

SOUTH TEES DEVELOPMENT CORPORATION BOARD

Date: Thursday 15 January 2026 **Time:** 11:00

Venue: Teesworks Skills Academy

Attendees:		Apologies:
Members		
David Smith	Chair	Lyndsay Hogg, Independent Member
Cllr Alec Brown, Leader, RCBC	Elected Member and Vice Chair	
Carolyn Curr	Independent Member	
Carole Morgan	Independent Member	
John Baker	Independent Member	
Allan Armstrong	Independent Member	
Jason Faulkner	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	
Victoria Pescod	Head of Legal, South Tessa Development Corporation	
Becky Hellard	Finance Contractor	
Elaine Braham	Governance Officer	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
ANNUAL GENERAL MEETING				
STDC 016/2025/26	Apologies for Absence	Apologies were received from Lyndsay Hogg, Independent Member.		
STDC 017/2025/26	Declarations of Interest	<p>John Baker, Independent Member, declared a non-pecuniary interest as a member of South Tees Site Company Board (STSC).</p> <p>David Smith, Independent Chair, declared a non-pecuniary interest as a member of the Freeport Board.</p> <p>Cllr Alec Brown, Leader Redcar and Cleveland Borough Council (RCBC) declared a non-pecuniary interest as a member of both the Freeport Board and the South Tees Site Company Board.</p>		
STDC 18/2025/26	Minutes of Previous Meetings	RESOLVED – That the minutes of the meeting held on 11 September 2025 were approved as a true and accurate record.		
STDC 019/2025/26	CEX Update	<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, providing the following updates and responding to the Board’s questions.</p>		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<ul style="list-style-type: none"> • The Development Consent Order (DCO) had now dropped away from the site, and it was noted that this had been BP's decision. In dropping away this cleared away the uncertainty that was causing some delays in inward investment. • The ISPS Zone is being kept under review • STDC continue to work with DfT and TVCA with the hope of identifying monies through the additional CRST2 funding, and working with TVCA colleagues to ensure all agreements are in place. • The Leader, RCBC noted recent reports stating that PD Ports would like the roundabout moving. The CEX STDC advised that it is clear what is supported by the judgement and STDC's view is that this does not need to be moved. The Head of Legal, STDC explained that the boundaries are clear in the judgement, it is a strong judgement and STDC will comply with it. • An Independent Member asked if there was anything the Board needed to be aware of in respect of the strategic options for the Private Water Network. The CEX STDC noted that Board had previously received a paper pertaining to this, it would be tenant led, and STDC were keen to ensure that there would be no further funding put in place by the public sector, whilst simultaneously ensuring that this is the right approach. A strategy is to be developed in relation to the divesting of the water infrastructure, and will consider any future role options for STDC. • An Independent Member asked if there was a statement or summary that would give the Board confidence that there was not something that should be flagged for their attention. The CEX STDC advised that each entity has its own risk register which could be shared with the Board if they wished. Further the Risk Team could be asked to give a presentation to Board. • The Leader RCBC asked following recent press pertaining to the proposed AI Data Centre for an update in respect of the land remediation. The CEX STDC advised that any further land remediation was now being undertaken by Teesworks as and when required. • An Independent Member noted that the status of remediation at Dorman Point had been at 60% for some time, the CEX STDC explained that all responsibility for remediation had passed to the private sector. • An Independent Members asked about the percentage of utilisation of South Bank Quay. The CEX STDC reported that it is at around 92% effectiveness, this is equivalent to saying it is running at full capacity, it is utilised well and they are looking to potentially extend it. 	<p>Risk Presentation to be given to Board members</p>	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<ul style="list-style-type: none"> • The Leader RCBC asked when EOS had moved to the Lackenby site, the CEX STDC believed it had always been on this site but would confirm. • The CEX RCBC asked about TEMCo, the CEX STDC explained that this is currently set up as a shell company, but will ultimately take over from STDL, <p>RESOLVED: the Board noted the content of the report.</p>	To be confirmed	CEX STDC
STDC 020/2025/26	Governance & Appointments	<p>The Board received a report from the Head of Legal, STDC, detailing various appointments to be agreed by the South Tees Development Corporation Board.</p> <p>It recommended that the STDC Board:</p> <ol style="list-style-type: none"> i. Appoints one of its members as Vice Chair of the South Tees Development Corporation. ii. Notes the appointment by the Mayor of the Chair of the South Tees Development Corporation Audit and Governance Committee. iii. Approves the appointment of an Independent Member to the STDC Audit and Governance Committee. <p>The Head of Legal, STDC, advised that they would take the paper as read and responded to the Boards question.</p> <ul style="list-style-type: none"> • Cllr Alec Brown advised that he wished to nominate himself for the role of Vice Chair, this was agreed by Carolyn Curr and was seconded by John Baker. • The Board were advised of the changes to the chair of the STDC Audit and Governance Committee. Geoff Westmoreland had been a member of this committee for some time and had recently stepped up to this role. <p>RESOLVED: the Board</p> <ol style="list-style-type: none"> i. Appointed Cllr Alec Brown, Leader RCBC as Vice Chair of the South Tees Development Corporation. ii. Noted the appointment by the Mayor of the Chair of the South Tees Development Corporation Audit and Governance Committee. 		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		iii. Approved the appointment of an Independent Member to the STDC Audit and Governance Committee.		
