SOUTH TEES
DEVELOPMENT
CORPORATION

# South Tees Development Corporation Board

**Date:** 30 July 2026 at 11:00

**Venue:** Teesworks Skills Academy

**Membership:**

| | |
|---|---|
| David Smith | Independent Member (Chair) |
| Councillor Alec Brown | Leader, Redcar and Cleveland Borough Council (Vice Chair) |
| Lyndsay Hogg | Independent Member |
| Jason Faulkner | Independent Member |
| Carolyn Curr | Independent Member |
| John Baker | Independent Member |
| Allan Armstrong | Independent Member |

**Associate Members:**

| | |
|---|---|
| John Barnes | Chief Executive STDC |
| Brian Archer | Chief Executive Redcar and Cleveland BC |

## AGENDA

1. **Apologies for Absence**
   To receive any apologies for absence.

2. **Declarations of Interest**
   To receive any declarations of interest.

3. **Minutes of Previous Meeting**
   To approve as a correct record the minutes of the meeting held on 30 March 2026.

4. **Chair's Update**
   To receive a verbal update from the Chair of the Board on key activities.

5. **STDC CEX Update Report**
   To receive a report from the Chief Executive Officer providing the STDC Board with an activity update since the last meeting.

SOUTH TEES DEVELOPMENT CORPORATION

6. **Governance & Appointments**
To receive a report from the Head of Legal STDC detailing appointments to the South Tees Development Corporation Audit and Governance Committee and changes to STDC Board.

7. **Q4 Draft Capital and Revenue Outturn Report 2025/2026**
To receive a report from the Interim Deputy S73 Officer presenting the quarter 4 draft Capital and Revenue Outturn Report 2025/2026.

8. **Treasury Management Strategy Outturn Report 2025/2026**
To receive a report from the Interim Deputy S73 Officer presenting the Treasury Management Strategy Outturn Report 2025/2026.

9. **Teesworks Limited Accounts 2024/2025**
To receive a report from the Interim Deputy S73 Officer presenting the Teesworks Accounts 2024/2025.

10. **Information Governance Report**
To receive an update report from the STDC Head of Legal in respect of Freedom of Information, Complaints, Data Protection Matters and Whistleblowing.

11. **Delegated and Urgent Decisions**
To receive a report from the STDC Head of Legal Services detailing Delegated and Urgent Decisions taken since the last Board meeting.

12. **Teesworks Integrated Transport Improvement Programme – Update on TVCA Grant Funding and STDC Delivery Role**
To receive a report from the Chief Executive Officer presenting four complementary transport and access infrastructure schemes.

**Under Section 12a of the Local Government Act 1972, the Chair to seek agreement from the Committee to exclude members of the press and public.**

13. **Environmental, Health and Safety (EHS) Management Report**
To receive and consider a report from the EHS Director presenting an update on the key EHS activities in relation works currently being undertaken on the Teesworks.

The information contained within this report is withheld as it relates to STDC's ongoing Health and Safety operations which if these were disclosed could expose the operations to risk and undermine the imperative and complex work of Health and Safety Officers.

SOUTH TEES
DEVELOPMENT
CORPORATION

*This item is 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.*

**14. Date and Time of Next Meeting**

10 September 2026 at 11:00

**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: tvcagovernance@teesvalley-ca.gov.uk

SOUTH TEES
DEVELOPMENT
CORPORATION

amd

# SOUTH TEES DEVELOPMENT CORPORATION BOARD

**(These minutes are in draft form until approved at the next Board meeting and are therefore subject to amendments)**

**Date:** Monday 30 March 2026 **Time:** 15:30

**Venue:** Teesworks Skills Academy

| **Attendees:** | | **Apologies:** |
|---|---|---|
| **Members** | | |
| David Smith | Chair | Lyndsay Hogg, Independent Member |
| Cllr Alec Brown | Leader, RCBC and Vice Chair | Allan Armstrong, Independent Member |
| Carolyn Curr | Independent Member | |
| Carole Morgan | Independent Member | |
| John Baker | Independent Member | |
| Jason Faulkner | Independent Member | |
| | | |
| **Associate Members** | | |
| John Barnes | Chief Executive, 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 Tees Development Corporation | |
| Sarah Paxton | Financial Modelling Manager | |
| Becky Hellard | Finance Contractor | |
| Elaine Braham | Governance Officer | |

