment Plan revenue allocation	7,939	(3,819)	-	(4,120)	-
Business case capital Funding - MHCLG regeneration	35,688	(35,688)	-	-	-
Business case capital funding - BEIS capital	10,682	(10,682)	-	-	-
Business case revenue funding - Kepsafe and invest to save	47,422	(36,177)	(11,245)	-	-
Business case Capital Funding - "Tier 3"	9,013	(9,013)	-	-	-
Get Britain building fund	2,000	(2,000)	-	-	-
BEIS offshore	20,000	(20,000)	-	-	-
Additional income generation	-	(17,398)	-	(3,234)	(20,632)
Quay Borrowings	-	(30,305)	(66,190)	(110)	(96,605)
Other funding sources (TBC)	-	-	(120,352)	(102,034)	(222,386)
	138,969	(171,309)	(197,787)	(109,498)	(339,623)

18. Expenditure is allocated assuming that all committed funding is immediately available for STDC to draw down and spend. The MTFP assumed that £36.2m of government funding allocated to 2021/22 is accelerated into 2020/21
19. STDC is in discussion with BEIS to accelerate this funding and it is anticipated that a decision will be made by BEIS in the Autumn following the spending review. Pending any, decision, it is assumed that internal borrowing from TVCA can be used to cash-flow activity until central government allocations are advanced.
20. BEIS Offshore wind funding (light yellow highlight) was secured in June 2020 following the approval of the TOMS (Offshore wind) business and is added to available funding in 2020/21
21. It is assumed that the quay development (light orange highlight) will be separately funded from specific borrowings (as approved previously by Board) and work is already underway to confirm the latest projections for the Quay commercial case approved previously by Board taking into account the latest work relating to Offshore Wind.
22. It is anticipated that the identified funding gap will be filled by a combination of the following:
- **Realisation of assets from site** – As demolition accelerates significant tonnages of scrap and other materials will become available for realisation. STDC will receive a share of this income as it is realised by Teesworks Limited. The current plan does not attribute a value to these amounts.
 - **Completion of leases on site** – As tenants enter leases with STDC/Teesworks value will be returned to STDC either as a result of capital crystallisation of land/

lease value, or the opportunity to leverage borrowings against the future lease income

- **Realisation of Business rates** – The Teesworks site is designated as a “Special Economic Area” and as such STDC is entitled to 50% of any new business rates generated from the site. Once tenancies are let this will provide an additional source of funding.
- **Further investment** – Future funding opportunities alongside potential private sector investments in the site continue to be explored to provide additional regeneration/development capital

Managing funding constraints and capacity to deliver

23. As noted in the separate finance update, STDC is nearing full commitment of its capital funding streams and is actively exploring options available. Whilst existing capital funding streams will be exhausted in 2021/22, sufficient revenue funding streams exist to support operations and site management through to the middle of 2023/24
24. Whilst in the process of securing funding for the remainder of the programme, activities will be focussed upon completing the key development activities in areas where there is advanced commercial interest and links to Freeport activity. In particular, South Bank (offshore wind hub and quay) and Dorman point (Energy recovery facility)
25. To prevent over commitment, the level of contractual commitment will be closely monitored in light of funding and income available. New projects will only be initiated once funding is secured. In the meantime, the procurement pipeline is being developed in order to allow new projects to be procured quickly.
26. In respect of demolition, the recently let demolition procurement framework alongside work undertaken to specify the demolition works in advance will aid this process significantly

FINANCIAL IMPLICATIONS

27. Financial implications are discussed in the body of this report.

LEGAL IMPLICATIONS

28. There are no legal implications associated with the recommendations of this report.

RISK ASSESSMENT

29. Principal risks in relation to delivery of the medium-term plan link to the availability of funding to allow acceleration of activity in line with aspirations. These risks are being managed by the application of controls to ensure STDC does not make contractual commitments beyond the scope of its funding and also by advance work of procurement frameworks and specification which allow rapid deployment of resource once funding is available
30. Other non-financial risks of programme acceleration include the availability of resource to control and monitor delivery and budget provision has been made in this plan to provide the necessary internal resource as well as fund the operations of the Project Management Office (“PMO”)
31. These risks have been captured in the appropriate risk registers