STDC 21/2025/26	Q2 Forecast of Revenue and Capital Outturn 2025/26 and 2025/26-2028/29 Capital Programme	<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 September 2025.</p> <p>It recommended that the STDC Board:</p> <ol style="list-style-type: none"> i. Note the Q2 revenue net surplus of £2.384m for year ending 31 March 2026 which is a movement of £1.795m from the Quarter 1 reported position of a surplus of £0.589m. ii. Note the key income drivers for this net surplus and actions being taken to enable the Corporation to achieve a balanced position. iii. Note the financial risks for 2025/2026. iv. Note the key variance in the capital budget of £6.200m Quarter 2 forecast gross capital expenditure of £27.798m. <p>The Interim Group Director of Finance & Resources provided the following update and responded to the Board's questions:</p> <ul style="list-style-type: none"> • Becky Hellard, Finance Contractor r was introduced and it was explained that she had been tasked with looking in detail at the STDC finance position. • The Q2 position is improved on Q1, and the CEX STDC highlighted to Board the in depth work that had been undertaken, and that prudence in Q1 had influenced positive changes in Q2. The Chair reported that in December he had undertaken work with the CEX STDC and the Finance Team and was keen to note the positive work that is being done. • The Leader RCBC noted that he had historically provided challenge and explained that it is his understanding that the retained business rates would be reinvested in the borough. The CEX, STDC explained that as it is the only income the site generates, it was always intended to finance the loans. The Leader expressed his concerns in respect of best value. 		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<ul style="list-style-type: none"> • The CEX noted the ‘unbudgeted’ reference and explained that these elements had been identified due to the diligence of STDC and the Finance Team when separating the STDC and TVCA finances, with some of the historical issues that were identified pertaining to difficulties around impartiality. • The Leader RCBC noted the Best Value Notice, and the CEX STDC clarified that South Tees Development Corporation is not under a Best Value Notice. The Interim Director of Finance and Resources explained that prior to separation in June 2025, TVCA’s Best Value Notice in part impacted STDC. This is no longer the case and it was explained that STDC will require a different set of finance skills moving forward. • The Board were advised that the report sets out the financial position as of September 2025, and reflects the position discussed with budget holders. This will feed into the 2026/2027 budget and the Medium Term Financial Plan. • The approved budget for 2025/26 utilised £6m of reserves, and whilst in Q1 was projecting a loss, it is now anticipated to have £3,5m of the £6m in reserves by the end of the 2025/26 financial year. Unbudgeted permanent costs at £7,238m had been identified and work had been undertaken around mitigations to ensure that the budget for 2025/26 remains balanced. • Table 1 gave a composite overview for the STDC group. In work with RCBC, the billing authority for the site, mitigations in relation to business rate forecasts were identified with the £4,8m in the approved budget for 2025/26 increasing to a forecast of £9,557m. Currently this increase is awaiting final valuation by the Valuation Office Agency, who had previously given an interim valuation based on the construction costs at that time. It was hoped to receive a final valuation by the end of January 2026. • Works agreement income pertains to income STDC can charge over and above contractual agreements. The approved 25/26 budget forecast two projected charges, however, was actually one works agreement resulting in the variance. • The Cost of Borrowing, Minimum Revenue Provision (MRP) pertains to monies set aside for the repayment of principle. In order to meet our policy on the calculation, it had resulted in a need to increase the amount set aside against the budget. The interest being described as an overspend, as it is above that projected in the approved budget. This relates to the interest due on the loans from TVCA to facilitate site preparation and infrastructure works needed to enable draw down of land for investors coming on to site and is part of the agreement with Government. 		