SOUTH TEES DEVELOPMENT CORPORATION

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| STDC 028/2025/26 | **Apologies for Absence** | David welcomed the Board, press and public. He noted that public questions had been received and in line with the Public Participation Protocol a response would be published within 10 clear working days of the meeting.<br><br>Apologies for absence were received from Allan Armstrong and Lyndsay Hogg, Independent Members. | | |
| | | | | |
| STDC 029/2025/26 | **Declarations of Interest** | David Smith, Independent Chair, declared a non-pecuniary interest as a member of the Freeport Board.<br><br>John Baker, Independent Member, declared a non-pecuniary interest as a member of South Tees Site Company Board (STSC).<br><br>Cllr Alec Brown, Leader, Redcar & Cleveland Borough Council (RCBC) declared a non-pecuniary interest as a member of both the Freeport Board and the South Tees Site Company Board. | | |
| | | | | |
| STDC 30/2025/26 | **Minutes of Previous Meetings** | **RESOLVED –** That the minutes of the meeting held on 15 January 2026 were approved as a true and accurate record. | | |
| | | | | |
| STDC 31/2025/26 | **Statement for CEX** | The following statement from John Barnes, CEX South Tees Development Corporation (STDC) was given to Board:<br><br>*Before we begin, I want to briefly address recent commentary regarding an alleged £100 million transfer of transport funding to South Tees Development Corporation.*<br><br>*Let me be clear: no such transfer has taken place.* | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | *What has been referenced publicly is programme-level transport funding held by the Tees Valley Combined Authority. It has not been allocated or transferred to STDC, and no funding has been released to any delivery body.*<br><br>*I do, however, want to acknowledge one point. The way this was described in our recent finance paper could have been clearer, and I recognise that this has allowed some of this confusion to take hold. We will ensure greater clarity in future reporting.*<br><br>*But it is important to separate that from some of the more serious assertions that have been made. Claims that STDC is insolvent, or that funding has been diverted without proper process or accountability, are simply not true.*<br><br>*All transport funding decisions sit with TVCA and are subject to established governance, assurance and business case approval. That process has not been bypassed.*<br><br>*STDC remains financially sound. Our budget and medium-term financial plan are prudent and do not rely on the receipt of any transport funding.*<br><br>*There are no decisions for the Board on this matter today, but given the level of public commentary, I felt it important to address it directly and put the facts on record.*<br><br>The CEX, STDC was asked to confirm that the monies were ringfenced for TVCA projects, and to circulate a list of schemes approved by TVCA. They confirmed that TVCA are the accountable body and all decisions will be made by them.<br><br>The Leader of Redcar & Cleveland Borough Council (RCBC) noted that the South Bank project had historically been agreed and asked if Board would need to make a decision on this. The Head of Legal, STDC advised that a Transport paper had been taken to TVCA Cabinet in March 2026 and was available to view on the TVCA website. The Leader asked if Board could write to Cabinet to request that they provide a list of projects. The Head of Legal advised that they would liaise with TVCA to ascertain if a list could be published. | Cabinet Papers March 2026<br>HoL to liaise with TVCA | Head of Legal |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | The CEX, STDC reiterated that these monies are managed by TVCA and that whilst grants may be awarded to fund project STDC will never be in receipt of the £100m.<br><br>The Leader, RCBC noted the need for clarity as criticism is being levied at STDC.<br><br>The Interim Group Director of Finance & Resources, advised that the £100m is not accounted for in the papers before Board, they focus on capital expenditure and not the setting of the revenue and capital budgets. The reference in the papers was to ensure clarity at Board level prior to a paper going before Cabinet, however, at the time of writing it had wrongly been believed that a change control had been approved. | | |
