

SOUTH TEES DEVELOPMENT CORPORATION BOARD

Date: Thursday 11 September 2025

Time: 11:00

Venue: Teesworks Skills Academy

Attendees:		Apologies:
Members		
David Smith	Chair	Cllr Alec Brown, Leader, RCBC
Carolyn Curr	Independent Member	
Carole Morgan	Independent Member	
John Baker	Independent Member	
Allan Armstrong	Independent Member	
Jason Faulkner	Independent Member	
Lyndsay Hogg	Independent Member	
Associate Members		
John Barnes	Chief Executive Officer, South Tees Development Corporation	
Brian Archer	Chief Executive Redcar & Cleveland Borough Council	
Officers / Others		
Jo Moore	Interim Group Director of Finances and Resources	
Jodie Townsend	Interim Group Monitoring Officer	
Victoria Pescod	Head of Legal, South Tese Development Corporation	
Victoria Smith	Group Financial Controller	
Elaine Braham	Governance Officer	
Neil Westwick	Senior Director. Lichfields	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
ANNUAL GENERAL MEETING				
STDC 01/2025/26	Apologies for Absence	Apologies were received from Cllr Alec Brown.		
STDC 02/2025/26	Declarations of Interest	John Baker, Independent Member, declared a non-pecuniary interest as a member of South Tees Site Company Board.		
STDC 03/2025/26	Governance & Appointments	<p>The Board received a report from the Head of Legal, STDC, detailing the constitutional requirement for the Annual General Meeting of the South Tees Development Corporation Board (STDC).</p> <p>It recommended that the STDC Board:</p> <ul style="list-style-type: none"> i. Notes the Constitutional amendments detailed in the report. ii. Reconfirms the Officer Scheme of Delegation as detailed in the STDC Constitution at Appendix 1. iii. Notes the Boards membership as set out in Paragraph 13. iv. Notes the appointment by the Tees Valley Mayor of David Smith as Chair of South Tees Development Corporation Board. v. Appoints one of its members as Vice Chair of the South Tees Development Corporation Board. vi. Notes the position of the South Tees Development Corporation Audit & Governance Committee as set out in Paragraphs 27 – 39. vii. Notes the appointment and removal by South Tees Developments Limited of Directors of TEMCO as detailed in Paragraph 45. viii. Notes the Membership Allowance Scheme for 2025-2026 at Appendix 2. ix. Approves and Notes the proposed dates for the ordinary meetings of the STDC Board as detailed in the report. 		

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		<p>x. Approves amendments to the STDC Constitution in respect of the references to Chief Executive and delegations to Head of Legal Services.</p> <p>The Head of Legal, STDC, advised that they would take the paper as read, highlighting that there were items to note and items to approve.</p> <p>The Board had the opportunity to ask questions in respect of the items to note and none were asked.</p> <p>RESOLVED: the Board</p> <p>i. Noted the Constitutional amendments detailed in the report.</p> <p>iii. Noted the Boards membership as set out in Paragraph 13.</p> <p>Noted the appointment by the Tees Valley Mayor of David Smith as Chair of South Tees Development Corporation Board.</p> <p>vi. Noted the position of the South Tees Development Corporation Audit & Governance Committee as set out in Paragraphs 27 – 39.</p> <p>vii. Noted the appointment and removal by South Tees Developments Limited of Directors of TEMCO as detailed in Paragraph 45.</p> <p>viii. Noted the Membership Allowance Scheme for 2025-2026 at Appendix 2.</p> <p>The Head of Legal, STDC, advised that with regards to constitutional changes, they reflect the change in role of the Chief Operating Officer to Chief Executive Officer. Secondly in respect of the scheme of delegation changes to the Head of Legal, since publication of the papers it had been agreed internally to undertake a full review of all delegations across all entities to ensure uniformity and separation, and therefore this would be returned to the next Board.</p> <p>An Independent Member advised that he had noted a few elements in the draft constitution, and it was agreed to pick this up outside of the meeting.</p> <p>RESOLVED: the Board</p> <p>ii. Noted the deferral of changes to the Officer Scheme of Delegation as detailed above.</p>	<p>Constitutional Updates to be returned to next Board.</p>	<p>Legal/ Governance</p>