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<ul style="list-style-type: none"> • The Board were advised that the current practice is for the repayment of loans and interest to start 1 year and 1 day from the loan, and work is ongoing re the forecasting of interest. • Further there are some third party interest payments in respect of agreements that were approved by Board. The example of the quay was used, monies coming in are currently lower than initially forecast due to a delay in its becoming operational, however this corrects itself in future years in accordance with the operating agreement. • The Q1 Capital Forecast Outturn 2025/2026 was budgeted at £34.998m, with an underspend resulting in an outturn figure of £28,798m, with key variances detailed in para 2.6. The CEX STDC explained that until business rates come on line, a decision had been taken to restrict works whilst continuing to meet obligations. • An Independent Member asked if the £9m projected business rates was STDC's proportion and it was confirmed that it was. • It was noted that the business rates income is the single biggest risk as confirmation was still awaited from the Valuation Office in respect of the final valuations. An Independent Member noted that no monies had been received and asked what this meant for STDC. It was explained that monies are paid from central government to RCBC who in turn pass STDC element to them. Whilst the income can be accrued, this has an impact on cashflow. • It was explained to the Board that the billing authority completes a billing forecast which can be reviewed throughout the year. From the NNDR1 return submitted by the billing authority to government in January preceding the financial year and the monies from government start flowing in May of the ensuing financial year, meetings continue throughout the year between STDC and RCBC in relation to the recovery of the business rates, with the NNDR3 being submitted after the end year which sets out the outturn for that financial year. The Leader RCBC reported that he had been kept apprised of the increase in work and commended STDC. • The Leader RCBC asked if SeAH is 100% operational, the CEX STDC explained that from a business rates perspective it is not about whether a business is operational it is the fact that they can be operational. • An Independent Member asked if the £4.68m had been confirmed by the Valuation Office, and was advised that it had not. The Leader, RCBC asked what would happen if they do not confirm by the end of January and it was explained that Redcar as the billing authority would be better placed to engage with Valuation Office Agency 		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<ul style="list-style-type: none"> • An Independent Member noted that the £9.55m is cited as being a cautious view, and asked what this could potentially be. It was explained that the figure was based on the contractors cost model, and that there had been a significant shift in the outturn costs. The valuation office agency will be the ultimate decision maker in respect of the final valuation that is entered into the valuation list. The Leader RCBC asked if SeAH had pushed back against this, and it was noted that there was no scope on which to push back other than the formal business rates appeals process. A provision is being built into the medium term financial plan to offset this risk. • The CEX RCBC asked about the status in respect of TVCA loan agreements and whether, if business rates were delayed, there was scope to renegotiate these. The CEX STDC explained that agreements are currently unsigned, these would be brought to Board prior to signing, and he would not approve or sign them until happy from an STDC perspective. The Interim Director of Finance and Resources advised that the loan agreements were drafted some time ago but were never signed. However, as long as both parties are mirroring the approach of 1 year and 1 day the auditors are not overly concerned. In the first year, 24/25, this was exactly how it had been accounted for; it was only in the budget setting that it had inadvertently been omitted. STDC are setting aside monies to repay these. • An Independent Member asked what the term of the draft loan agreements are and was advised that they vary between 25 and 50 year periods. The Leader RCBC asked if they were signed and the CEX STDC stated that STDC Board had never approved any loan agreements • An Independent Member asked if following separation they will reach an optimum situation for both entities. The Interim Director of Finance and Resources reported that the indicative advise they had received stated that there is no obligation on the Combined Authority to provide financial support, with any changes needing to be approved by the TVCA Cabinet. Delegated authority is to be reviewed in respect of each of the loans to ascertain whether this sits with the Director of Finance and Resources. • The CEX RCBC asked why if borrowing is going down, is interest going up. It was explained that this is because not all of the capital budget is being spent, the practice being that at the end of March STDC go to TVCA for the loan, this is projected to be lower than originally envisaged resulting in the reduction in projected borrowing. The interest would always have gone up as this is increased borrowing albeit at a lower level than originally approved in the budget, 		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<ul style="list-style-type: none"> • It was explained that capital spend should continue to tail off