| STDC 032/2025/26 | **CEX Update** | The Board received a report from the Chief Executive (CEX), South Tees Development Corporation (STDC), providing an activity update since the last meeting.<br><br>It recommended that the STDC Board:<br><br>i. **Notes** the contents of the report.<br><br>The CEX, STDC advised that they would take the report as read, providing the following updates and responding to the Board's questions.<br><br>• The quarter had focused heavily on budget setting, ensuring strong healthy challenge, whilst ensuring that the Board were fully apprised of the budget setting process, seeing increased emphasis on revenue and cost recovery.<br>• Progress on key schemes had been made and there was continued interest in the remaining plots, with Teesworks Management Company (TEMCo) marking a step towards a more sustainable operating model.<br>• The Leader, RCBC, asked how many companies were under contract for the next three years as opposed to assumptions. The CEX, STDC, explained that the financial planning was based on known contract elements, with prudent assumptions in respect of income from areas such as business rates.<br>• The Leader, RCBC, asked if there were any remaining risks that might require public intervention. The CEX, STDC, advised that risks are at the forefront of their minds when forecasting, but acknowledged that if market conditions changed, they could impact assumptions moving forward. | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | • The Leader, RCBC asked if assurance could be given in respect of the security SeAH, the CEX, STDC, advised that they could not speak on behalf of a tenant. The risk to STDC is their business rates liability and as a Board we can not comment on the viability of the company.<br>• An Independent Member asked if there was any further update in respect of the data centres. The CEX, STDC, advised that negotiations were ongoing but were subject to confidentiality agreements. As soon as STDC is able to share information with Board this would happen.<br>• An Independent Member noted the references to funding approval and asked for more information. The CEX, STDC, advised that this pertained to the transport packages that could be delivered through the Transport in City Regions (TCR) funding. TVCA may choose to deliver these but it is for TVCA Cabinet to approve.<br>• Alec asked if the work on the roundabout would be impacted by the judgement in the PD Ports case. The CEX, STDC, advised that any work undertaken would be in line with the judgement.<br>• An Independent Member asked when works on the bridge repairs would commence. The CEX, STDC, advised that the bridges are reviewed on a fixed basis by structural consultants and a number of interventions were already in progress.<br><br>**RESOLVED:** the Board **noted** the content of the report. | | |
| | | | | |
| STDC 033/2025/26 | **Governance & Appointments** | The Board received a report from the Head of Legal, STDC, presenting the updated Terms of Reference for the STDC Board.<br><br>It recommended that the STDC Board:<br><br>i. **Propose** amendments to the Board's Terms of Reference for consideration; and<br>ii. **Note** the proposal to update the Board's Terms of Reference as part of the Organisational Improvement Plan whereupon they will be brought back to the Board for consideration and approval.<br><br>The Head of Legal, STDC, advised that the Board were asked to consider and propose any amendments to the Boards updated Terms of Reference, noting that the STDC Constitution was currently under review and these Terms of Reference would be aligned with it. | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | • An Independent Member asked about the terms of office for Board members, and the Head of Legal was to confirm this outside of the meeting.<br>• The Leader, RCBC, asked if the Terms of Reference delegated the ability to officers to make financial decisions. The Head of Legal, STDC, confirmed that they did not and that the Scheme of Delegation sits within the STDC Constitution. The Constitution was being updated and would be brought to Board later in the year.<br><br>**RESOLVED:** the Board<br><br>i. **<u>Noted</u>** the updated Terms of Reference. | Confirm terms of office for Board Members | Head of Legal |
| | | | | |
| STDC 34/2025/26 | **Q3 Forecast of Revenue and Capital Outturn 2025/26 and 2025/26-2028/29 Capital Programme** | 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 December 2025.<br><br>It recommended that the STDC Board:<br><br>i. **<u>Note</u>** the STDC Q3 revenue deficit of £1.733m for year ending 31 March 2026 which is a negative movement of £2.228m from revenue budget to be funded from reserves;<br>i. **<u>Note</u>** the reduced subsidiary contribution requirement of £0.384m compared to £6.807m assumed within the budget.<br>ii. **<u>Note</u>** the key drivers for this improved position;<br>iii. **<u>Approve</u>** the revised treatment for subsidiary funding as shareholder equity contributions rather than revenue grant funding, noting that this will add £0.384m to the capital forecast outturn for 2025/26;<br>iv. **<u>Note</u>** the financial risks for 2025/26;<br>v. **<u>Note</u>** the forecast variance in the capital budget of £6.2m at Q3 against a capital budget for 2025/26 of £34.998m.<br><br>The Interim Group Director of Finance & Resources advised that they would take the paper as read, highlighting that on external advice subsidiary funding would be treated as shareholder equity contributions rather than revenue grant funding. | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | The Board had the opportunity to ask questions and none were asked.<br><br>**RESOLVED**: the Board<br><br>i. **Noted** the STDC Q3 revenue deficit of £1.733m for year ending 31 March 2026 which is a negative movement of £2.228m from revenue budget to be funded from reserves;<br>ii. **Noted** the reduced subsidiary contribution requirement of £0.384m compared to £6.807m assumed within the budget.<br>iii. **Noted** the key drivers for this improved position;<br>iv. **Approved** the revised treatment for subsidiary funding as shareholder equity contributions rather than revenue grant funding, noting that this will add £0.384m to the capital forecast outturn for 2025/26;<br>v. **Noted** the financial risks for 2025/26;<br>vi. **Noted** the forecast variance in the capital budget of £6.2m at Q3 against a capital budget for 2025/26 of £34.998m. | | |
