

Date: Thursday 7th July, 2022, at 9am

Venue: Teesworks Skills Academy, Off Eston Road, Middlesbrough TS6 6UA

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)

ANNUAL GENERAL MEETING

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

AGENDA

- 5. Minutes from previous meeting**
Attached
- 6. Chair's Update**
Verbal Update
- 7. Group CEO Update**
Attached
- 8. Finance Update**
Attached
- 9. Site Company Update**
Attached

Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report is not for publication.

- 10. Freeport Update**
Attached

Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report and appendix are not for publication.

- 11. SeAH Wind**
Attached

Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report and appendix are not for publication

12. Date and Time of Next Meeting

Thursday 22nd September 2022 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:

tvagovernance@teesvalley-ca.gov.uk

South Tees Development Corporation Declaration of Interests Procedure

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

Personal Interests

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

Declarations of interest relating to the Councils' commercial role

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

Procedures for Declaring Interests

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

Register of Interests

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

Declaration of Interests at Meetings

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

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

Sensitive Information

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

AGENDA ITEM 4

REPORT TO STDC BOARD

7th JULY 2022

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 2022-23 at **Appendix 2**
- iii. note that the Monitoring Officer has reviewed the Constitution and does not propose any amendments.

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 the membership of its statutory committees for the municipal year 2022-23. 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 has established a Group Audit & Risk Committee. The Mayor, with agreement of the Combined Authority, has appointed 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 2022-23 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: James Grant
Post Title: Governance Manager

Email Address: james.grant@teesvalley-ca.gov.uk

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

APPOINTMENTS 2022/23

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	Allan Armstrong
Member	TBC
Member	Cllr Mike Lockwood (Nominated from TVCA A&G)

Substitute Member (TVCA sub)	TBC
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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 2022 TO 31st MARCH 2023

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 2022 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.

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: 24th March 2022

Time: 2pm

Location: Cavendish House, Teesdale Business Park, Stockton

Attendees:		Apologies:
Ben Houchen (Chair)	Tees Valley Mayor	Neil Schneider - Independent Member
Andy Preston	Mayor of Middlesbrough	Jacob Young – Member of Parliament
Mary Lannigan	Leader, RCBC	Gary MacDonald – TVCA, STDC Group
Graham Robb	Recognition PR	Peter Judge – TVCA Monitoring Officer
David Smith	Energy Networks UK	
Julie Gilhespie	TVCA, STDC Group	
John McNicholas	STDC	
John Sampson,	MD RCBC	
Tom Smyth	BEIS, Interim Government Representative	
Chris Harrison	JV Partner	
Sally Henry (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	There were no interests declared.		
4.	Minutes from previous meeting	The public minutes from the meeting held on 16 th December, 2021 were agreed as a true record.		
5.	Chair's Update	<p>The Chair updated the Board on activity since the last board meeting and not covered elsewhere on the agenda.</p> <p>The Board were advised that large scale construction has started on site. Progress on the South Bank Quay site is good and members were encouraged to view. Enquiries continue to be received from various different sectors - not just the offshore sector.</p>		
6.	Group CEO Update	<p>A report was provided giving an update on key activity within STDC since the last meeting.</p> <p>Resolved that the content of the report was noted.</p>		
7.	Finance Update	A report was circulated providing an update on financial performance for the 9 months to 31 December 2021 and the forecast outturn for 2021/22 and 2022/23.		

		<p>The Chair commented on the huge amount of work that has been undertaken thanked John McNicholas, his team and the private sector partners.</p> <p>Resolved that the content of the report was noted.</p>		
8.	Site Company Staff Consultation	<p>A report was circulated which provided the Board with detail of the engagement and activities associated with collective consultation process at STSC and with Staff TU/Employee Representatives. The consultation is required as part of the rundown of STSC as the Steelworks assets are demolished and the site moves out of COMAH status.</p> <p>The Group Chief Executive provided the Board with an overview of the process.</p> <p>She expressed her thanks to the HR team within TVCA.</p> <p>The Chair expressed thanks to the Unions and Union representatives on site for their work throughout the consultation process.</p> <p>Tom Smyth expressed thanks, on behalf of the Government, to all staff for ensuring the safe closure of the coke ovens and for working tirelessly to ensure the site is safe, secure and well managed.</p> <p>Resolved that the content of the report was noted.</p>		
9.	Freeport Director Report	<p>A report provided by the Freeport Director was circulated which provided the Board with an update on the submission of the Full Business Case in January. Board were also advised that since the launch of the Freeport, there have been several hundred articles referencing the Freeport with an advertising value equivalent of £13.45m.</p> <p>Progress is being made in the development of the Centre for Frictionless Trade and in mitigating risk.</p>		