as most of the major capital work in support of anchor tenants is nearing completion, and it is now for the site to mature on its own without further investment by the public sector. • Appendix 1, STDL Q2 Position forecasts one off lease income of £4.5m. • Appendix 2, STSC Q2 Position shows that whilst the figures differ the margins remain similar with it being simple in / out transactions. • The Interim Director of Finance and Resources explained that historically this had been presented as one budget, however this report looks to differentiate them as the separate legal entities that they are. • An Independent Member noted that STSC always reports a deficit, and the CEX STDC explained that this pertains to three members of staff that currently sit under STSC and some historic licences e.g. Sage accounting software. • An Independent Member asked if the £8.7m of remediation works to be undertaken within the financial year had to happen, and was advised that they were contractual obligations for areas such as NZT. • An Independent Member asked how the STDC borrowing statement related to the original intent. It was explained that whilst officers could not speak to the original intent the following Treasury Management Strategy may answer this. <p>RESOLVED: the Board</p> <ol style="list-style-type: none"> i. Noted the Q2 revenue net surplus of £2.384m for year ending 31 March 2026 which is a movement of £1.795m from the Quarter reported position of a surplus of £0.589m. ii. Noted the key income drivers for this net surplus and actions being taken to enable the Corporation to achieve a balanced position. iii. Noted the financial risks for 2025/2026. iv. Noted the key variance in the capital budget of £6.200m Quarter 2 forecast gross capital expenditure of £27.798m. 		
STDC 22/2025/26	Treasury Management Mid-Year Review	The Board received a report from the Interim Group Director of Finance and Resources providing an update on treasury management activities for the first six months of the 2025/2026 financial year, together with the Corporation's performance against the Treasury Management Strategy and prudential indicators, approved by South Tees Development Corporation on 10 June 2025.		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<p>It recommended that the STDC Board:</p> <ol style="list-style-type: none"> i. Notes mid-year performance against the Treasury Management Strategy approved by Corporation in June 2025. ii. Notes that the Treasury Management Strategy approved by the Board on 10 June 2025 was not compliant with the CIPFA code of practice and the work being carried out to address this. iii. Authorise interim arrangements be put in place for the overnight investment of surplus funds whilst alternative options are explored including the opening of a bank deposit account. iv. Note that TVCA will be charging to STDC an amount equivalent to interest earned by STDC to offset interest lost making STDC creditor payments. v. Delegates authority to the S73 Officer to open a bank deposit account and put all necessary arrangements in place should this option be deemed the most financially efficient. vi. Approve the authorisation limit and operational boundary required by the CIPFA code 2021. vii. Formalise the treasury management arrangements between STDC and TVCA. <p>The Interim Group Director of Finance & Resources highlighted the following :</p> <ul style="list-style-type: none"> • The CIPFA Code requires that the Treasury Management Strategy (TMS) be brought to Board for a mid-year review. This had highlighted a couple of matters where the original TMS in June '25 was not wholly compliant. • Whilst STDC does have a bank account, because of the shared services agreement all of the creditor payments currently go out through the TVCA bank account. This report asked that the Board delegate authority to the S73 Officer to open a bank deposit account to enable surplus funds to be invested overnight. • A review of the finance team structure is ongoing to determine what is required and will consider activities might be provided via a robust service level agreement with agreed performance levels. • It was explained that under the CIPFA Code the TMS is required to set an authorised limit in relation to how much monies can legally be borrowed and a boundary which is set for management purposes. The report sought to address these two omissions from the Treasury Management strategy approved by the STDC Board in June 2025 . 		