| | | | | |
| STDC 35/2025/26 | **Capital & Revenue Budgets 2026/2027, Updated Medium Term Financial Plan and Capital Programme 2026/2027 – 2030/2031** | The Board received a report from the Interim Group Director of Finance & Resources presenting the draft revenue budget for South Tees Development Corporation Group for 2026/2027 together with the Medium Term Financial Plan to 2030/2031.<br><br>It recommended that the STDC Board:<br><br>i. **Approve** the South Tees Development Corporation Budget for the Corporation for 2026/2027;<br>ii. **Approve** the Capital Strategy for 2026/2027;<br>iii. **Approve** the updated Medium Term Financial Plan 2026/2027 to 2030/2031;<br>iv. **Approve** the Capital Budget for 2026/2027 and revised capital programme to 2030/2031;<br>v. **Approve** the transfer to/from reserves as set out in Table 9;<br>vi. **Note** the forecast revenue reserves on 31 March 2027;<br>vii. **Note** the key financial risks for the MTFP period;<br>viii. **Approve** equity contributions to STDL of £5.278m for 2026/27 and STSC of £0.492m | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | The Interim Group Director of Finance & Resources took the paper as read, noting that little had changed since the budget workshops.<br><br>The Board had the opportunity to ask questions:<br><br>• The Leader, RCBC, asked how many years STDC would be in deficit for within the Medium Term Financial Plan (MTFP). The Finance Contractor advised that STDC are operating in a deficit position for the next three years after which time they would be in a significant surplus position.<br>• The Leader, RCBC, asked how much of this was contractually agreed, as opposed to forecast. The Finance Contractor advised that STDC are in the same position as RCBC in so far as all hereditaments are being built. The CEX, STDC, advised that they had exercised prudency, taking the site and tenants as they currently stood without making assumptions for anything new coming online.<br>• The Finance Contractor advised that they continue to meet with RCBC as the billing authority, and are still awaiting a response from the Valuation Office.<br>• The Leader, RCBC, asked if STDC had strategies in place to address any potential downturn within the forecasts. The Finance Contractor advised that a contingency had been set against the billing rates coming in and acted as a buffer.<br>• The Interim Group Director of Finance & Resources explained that once a business rates valuation is issued tenants are duty bound to pay. The income in the projection is as robust as STDC can make it. The Finance Contractor noted that the majority of these are covered by relief from H M Government which is payable directly to the billing authority.<br>• The Leader, RCBC, asked how STDC had determined the figure for the contingency, and was advised that this was a straight 10%.<br>• An Independent Member felt that as no assumptions had been built in, it was a sensible and prudent approach to the budget. The CEX, STDC, advised that as things change these will be reflected in a revised MTFP.<br>• An Independent Member noted the CEX's statement at the beginning of the meeting and asked that if the public were looking for assurance against insolvency would they find it in Table 1. The Interim Group Director of Finance & Resources advised that in terms of the MTFP it is set for the next few years with sufficient in reserves, and shows that STDC is not insolvent.<br>• It was noted that STDC are not a limited company and therefore insolvency has a different connotation as they are not subject to the Insolvency Act. | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | • The Leader, RCBC, asked if STDC had reached agreement with TVCA in respect of the loan agreements, and whether there was the potential for payments to increase. The Interim Director of Finance & Resources advised that TVCA are working alongside STDC with regards to the terms of agreements, with a report scheduled to go to TVCA Cabinet in June 2026. PWC are to be commissioned to undertake cash flow modelling for the forthcoming years which will provide some certainty around principle repayments being affordable. They further noted that it is largely accepted that with large regeneration schemes monies take time to come on line.