CONSULTATION & COMMUNICATION

32. Data reported in this paper has been considered by the STDC operational performance group and delivery group before being collated into this Board report
33. No specific impacts on groups of people with protected characteristics have been identified

Name of Contact Officer: Mike Russell
Post Title: Head of Finance and Resources
Telephone Number: 01642 526 459
Email Address: mike.russell@teesworks.com

APPENDIX 1

SUPPLEMENTARY ANALYSIS

	2021/22	2022/3	2023/4	2021-2024
	Plan	Plan	Plan	Plan
Income	£'000	£'000	£'000	£'000
Share of Teesworks scrap/ aggregates	(7,023)	-	-	(7,023)
Rentals and service	-	(1,025)	(1,025)	(2,050)
Net Quay income	-	-	(2,915)	(2,915)
Total	(7,023)	(1,025)	(3,940)	(11,988)

Share of Teesworks scrap/aggregates - reflects dividends received by STDC from Teesworks Limited in the first quarter of 2021/22. No future income shares are reflected in the plan moving forward.

Future income is likely in the year but is difficult to quantify dependant on the timing of demolitions and the realisation strategy.

Rentals and services – reflect initial income streams anticipated during the construction phases of NZT and ERF. Most of the income c£1m per annum is related to NZT

Net Quay income – Reflects the anticipated earnings generated by South Bank Quay following completion of construction in Q1 2024

	2021/22	2022/3	2023/4	2021-2024
	Plan	Plan	Plan	Plan
	£'000	£'000	£'000	£'000
General operating costs	4,742	5,349	7,091	17,182
Non recurring revenue costs	3,000	-	-	3,000
Site/Estates Keepsafe and Management costs	17,768	6,921	7,422	32,111
Total operating expenditure	25,510	12,270	14,513	52,293

	2021/22	2022/3	2023/4	2021-2024
	Plan	Plan	Plan	Plan
	£'000	£'000	£'000	£'000
General operating costs	£'000	£'000	£'000	£'000
Staffing costs	3,420	3,532	3,949	10,901
General operating costs	934	860	876	2,670
Project management office	1,000	1,020	1,040	3,060
Temporary accommodation hre	242	247	252	741
TVCA Group recharges	737	752	767	2,256
Finance charges	205	770	2,075	3,050
Gross operating costs	6,538	7,181	8,959	22,678
Capitalisation (80% PMO and projects staff)	(1,796)	(1,832)	(1,868)	(5,496)
	4,742	5,349	7,091	17,182

	2021/22	2022/3	2023/4	2021-2024
	Plan	Plan	Plan	Plan
	£'000	£'000	£'000	£'000
Site/Estates Keepsafe and Management costs	£'000	£'000	£'000	£'000
Former TATA land management costs (STDL)	700	(477)	(496)	(273)
Former SSI Aset land Keepsafe and Managemen	14,668	-	-	14,668
Estates Management Company - Combined bu	-	4,950	5,127	10,077
Potential Easements	2,400	2,448	2,791	7,639
Total	17,768	6,921	7,422	32,111

General operating costs – Relate principally to staffing, general overhead and the operation of the Project Management office. Increases over the review period accommodate inflation but relate principally to finance costs on loans to build the quay which are forecast at 2.15% of cumulative quay borrowings monthly basis

Non recurring revenue costs – comprise a provision for potential legal fees linked to disputes over aspects of access to land on the Teesworks site.

Site/Estates keep safe and Management costs - Amalgamate the costs of Keeping safe the former SSI land assets and general site and estates management. The group is currently beginning a phase of transition where planned demolitions will remove high risk assets from site and transition the former SSI land assets from Tier 3 COMAH status. The forecasting assumption in the plan is as follows

- Costs will continue at current underlying levels through 2020/21
- In 2022/3 costs will reduce to a more “business as usual level” as a significant amount of the COMAH activity is eliminated

The above assumptions will be monitored closely as plans develop and more accurate estimates will be included in future MTFP iterations

Other estates cost/ income / include

- Rentals from ormer TATA assets –“negative costs” relate to small legacy rentals that have been offset against cost in previous years
- Potential easements – costs reflect a provision based on a worst case estimate of costs to maintain certain easements across the site which may need to be reinstated as land has been acquired out of the TATA receivership.