		<p>The Chair thanked Freeport Board members David Smith and Nolan Gray for their work to date.</p> <p>Resolved that the content of the report was noted.</p>		
10.	Date & Time of Next Meeting	Thursday 16th June, 2022 at 2pm		

AGENDA ITEM 7

REPORT TO THE STDC BOARD

THURSDAY 7TH JULY 2022

REPORT OF THE GROUP CHIEF EXECUTIVE

GROUP CHIEF EXECUTIVE UPDATE

REPORT SUMMARY

The purpose of this paper is to provide an update to the Board on the key activity within South Tees Development Corporation (STDC) since the last meeting.

RECOMMENDATIONS

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

OVERVIEW

1. Since the last update the Freeport OBC has been approved and the FBC submitted. We are hoping for a final approval of the FBC within the next few weeks. 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. 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 has secured 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. The complementary development of South Bank Quay has also received approval from the UK Investment Bank (UKIB) for £107m funding in line with the Business Case taken to the Board on 29th July 2021. We are expecting this £20m to be approved soon.
3. In February, as part of the plans for the proposed offshore wind hub, SeAH, a large Korean inward investor, announced plans to open and operate a plant for the production of offshore wind turbine monopiles on the Teesworks Site and Heads of terms have been agreed. The plant is currently in the detailed design phase and is expected to

4. A £150m investment has been agreed with Circular Fuels Limited who will take a site on Dorman Point.
5. Very promising conversations are underway with a number of other potential inward investors and commercial discussions are continuing.

DETAIL

FREEPORT

6. Following the submission of the Full Business Case (FBC) on 31st January, the Freeport has received and responded to HMG review panel questions and actions. The current HMG timetable suggests that the FBC process will conclude in June.
7. Following the approval of the FBC, Teesside Freeport (through TVCA) will enter into an MOU to deliver the objectives of Freeport. The draft MOU which has been circulated to all English Freeports is being reviewed by external council, Muckles LLP, on behalf of the Teesside Freeport.
8. A number of events were held in March to further develop the Centre for Frictionless Trade and this has culminated in a coming together of a parallel and complimentary project being developed through the ICC regarding digital trade. The combination of both concepts has led to the establishment of the ICC's Centre for Digital Trade and Innovation (C4DTI) which was launched on 8th April, some 12 months ahead of the Freeport schedule. The launch coincided with ICC's Digital Trade conference and can be viewed at https://youtu.be/KGDyWA_U00g. forward.
9. Marketing of Teesside Freeport is focused on driving new investment and trade enquiries into the region. We have identified a gap in the knowledge of our target markets of what a freeport is and can offer, from stakeholder feedback. Consequently, our marketing focus in 2022 is to educate the market in tandem with Brand penetration.

PROGRAMME DEVELOPMENT

10. Dorman Point (150-acre site)
 - (a) The Eston Road highway scheme, providing a new roundabout access into the Dorman Point site, is virtually complete and will be fully operational by the end of June.
 - (b) Ground remediation works to the Dorman Point site are well-advanced with Phase 1 (25 acres) and Phase 2 (50 acres) completed. Phase 1 is the proposed location of the TV ERF project.
 - (c) Construction of the new Teesworks Skills Academy building was completed at the end of March.
11. South Bank (c. 500-acre site)
 - (a) On South Bank Quay Phase 1, construction of the main quay wall is virtually complete, with around 140 of the 156 large diameter tubular steel piles now installed. Dredging works in the river are scheduled to commence in due course, with the project now targeted to achieve overall completion by June 2023.
 - (b) Ground remediation works continue in preparing the 90-acre site for SeAH. The first phase of 45 acres was completed at the end of April, with the second 45-acre phase

completing by the end of August. The first phase handover enables SeAH to commence mobilisation to site in May and construction of their factory facility in July.

- (c) Construction of the new 1.7km South Bank Link Road has commenced, with an advance phase of remediation works ongoing. The follow-on road building phase will commence July/August and complete in early Spring 2023.
- (d) Construction work on the new South Bank Watercourse is well-advanced with the project set to complete in summer 2023.

12. Demolition Works Programme

- (a) Progress on the demolition programme continues to surpass expectations, with several major projects such as the BOS Plant, Blast Furnace and Sinter Plant all being ahead of schedule. The overall programme has now been condensed into a 19-month timeframe concluding in February 2023; a programme that will see all physical demolitions completed by the end of 2022. Notably, the primary blow-down phases of the Blast Furnace and BOS Plant are scheduled to take place in August and September respectively, four months earlier than planned.