<br>• The CEX, RCBC, noted that the ability to service STDC's debt is predicated on business rates which has some level of uncertainty, and asked whether there had been discussions with TVCA in respect of what would happen if STDC's ability to service the debt over the next two years was compromised. The CEX, STDC advised that they are looking to ensure that the payment terms in the loan agreements are realistic.<br><br>**RESOLVED**: the Board<br><br>i. **<u>Approved</u>** the South Tees Development Corporation Budget for the Corporation for 2026/2027<br>ii. **<u>Approved</u>** the Capital Strategy for 2026/2027<br>iii. **<u>Approved</u>** the updated Medium Term Financial Plan 2026/2027 to 2030/2031<br>iv. **<u>Approved</u>** the Capital Budget for 2026/2027 and revised capital programme to 2030/2031<br>v. **<u>Approved</u>** the transfer to/from reserves as set out in Table 9<br>vi. **<u>Noted</u>** the forecast revenue reserves on 31 March 2027<br>vii. **<u>Noted</u>** the key financial risks for the MTFP period<br>viii. **<u>Approved</u>** equity contributions to STDL of £5.278m for 2026/27 and STSC of £0.492m | | |
| | | | | |
| STDC 36/2025/26 | **Treasury Management Strategy 2026/2027** | The Board received a report from the Interim Group Director of Finance & Resources ensuring compliance with the requirements of the Corporation's Treasury Management Policy in reporting to the South Tees Development Corporation Board the proposed strategy for the forthcoming year, and the Local Government Act 2003 with the reporting of the Prudential indicators. | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | It recommended that the STDC Board:<br><br>i. **<u>Approve</u>** the Treasury Management Strategy for 2026/2027<br><br>The Interim Group Director of Finance & Resources explained that they were currently seeking clarity from CIPFA as to whether a Treasury Management Strategy (TMSS) was required for Development Corporations. If they are then it is a legal requirement for the TMSS to be presented to Board for approval.<br><br>The TMSS details the planned capital programme over the forthcoming years and the elements to be funded by borrowing. The reports need to be read in conjunction with one another, and it is important to ensure that any borrowing is affordable.<br><br>Tables 5 and 6 detailed the Operational Boundary and Authorised Limit that the Board were being asked to approve.<br><br>The Board had the opportunity to ask questions:<br><br>• An Independent Member clarified their understanding in so far as by approving the TMSS and the limits detailed in the report it would allow for Officers under delegation to agree up to £5m without coming back to Board. Querying whether the Board would want capital projects to come to Board for a decision or just for notice. Further, in agreeing the capital programme it would allow Officers to operate up to the figure agreed.<br>• The Leader, RCBC, asked if Officers could take something out and put something else in to the TMSS without it returning to Board. The Monitoring Officer (MO) advised that Officers cannot overturn a decision of the Board. Their role is to advise and implement the decisions made by the Board. The Leader noted that historically this may not always of been the case, and was assured by the MO that Officers would not override any decision made by Board, but would ensure that decisions are lawful and implemented.<br>• The Leader, RCBC, asked if there were any risks identified which might result in a need to revert back to public funding. The Interim Group Director of Finance & Resources advised that monies were included in the Capital Strategy and the MTFP which required business rates to fund these. | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | **RESOLVED**: the Board **approved** the Treasury Management Strategy for 2026/2027. | | |
| | | | | |
| STDC 37/2025/26 | **Information Governance Report** | The Board received a report from the Head of Legal, STDC updating on a number of regulatory matters for the South Tees Development Corporation.<br><br>It recommended that the STDC Board:<br><br>i. **Notes** the content of the report.<br><br>The Head of Legal, STDC, advised that the report provided an overview of the requests received and would take the report as read.<br><br>The Board had the opportunity to ask questions:<br><br>• The Leader, RCBC, asked if any Freedom of Information (FoI) requests had been received in respect of the £100m. The Head of Legal advised that they had not so far been informed of any but that was not to say there were none, as in the first instance these are received by the Information Governance team.<br><br>**RESOLVED:** the Board **noted** the content of the report. | | |
| | | | | |
| STDC 38/2025/26 | **Delegated and Urgent Decisions** | 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.<br><br>It recommended that the STDC Board:<br><br>i. **Notes** that no Urgent Decisions or Delegated Decisions had been taken since the last Board meeting.<br><br>The Head of Legal, STDC, advised that they would take the report as read.<br><br>The Board had the opportunity to ask questions and none were asked.<br><br>**RESOLVED**: the Board **noted** the content of the report. | | |