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		<p>ix. Approved amendments to the STDC Constitution in respect of the references to Chief Executive.</p> <p>Item (v), appointment of one of its members as Vice Chair of the South Tees Development Corporation Board, was deferred to the next meeting as Cllr Brown was not in attendance.</p> <p>The Board reaffirmed David Smith’s appointment to the Freeport Board.</p> <p>RESOLVED: the Board</p> <p>x. Approved and Noted the proposed dates for the ordinary meetings of the STDC Board as detailed in the report.</p> <p>The Board had the opportunity to ask questions, no further questions were asked.</p>	<p>To be returned to next Board.</p>	<p>Legal/ Governance</p>
<p>STDC 04/2025/26</p>	<p>STDC Corporate Structure</p>	<p>The STDC Chief Executive explained it was felt it would be beneficial to take the opportunity to review the evolving corporate structure of STDC.</p> <p>The Head of Legal Services advised that the group structure would be explained at the Members’ Inductions on 22 September 2025 and this purely focused on the STDC wider structure.</p> <p>STDC is a 10% shareholder in Steel River Energy Limited (SREL). SREL in turn has a 50% shareholding in Steel River Power Limited. This equates to a 5% shareholding for STDC through its shareholding in SREL.</p> <p>South Tees Site Company Employee Trust Ltd, was set up to manage monies from central government to facilitate training etc for SSI staff who were being made redundant. Discussions are ongoing with central government in respect of the remaining monies and this will be reported to board in due course.</p> <p>Land is held is under South Tees Development Limited (STDL).</p>		

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		<p>TEMCo has been created to allow the transfer of legacy contracts from South Tees Site Company (STSC) once this is wound up.</p> <p>The Chief Executive (CEX), STDC, explained that as the parcel of retained land reduces the intention is that TEMCo will pick up the management of services currently being undertaken by STSC and STDL and these companies will disappear.</p> <p>The Board had the opportunity to ask questions:</p> <ul style="list-style-type: none"> • The CEX, Redcar & Cleveland Borough Council (RCBC), asked who underwrites the risk on the site and where does the liability sit, is this with Site Company or others. The CEX, STDC, explained that STSC has no liabilities, and that the responsibility for Health and Safety sits with STDC. Site Company currently has only three members of staff who will either transfer to one of the other entities or will leave. • The Chief Executive of Redcar & Cleveland Borough Council noted that the risk sits with the public sector and not the private sector, the CEX, STDC confirmed this. 		
BOARD MEETING				
STDC 05/2025/26	Apologies for Absence	Apologies were received from Cllr Alec Brown.		
STDC 06/2025/26	Declarations of Interest	John Baker, Independent Member, declared a non-pecuniary interest as a member of South Tees Site Company Board.		
STDC 07/2025/26	Minutes of Previous Meetings	RESOLVED – That the minutes of the meeting held on 10 June 2025 were approved as a true and accurate record.		

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STDC 08/2025/26	Chair's Update	The Chair advised that he had nothing further to add.		
STDC 09/2025/26	STDC CEX Update Report	<p>The Board received a report from the Chief Executive (CEX), South Tees Development Corporation (STDC), providing an activity update since the last meeting.</p> <p>It recommended that the STDC Board:</p> <p>i. Notes the contents of the report.</p> <p>The CEX, STDC, advised that they would take the report as read, and provided the following updates.</p> <ul style="list-style-type: none"> • In respect of Item 10, the Foundry, a decision in relation to the Development Consent Order (DCO) had been deferred until 30 October 2025. STDC will be making representations between now and then, and will report back to Board in due course. • Good progress is being made in respect of the Park and Ride facility, with trunk road works commencing on 22 September 2025. <p>The Board had the opportunity to ask questions:</p> <ul style="list-style-type: none"> • An Independent Member noted that the press had reported that there is a conflict of interest between the DCO and Data Centre and asked what the implications are for STDC. The CEX, STDC, explained that there is a decision to be made by government around which route they wish to take, Artificial Intelligence (AI) or Net Zero. • An Independent Member noted that permission had been granted for a service centre, and asked if the Board would be receiving information in respect of this. The CEX, STDC, advised that this is a private sector led project. 		

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		<ul style="list-style-type: none"> • An Independent Member noted that paragraph 16 states that electricity supply remains the responsibility of STSC, which in turn makes it a liability for STDC. Their understanding was that the setting up of JV Power was to divest STDC of this liability, and asked for an update in respect of this. The CEX, STDC, explained that by divesting the infrastructure to the private sector it had secured the investment and expertise needed to run this. The supply of electricity differs from the transmission network. When new tenants come on board they will be encouraged to take on market facing meters, however existing tenants have not moved over. Where market facing meters are in place this negates the potential debt liability from these users. • The Independent Member asked if STDC are confident that the investment in the infrastructure sits with the joint venture. The CEX, STDC, confirmed that it does, and that it had given prospective tenants the confidence that power requirements would be in place should they come to site, without this STSC would unlikely have been able to do this. • The Chief Executive of Redcar & Cleveland Borough Council asked if the Board could receive a report detailing the liabilities for Teesworks, and the strategy for managing and mitigating this risk. The CEX, STDC, noted that STDC are only a 10% shareholder in Teesworks and asked if there were any specific areas of focus, and landfill tax was provided as an example. • The CEX, STDC, stated that they could look at liabilities under the 90:10 agreement and how these transferred to the private sector under these arrangements, and the CEX, RCBC, stated it would be helpful to understand where the liabilities and risk sits. <p>RESOLVED: the Board <u>noted</u> the content of the report.</p>	<p>Report to December Board</p>	<p>CEX, STDC</p>
<p>STDC 10/2025/26</p>	<p>Q1 Forecast of Revenue and Capital Outturn 2025/26 and 2025/26-2028/29</p>	<p>The Board received a paper from the Interim Group Director of Finance & Resources, providing details of the 2025/2026 revenue and capital forecast outturn position for South Tees Development Corporation, highlighting any significant variances against the approved budget for the year, based on the position as at the end of June 2025.</p>		