13. Net Zero Teesside Site (97 acres plus 66 acres construction laydown)

- (a) The ground remediation works contractor has been appointed and is ready to commence works in preparing the NZT site for development, subject to securing planning permission for the project and the conclusion to the ongoing commercial negotiations with BP. It is anticipated that the remediation works will commence at the beginning of July, with a 16-month programme envisaged.
- (b) The preliminary hearing of the DCO Inquiry for the NZT project took place in May, and the Teesworks team continues its engagement with BP in this regard.

14. Key Risks to Delivery

- (a) As noted, STDC is working on a number of significant projects all of which carry deliver risks. These are actively in mitigation through our project management arrangements, with plans in place and measures being taken to address potential impacts to programme.

EQUALITY & DIVERSITY

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

Name of Contact Officer: Julie Gilhespie
Post Title: Group Chief Executive Officer
Email Address: julie.gilhespie@teesvalley-ca.gov.uk

AGENDA ITEM 8

REPORT TO THE STDC BOARD

7TH JULY 2022

**REPORT OF DIRECTOR OF FINANCE &
RESOURCES**

FINANCE UPDATE

SUMMARY

The purpose of this paper is to update the Board on financial performance for the 12 months to 31 March 2022 compared to the previous and the forecast position for 2022/23.

RECOMMENDATIONS

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

FINANCIAL PERFORMANCE STDC GROUP 2021/ 2022

1. The financial information below for STDC, STDL and STSC covers:
 - Actual financial performance for the 12 months to 31 March 2022; and

Forecast financial position for 2022/23 Actual Financial performance for the 12 months to 31 March 2022 Group and STDC

Table 1

	Forecast YTD March 2022	YTD Actual March 2022	Variance
	£'000	£'000	£'000
Overheads	7,007	4,289	-2,718
Operating costs	7,007	4,289	-2,718
Demolition	53,717	40,952	-12,765
Site Preparation and Infrastructure	59,994	58,725	-1,269
Enabling Studies and other	5,145	7,903	2,758
South Bank Quay	29,246	23,283	-5,963
Project Expenditure	148,102	130,863	-17,239
Land acquisition costs	1,500	1,300	-200
Keepsafe	14,340	12,150	-2,190
Invest to save	13,150	14,469	1,319
Tier 3 / Safety led demolition	2,224	1,645	-579
Ex SSI costs	29,714	28,264	-1,450
Net Expenditure	186,323	164,716	-21,607
<i>Funded by: -</i>			
BEIS RDEL	34,244	28,264	-5,980
BEIS CDEL	11,688	11,688	0
MHCLG CDEL	11,107	11,107	0
BEIS WIND	20,000	20,000	0
BEIS CDEL bfwd	25,662	25,662	0
Quay Borrowing	32,959	23,283	-9,676
Other	50,663	44,712	-5,951
Total	186,323	164,716	-21,607

2. The financial performance for the 12 months to 31 March 2022 shows a delivered spend of £164.7m, being £21.6m behind the previous forecast expectations for accelerated delivery, but still significantly ahead of original plan.

3. **Operating costs** – Operating costs are tracking £2.7m behind budget at **£4.3m** due to not requiring full utilisation of budgeted legal costs for the year.

4. **Project expenditure** –
 - The Project expenditure shows accelerated demolition and infrastructure activity to reflect current priorities. This has led to expenditure in this area of £99.7m YTD. The shortfall from the previous forecast is mainly driven by a £5m underspend on the Redcar Blast Furnace and £4m on the Coke Oven's. A contractor change has been made and this shortfall is forecast to be absorbed in Q1 2022/23. Prioritisation of tax site locations on Teesworks West and East and the development of GE site/Quay enabling works continue at pace to meet incoming tenant requirements.

 - The main areas of spend in this area in Q4 were:
 - The completion of phase 2 works on the Prairie site.
 - Virtual completion of the the Eston Road highway scheme, at Dorman Point.
 - Advancement of the ground remediation works at Dorman Point. A £150m investment has been agreed and secured at this site with Circular Fuels Limited.

5. **South Bank Quay** – Total spend for the year was £29.2m with the majority being spent in Q4. Spend was incurred on construction of the main Quay wall which is virtually complete.

6. **Land acquisition costs** – land acquisition costs have predominantly completed following the Compulsory Purchase Order (CPO) vesting process. This has delivered within the previous forecast level..

7. **Financial commitments pipeline** – Since the previous meeting we can report successful procurement of the Scada system. Procurement route discussions are ongoing for the 1.5MVA construction supply for SeAH.