| No. | Agenda Item | Summary of Discussion | Actions Required | Responsibility |
|---|---|---|---|---|
| | | | | |
| **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**<br><br>**The Chair advised the Board that should they wish to ask questions then their approval to exclude members of the press and public would be sought.** | | | | |
| STDC 39/2025/26 | **Environmental, Health and Safety (EHS) Management Report** | 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.<br><br>It was recommended that the STDC Board:<br><br>i. **Notes** the content of the report.<br><br>The Board had the opportunity to ask questions and none were asked.<br><br>**RESOLVED**: the Board **noted** the content of the report. | | |
| | | | | |
| STDC 40/2025/26 | **Date and Time of Next Meeting** | 11 June 2026 @ 11:00<br><br>It was noted that the date and time may be subject to change in order to align with reports going to TVCA Cabinet. | | |
| | | | | |

**Please note that the Minutes are prepared to provide an official record of business conducted at the relevant meeting for public record. They include key points of discussion but are not verbatim minutes of what occurred.**

SOUTH TEES DEVELOPMENT CORPORATION

**AGENDA ITEM 5**

**REPORT TO THE STDC BOARD**

**30 JULY 2026**

**REPORT OF CHIEF EXECUTIVE OFFICER**

## CHIEF EXECUTIVE OFFICER UPDATE

### SUMMARY

The purpose of this report is to provide the South Tees Development Corporation (STDC) Board with an activity update since the last meeting.

### RECOMMENDATIONS

It is recommended that the STDC Board:

i. **<u>Notes</u>** the contents of this report.

### DETAIL

### GENERAL

1. STDC continues to oversee a broad programme of regeneration, infrastructure and investment activity across the Teesworks site, working closely with our JV partner, TVCA colleagues, local authority partners, private sector stakeholders and external advisers. The current reporting period has seen continued emphasis on coordinating live delivery activity while ensuring that the financial framework for the next phase of development remains robust and sustainable.

2. As previously reported, STDC's delivery model is based on prudential borrowing to prepare land and infrastructure for redevelopment, with income recovered over time through retained business rates and commercial returns generated from occupier activity. This creates a natural time lag between capital investment and income realisation, which continues to be actively managed through STDC's financial planning and risk management processes.

3. Officers have continued to work closely with TVCA colleagues to rationalise and strengthen the financial arrangements between STDC and TVCA in respect of financing and loan agreements. Good progress has been made in improving the

overall financial framework, providing greater clarity on the loans and financing position and supporting the sustainable long-term financial model.

4. This work is intended to ensure that financing arrangements remain aligned with the current Medium-Term Financial Plan, including the refinement and stress testing of income assumptions relating to retained business rates, commercial income and the phasing of capital expenditure across the live project portfolio.

5. The long-term financial model is supported by a combination of retained business rates, long-term contractual income streams, public-private partnerships and Government-backed funding mechanisms. This includes revenues supported by Government-backed Contracts for Difference, which provide long-term price certainty for eligible low-carbon energy projects, together with contracted revenues from established counterparties. In many cases, business rate income during the initial five years of operation is substantially de-risked through the Freeport Tax Site business rates relief arrangements, under which the associated relief is funded by HM Treasury.

6. Collectively, these arrangements provide a diversified income base that supports the long-term financial sustainability of the Corporation. Further detail on STDC's financial position is provided through the Corporation's financial reporting and Medium-Term Financial Plan processes.