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	Capital Programme	<p>It recommended that the STDC Board:</p> <ol style="list-style-type: none"> i. Notes the Q1 forecast revenue outturn surplus of £0.488m for 2025/26. ii. Notes the Q1 Capital Outturn Forecast of an overspend of £0.055m above the approved budget for 2025/26 and the reasons for this as set out in the report. iii. Approves the additional capital budget of £0.055m for the forecast overspend. iv. Notes that if this capital budget is approved this will result in additional borrowing of £0.055m which has a revenue impact of £0.002m per annum. v. Formally requests the loan interest deferral on the facility borrowing from the TVCA Cabinet. vi. Notes the future years revenue implications of the financing costs associated with the total forecast borrowing of £404.9m as at 31 March 2026. vii. Approves the forecast financial contributions to STSC of £0.236m to be paid from reserves. viii. Approves the forecast financial contribution to STDL of £5.79m to be paid from reserves. ix. Notes the forecast revenue reserves at 31 March 2026 at £0.882m. <p>The Interim Group Director of Finance & Resources advised that they would take the report as read, highlighted the following:</p> <ul style="list-style-type: none"> • At the end of Q1 STDC is forecasting a revenue outturn for 2025/2026 of a surplus of £0.488m, and they are confident that the business rate income projections are a reasonable assumption. STDC are currently forecasting capital expenditure of £34.053m for 2025/2026 which represents an overspend of £0.055m. • As at the end of Q1, and based on the forecast capital budget outturn, and borrowing requirements, STDC's total forecast borrowing amounts by March 2026 will £404.9m, and this will need to be serviced. • The Board were advised that of the £350m borrowing facility agreed by TVCA, based on current forecasts, there will be a remaining facility of £98.3m as at 31 March 2026. • STSC is currently forecasting a deficit of £0.24m for 2025/2026 which is a positive variance to budget of £0.21m. 		

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		<ul style="list-style-type: none"> • STDL is currently forecasting a deficit of £5.8m, this has been reduced by £1.5m of revenue secured in September, reducing the forecast deficit to £4.3m. • It was reported that the opening reserves had been updated, and that by the end of Q2 reserves are estimated at being just over £2m. <p>The Board had the opportunity to ask questions:</p> <ul style="list-style-type: none"> • An Independent Member noted that the income from business rates was not where they had initially hoped, and asked how they expect to meet the 2025/2026 forecast. The Group Financial Controller explained that the business rates are in line with forecast and that the uplift was not budgeted until July 2025, when the anchor tenant was forecast to be operational. Additionally a reconciliation will be undertaken with RCBC at the end of the financial year. To date no monies have been recognised and once the reconciliation is complete this will be reflected in the accounts. • An Independent Member asked what had changed for the forecast to be significantly reduced. The CEX, STDC, explained that they review major tenants coming on stream to ensure that delivery dates are realistic, aiming to be robust and prudent in their approach. Building resilience into the forecasting, and because of the reliance on business rates aiming to under promise and over deliver. A strategic working group is being set up to review business rates throughout the year. • An Independent Member asked if there were any key assumptions underpinning the £4.8m that needed to be hit to get these monies. The Group Financial Controller reported that the Valuation Officers had validated the figure in respect of SeAH, and the team on site are working with SeAH to ensure that they are recognised as operational. The CEX, STDC, explained that RCBC are the billing authority and they are working together to ensure that they have enough live data to ensure that the billing is completed timely. • An Independent Member asked if there were any key assumption that still needed to happen this year. The Group Financial Controller advised that the number of tenants used to make up the figure were already on site. The CEX, STDC, reported that they aim to be as cautious as possible without limiting themselves. 		