Actual Financial performance for the 12 months to 31 March 2022 – SouthTees Site Company (STSC)

8. Table 1 splits out the STSC expenditure. Comparing actual expenditure to the forecasts brought to the previous board meeting. Total spend at STSC for 2021/22 was £28.2m versus forecast of £29.7m. The shortfall in expenditure will be utilised in Q1 of 2022/23.

9. The costs of core keep safe operations since transition are in line with the levels anticipated in STDC's Medium term financial plan. Although the

12-month period to March 2022 overall spend is **£2.1m** below the forecast spend brought to the previous STDC board. Savings were incurred on security costs due to the procurement exercise that took place earlier in the year.

10. Invest to save relates to costs associated with decontamination works. Significant spend was incurred in Q4 as catch-up activity was performed by the contractor to bring the programme up to date and to meet the accelerated timescales required as part of the Freeport implementation activity. The total overspend for the year of £1.3m was due to additional unplanned costs that were reviewed and discussed at the previous board meeting.
11. **Tier 3** – This budget is for reactive safety led works, with an underspend for the year of **£0.5m**. 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 if overspends occur on other areas.
12. For completeness the following table compares the financial performance of STSC versus the original plan set by BEIS for the twelve-month period to 31 March 2022.

	Actual	Business plan	Variance
Keepsafe	12,150	14,668	-2,518
Invest to save	14,469	13,442	1,027
Tier 3 / Safety led demolition	1,645	3,703	-2,058
	28,264	31,813	-3,549

13. Note that overall, the planned spend on I2S is £36.2m including all costs incurred from inception in 2018/19, this is after the two bi-product coke ovens were removed from scope. This is based on latest Altrad cost model, with continuous review.
14. The original Business Plan for I2S was £48.9m including the two bi-product coke ovens and included c£40m of costs relating to the post transition period. STDC Group have undertaken this project activity and identified the optimum solutions for delivery including the rescope of the Altrad contract and the integration of decontamination and demolition activity where this was more effective to do so. The business plan sums cover the both the Altrad contract and the necessary contribution towards combined decontamination and demolition projects.
15. It was reported in the last Board paper discussions were ongoing with the decontamination contractor. Following dialogue this has led to the negotiated resolution via a second agreement, agreed with the contractor and approved by TVCA Group CEO & FD. This is an important part of the

overall project completion timetable discussions required to accelerate and enable the Teesside Freeport. The contractor is schedule to complete works on site in August 2022. Any variation to plan is being carefully managed through additional daily project control systems monitored by our project management team to ensure cost/time variations are minimised on this complex area of work.

Total expected outturn for 2022/23

Table 3

The table below shows forecast spend for 2022/23, with the spend for 2021/22 included for comparison.

	YTD Actual March 2022	Forecast 2022/23
	£'000	£'000
Overheads	4,289	9,711
Operating costs	4,289	9,711
Demolition	40,952	74,297
Site Preparation and Infrastructure	58,725	55,859
Enabling Studies and other	7,903	4,698
South Bank Quay	23,283	74,913
Project Expenditure	130,863	209,767
Land acquisition costs	1,300	200
Keepsafe	12,150	5,169
Invest to save	14,469	1,998
Tier 3 / Safety led demolition	1,645	2,566
Ex SSI costs	28,264	9,733
Net Expenditure	164,716	229,411

16. The forecast expenditure for 2022/23 is £229.4m.

17. All demolition projects are well advanced and are expected to complete in February 2023.

18. In terms of procurements ongoing for 2022/23, these include the appointment of a Management Contractor for the site management company (TEMCo). Additional procurements such as South Bank watercourse construction and site reclamation technical services will be required.

GROUP FUNDING POSITION MARCH 2021

19. The reported performance above demonstrates that the Group fully utilised government funding allocated to 2021/22. STDC received approval via the Regional Government office to bring forward all of 2022/23 MHCLG allocation (£25.7m) to 2021/22 and this was fully utilised on eligible expenditure. A summary table is provided below for information, showing funding utilised in 2021/22 and proposed funding for 2022/23.

Table 3

The table below shows the funding forecast for 2022/23

Funded by: -	YTD Actual March 2022	Forecast 2022/23
	£'000	£'000
BEIS RDEL	34,244	16,084
BEIS CDEL	11,688	4,979
MHCLG CDEL	36,769	0
BEIS WIND	20,000	0
Quay Borrowing	32,959	73,741
Other	29,056	134,607
Total	164,716	229,411

FINANCIAL IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK ASSESSMENT

22. 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

23. Data reported in this paper has been considered by the STDC operational performance group and delivery group before being collated into this Board report

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

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