7. The site continues to develop as a nationally significant location for advanced manufacturing, offshore wind, industrial decarbonisation, energy infrastructure and emerging digital investment. Development activity across parts of the site continues to evolve in response to occupier requirements, market conditions and the status of live commercial discussions.

8. Commercial negotiations led by Teesworks Ltd continue across multiple areas of the site, with ongoing interest from prospective occupiers. Some of these discussions remain commercially sensitive and subject to due diligence and will be reported further as they progress.

**TENANT AND PROJECT UPDATE**

**South Bank**

9. At South Bank, SeAH Wind Ltd remains a key anchor tenant for the offshore wind proposition at Teesworks and the facility is now operational. While there have been well-documented short-term challenges in relation to production readiness, contract

delivery and workforce matters, public statements have continued to emphasise SeAH's focus on the safe and reliable delivery of its secured order backlog through to 2027 and its long-term role in the UK and European offshore wind supply chain. STDC, alongside TVCA and Government, remains engaged with SeAH in support of its investment and the wider opportunities associated with the offshore wind supply chain.

10. Alongside SeAH's occupation of the site, enabling activity at South Bank has continued to support the wider investment proposition. The Freeport entrance scheme, quay facilities, speculative industrial development proposals and memorial garden together reflect both continued infrastructure delivery and the broader transition of the South Bank area into active economic use.

11. Activity at South Bank continues to reinforce the site's strategic role in the offshore wind supply chain. Ørsted is now in occupation, with the quay and adjacent land supporting its Hornsea 3 programme, while Severfield's Phase I facility has progressed and interest remains active in the remaining plots. Taken together, these developments demonstrate continued momentum in establishing South Bank as a nationally significant location for offshore wind manufacturing, assembly and logistics.

12. Operational activity at South Bank Quay continues to strengthen. The quay is now supporting live offshore wind-related operations, including cargo handling, storage and export activity. Supporting utilities are now complete and commissioned and the area around the quay is increasingly occupied by tenants and associated supply chain activity.

**Dorman Point**

13. The Teesworks Skills Academy continues to support the development of local skills and workforce pathways aligned to occupier demand across the site. During the period, the Academy has continued to work with delivery partners, employers and education providers to help connect residents to training and employment opportunities associated with major projects at Teesworks, including activity linked to offshore wind, construction, engineering and the wider clean energy supply chain.

14. At Dorman Point, the status of land remediation remains unchanged, with approximately 60% of the site complete.

15. Planning for future infrastructure and development continues to be shaped by the preferred layout for the area, including the implications of potential energy-related investment.

16. Ongoing engagement with National Grid and Steel River Power has strengthened the strategic case for Dorman Point as a location for future energy infrastructure, with implications for the longer-term development pattern of this part of the site.

17. Further progress has been made in advancing the necessary commercial arrangements between Teesworks Ltd, Steel River Power and National Grid. Subject to completion of the remaining agreements, Teesworks Ltd will undertake the phased remediation of land in accordance with National Grid's operational and construction requirements, enabling the delivery of the associated infrastructure programme. STDC continues to work with all parties to support the timely progression of the project and to facilitate the implementation of the required remediation works.

18. In relation to the Tees Valley Energy Recovery Facility, the contractual arrangements between Hartlepool Borough Council and the operator, Viridor, reached financial close in April 2026. Construction has now commenced, with the Engineering, Procurement and Construction (EPC) contractor, Kanadevia Inova (KVI), mobilised to site and initial enabling works underway. STDC continues to work closely with Hartlepool Borough Council, Viridor and KVI to support the successful delivery of this strategically important project.

**Lackenby**

19. At Lackenby, Ashcourt has completed land drawdown and is now operational, providing further evidence of the area’s transition into active use. Further interest also continues to be progressed with potential tenants for the remaining plots, supporting the wider commercial development proposition for this part of the site.

20. Legal agreements for EOS are in the final stages, with planning permission now granted. This represents a further positive step in bringing forward occupation and investment at Lackenby.

21. British Steel’s proposed Electric Arc Furnace development remains on hold. Officers will continue to monitor the position and provide further updates to the Board as appropriate.