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<ul style="list-style-type: none"> • The capital financing requirement is the accumulated unfinanced level of accumulated capital expenditure which had been corrected in this report. Capital expenditure is principally funded by borrowing, you then consider how this will be funded, and beneath that would be the underlying need to borrow. However the total borrowing could differ dependent on other elements of the budget. • Overnight banking had not been happening under the informal arrangements with TVCA and the intention is to put this in place. <p>The Board had the opportunity to ask questions:</p> <ul style="list-style-type: none"> • An Independent Member noted that the Board had been asked in June 2025 to approve a strategy that did not comply with the CIPFA Code and stated that the Board needed assurance that this would not happen again. The Board were advised that as part of the decoupling STDC will have their own external treasury advisors to ensure that they remain compliant with the code. • The Leader RCBC asked if STDC were projected to borrow over £400m, and it was confirmed that the current borrowing sat at £397m, with a proposed authorisation limit of £464m. In setting a £464m limit it is a safeguarding mechanism meaning officers cannot borrow beyond that limit without the Boards approval. • The Leader asked what STDC's borrowing capacity was and was advised that there is a further £90m available in the £350m TVCA facility over and above the projected borrowing requirement for capital expenditure in 2025/26. • The capital strategy will be brought to Board in March 2026 and will underpin the new Treasury Management Strategy. • The Leader RCBC asked if in forthcoming years there will be additional business rates monies to finance additional borrowing. Noting that the CEX STDC had done well to meet the current shortfall, but expressed concerns that if STDC were to fail then some of the liabilities may fall to RCBC. • The CEX STDC advised that with the businesses currently on site, once live in 2029/2030 a prudent estimation on business rates is around £40m for each of the entities. • An Independent Member asked if the external auditors would be coming on the journey with STDC. The Interim Group Director of Finance and Resources advised that they have a good working relationship with the auditors, they meet weekly and are proactive with taking items to them ensuring that they are always informed. 		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<p>Whilst there will always be items where they may have conflicting views it was felt that they work well together.</p> <ul style="list-style-type: none"> • An Independent Member felt that there were elements that could be put in place to ensure that the budget was closely managed, and this was to be considered as part of a workshop. • The Leader RCBC asked if as a voting member of TVCA Cabinet it was considered that he was conflicted in respect of recommendation (vii). The Interim Director of Finance and Resources confirmed that it was not a conflict. <p>RESOLVED: the Board</p> <ul style="list-style-type: none"> i. Noted mid-year performance against the Treasury Management Strategy approved by Corporation in June 2025. ii. Noted that the Treasury Management Strategy approved by the Board on 10 June 2025 was not compliant with the CIPFA code of practice and the work being carried out to address this. iii. Authorised interim arrangements be put in place for the overnight investment of surplus funds whilst alternative options are explored including the opening of a bank deposit account. iv. Noted that TVCA will be charging to STDC an amount equivalent to interest earned by STDC to offset interest lost making STDC creditor payments. v. Delegated authority to the S73 Officer to open a bank deposit account and put all necessary arrangements in place should this option be deemed the most financially efficient. vi. Approved the authorisation limit and operational boundary required by the CIPFA code 2021. vii. Formalised the treasury management arrangements between STDC and TVCA. 		
STDC 23/2025/26	Information Governance Report	<p>The Board received a report from the Head of Legal Services 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. 		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<p>The Head of Legal, STDC, advised that the report provided an overview of the requests received and would be taken read.</p> <p>The Board had the opportunity to ask questions:</p> <ul style="list-style-type: none"> An Independent Member asked for details in respect of the two Information Commissioner Complaints upheld in the complainants favour and an overview was provided. <p>RESOLVED: the Board noted the content of the report.</p>		
STDC 24/2025/26	Delegated and Urgent Decisions	<p>The Board received a report from the Head of Legal, STDC, providing details 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 style="text-align: center;">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> <p style="text-align: center;">The Chair sought approval from the Board to exclude members of the press and public and this was agreed.</p>				
STDC 25/2025/26	Environmental, Health and Safety (EHS)	<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>		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
	Management Report	RESOLVED: the Board <u>noted</u> the content of the report.		
STDC 15/2025/26	Date and Time of Next Meeting	26 March 2025 at 11:00		