	2021/22	2022/3	2023/4	2021-2024
	Plan	Plan	Plan	Plan
Capital projects - by activity	£'000	£'000	£'000	£'000
Demolition	32,593	50,690	33,940	117,223
Site preparation	30,465	41,630	45,680	117,775
Quay development	30,305	66,190	110	96,605
HV Infrastructure	1,862	-	-	1,862
Utilities infrastructure	5,175	5,000	5,000	15,175
Other infrastructure	9,485	6,650	500	16,635
Total	109,885	170,160	85,230	365,275

	2021/22	2022/3	2023/4	2021-2024
	Plan	Plan	Plan	Plan
Capital projects - by zone	£'000	£'000	£'000	£'000
Dorman Point	17,362	5,400	100	22,862
Redcar	16,656	51,000	42,700	110,356
Steel House	1,595	500	350	2,445
South Bank	56,183	96,340	18,110	170,633
Lackenby	11,250	10,500	17,600	39,350
Teesworks	6,839	6,420	6,370	19,629
Total	109,885	170,160	85,230	365,275

General - Planned Capital delivery completes demolition and preparation of developable areas of the site to a plateau by the end of 2023/24 and completion of the quay within the first quarter of 2023/24

Planned expenditure is based upon third party costings for demolition, site preparation and quay development, amended as appropriate for known site conditions

Detailed estimates have been provided for each sub project across the site and collated bottom up

HV infrastructure expenditure – Includes £1.4m advance works commissioned by STDC prior to the establishment of the High Voltage Joint Venture company the remainder being demolition related diversion costs. It is assumed that assets will be transferred into the Joint Venture in the final quarter of 2021/22. After which expenditure on the HV network will transfer to the JV

Utilities infrastructure- principally reflects the costs of diversion and re-routing of non HV electrical utilities to support demolition and regeneration activity. This includes watercourses, drainage, BT and Low voltage electrical connections

Other infrastructure – £16.6m of planned cost comprises:

- £11.4m of highways infrastructure works
- £1.5m of works on stabilising Steel House
- £2.1m Development of Gatehouse and training centre at Dorman Point
- £0.9m for staff accommodation on site
- £0.7m – other

Zonal highlights

- **Dorman point** – spend includes completion of the site remediation, highway access and development of a new gatehouse and training centre
- **South Bank** – Significant expenditure is forecast to facilitate the Quay and TOMS
- **Redcar** - £62m of the £110m expenditure planned on site is for demolition of the significant assets on site including coke ovens blast furnace and linked infrastructure. The remainder being completion of site preparation and ground remediation

	2021/22	2022/3	2023/4	2021-2024
	Plan	Plan	Plan	Plan
Other capital delivery costs	£'000	£'000	£'000	£'000
Aggregates Settlement costs	7,333	6,000	6,000	19,333
Invest to Save (decontamination) costs	18,275	-	-	18,275
Project Enfield/ Amonia washers	1,890	-	-	1,890
Estates development	3,829	5,085	2,353	11,267
Gross costs	31,327	11,085	8,353	50,765
Capitalisation (80% PMO and projects staff)	1,796	1,832	1,868	5,496
Total	33,123	12,917	10,221	56,261

Aggregates settlement costs – reflect fees payable to Teesworks Limited in settlement for STDC using aggregates recovered from site in regeneration activities, costs are forecast over the life of the programme based on current run rates. Costs are included net of any income share due back to STDC as a result of distribution of profits by Teesworks

Invest to save - Includes the costs to complete the decontamination project for the Coke Oven Gas Main. It assumes that the project will be committed in the current financial year

Project Enfield/ Ammonia washers – Comprises costs to complete the ammonia washer demolition on site (previously commenced by STSC and funded from the BIES invest to save budget)

Estates development – Comprises anticipated costs of bringing the commercial estate up to standard for oncoming tenants as specified in the Estates Management Company budget

Capitalisation – reflects staffing and project management costs absorbed into capital expenditure across the plan period