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		<ul style="list-style-type: none"> • An Independent Member noted that the projected forecast borrowing rises to c£15m by the end of 2026/2027, and asked if STDC are assured that they will be able to service this liability. The Group Financial Controller advised that business rates income is forecast to increase, however there is continued modelling of the medium term financial plan which will review both the levels of income and the costs of borrowing. The updated medium term financial plan will be reported to the Board. • A member of the public interrupted the meeting to ask if questions would be accepted given that the paper was published late. The MO advised that the chair had discretion here, and it was agreed that in this instance they would be. <p>The Board were asked to approve the additional borrowing of £0.055m, and to formally note the future revenue implications of the forecast borrowing. The Chair took these as a group and the Board had the opportunity to ask questions:</p> <ul style="list-style-type: none"> • An Independent Member noted it is proposed that the Board request a loan interest deferral on the facility borrowing from the TVCA Cabinet, and asked how this works. The Group Financial Controller explained that it is effectively a payment holiday, and no additional costs would be added. • An Independent Member asked if STDC would be able to get a better deal on the interest rate. The Group Financial Controller explained that the borrowing that was previously drawn down is at the rate available at that time. The rate for future borrowing is a forecast. • An Independent Member noted that the tender for the Park & Ride Phase 3 Construction had come in at £1.7m above budget, and the net increase in the unit cost per m³ for haulage of affected material had resulted in an increase over the original contract value of 15.3%, and asked if these are two separate things. It was confirmed that they were not. • The Group Financial Controller advised that the procurements had not been awarded. The CEX, STDC, advised that in respect of the tenders a thorough review was underway looking to try and reduce these to the budget set. • The Group Financial Controller reported that with regards to the 15.3% overspend, this had been verified and checked by Atkins who affirmed this as a valid basis. 		

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		<p>RESOLVED: the Board</p> <ul style="list-style-type: none"> i. Noted the Q1 forecast revenue outturn surplus of £0.488m for 2025/26. ii. Noted the Q1 Capital Outturn Forecast of an overspend of £0.055m above the approved budget for 2025/26 and the reasons for this as set out in the report. iii. Approved the additional capital budget of £0.055m for the forecast overspend. iv. Noted that if this capital budget is approved this will result in additional borrowing of £0.055m which has a revenue impact of £0.002m per annum. v. Formally requested the loan interest deferral on the facility borrowing from the TVCA Cabinet. vi. Noted the future years revenue implications of the financing costs associated with the total forecast borrowing of £404.9m as at 31 March 2026. vii. Approved the forecast financial contributions to STSC of £0.236m to be paid from reserves. viii. Approved the forecast financial contribution to STDL of £5.79m to be paid from reserves. ix. Noted the forecast revenue reserves at 31 March 2026 at £0.882m. 		
STDC 11/2025/26	Regulatory Update Report	<p>The Board received a report from the Interim Group Monitoring Officer updating on a number of regulatory matters for the South Tees Development Corporation.</p> <p>It recommended that the STDC Board:</p> <ul style="list-style-type: none"> i. Notes the content of the report <p>The Head of Legal, STDC, advised that they would take the report as read.</p> <p>The Board had the opportunity to ask questions and none were asked.</p> <p>RESOLVED: the Board noted the content of the report.</p>		

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STDC 12/2025/26	Delegated and Urgent Decisions	<p>The Board received a report from the Head of Legal, STDC, providing detail of all Urgent and Delegated Decisions taken since the last Board meeting.</p> <p>It recommended that the STDC Board:</p> <p>i. Notes that no Urgent Decisions or Delegated Decisions had been taken since the last Board meeting.</p> <p>The Head of Legal, STDC, advised that they would take the report as read.</p> <p>The Board had the opportunity to ask questions and none were asked.</p> <p>RESOLVED: the Board noted the content of the report.</p>		
<p>The following items are exempt from publication by virtue of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of schedule 12A of the Local Government Act 1972</p>				
STDC 13/2025/26	Environmental, Health and Safety (EHS) Management Report	<p>The Board received a report from the EHSS Director presenting an update on the key EHS activities in relation to works currently being undertaken on the Teesworks site.</p> <p>It was recommended that the STDC Board:</p> <p>i. Notes the content of the report.</p> <p>The Chair advised that this was a confidential item and should the Board wish to discuss the detail then agreement would be required from the Board to exclude members of the press and public.</p> <p>The Board did not wish to ask any questions.</p> <p>RESOLVED: the Board noted the content of the report.</p>		

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The Chair to sought agreement from the Board to exclude members of the press and public and they left the meeting.				
STDC 14/2025/26		The Board received a presentation from Lichfields.		
STDC 15/2025/26	Date and Time of Next Meeting	4 December 2025 at 11:00		

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