22. The Tees Dock Roundabout and associated HGV Park proposals continue to progress. Planning submissions for both the new entrance and associated HGV

parking facility have been submitted and approved, and progress is now being made through the funding approval process for the entrance.

23. The Tees Dock Road roundabout scheme and associated HGV Park form part of the wider TVCA highways interventions programme and, subject to the appropriate governance and funding approvals, STDC may be asked to act as the delivery body for elements of that intervention.

**Steel House and Teesworks Park & Ride**

24. Delivery of the Teesworks Park & Ride facility has continued during the reporting period as a key enabling component of the wider Teesworks development programme. The scheme provides essential transport infrastructure to support the construction requirements associated with Net Zero Teesside (NZT) and will assist in managing workforce movements and operational demands as activity across the estate continues to increase.

25. Progress across Phases 1 and 2, including the new access junction and internal road infrastructure, is substantially complete, with only minor finishing works remaining. Improvements to the A1085 Trunk Road have also been completed following minor delays associated with weather conditions affecting surfacing works. These delays were managed as contractor risks under the contract, with traffic management arrangements successfully implemented and no significant disruption reported across the wider highway network.

26. Phase 3 of the Park & Ride facility, comprising the delivery of a 1,500-space car park, is progressing in line with the approved programme. The first phase, providing 650 spaces, has been completed and is operational, supporting BP's construction workforce requirements for the NZT project. The remaining phase is progressing towards completion and will provide the additional capacity required to support the next stage of the development programme.

27. Steel House remains a strategic asset within the Teesworks estate and an important consideration within the Corporation’s long-term regeneration strategy. Whilst originally identified as a potential business and administrative hub, the Corporation has prioritised enabling major industrial investment opportunities that are delivering employment, economic growth and regeneration across the site. Changing market conditions and reduced demand for large-scale office accommodation have influenced the future redevelopment context for the building.

28. Following completion of strip-out works, Steel House has been retained as a secure structural shell, preserving future development flexibility whilst minimising ongoing holding liabilities. The future role and potential uses of Steel House will continue to be assessed as part of the evolving Teesworks masterplan, ensuring that the asset contributes positively to the long-term objectives of the regeneration programme.

**Long Acres**

29. At Long Acres, Hanson's planning application has been approved and legal agreements are progressing. Interest continues to be advanced with prospective occupiers for the remaining land.

**Net Zero Teesside**

30. Net Zero Teesside (NZT) has continued to make significant progress during the reporting period, with construction activity advancing across multiple work fronts in accordance with the project programme. As one of the largest investments on the Teesworks site, NZT remains a cornerstone of the Corporation's long-term regeneration strategy, supporting industrial decarbonisation, economic growth, inward investment and the creation of high-quality employment opportunities during both the construction and operational phases of the development.

31. STDC and Teesworks Ltd continue to work collaboratively with BP and the wider project team to facilitate the delivery of the Net Zero Teesside (NZT) development and associated enabling infrastructure. During the reporting period, significant progress has been made on key utilities infrastructure across the wider Teesworks estate, alongside completion of the abnormal load access route from Redcar Bulk Terminal (RBT) to the NZT site. This has enabled the successful transportation of major plant and equipment via RBT in support of the construction programme.

32. Further enabling works will continue to progress in accordance with project requirements, ensuring the necessary infrastructure is available to support the continued development of this nationally significant investment.

**The Foundry**

33. Following BP's withdrawal of the H2Teesside Development Consent Order application, that project is no longer proceeding in its previously proposed form. As reported to the STDC Board, this has provided greater clarity in relation to land use and development planning within this part of the site.

34. The Foundry site also continues to attract interest in alternative development opportunities. As previously reported to the STDC Board, reserved matters approval was granted in August 2025 for a substantial data centre scheme, and discussions have continued regarding the future development potential of this area.

## SITE MAINTENANCE, ESTATE MANAGEMENT & UTILITIES

### Estate Stewardship and TEMCo

35. As the site continues its transition from site preparation and construction to active occupation and operation, effective estate stewardship remains a strategic priority. This includes maintaining safe, resilient and efficient estate infrastructure, managing retained assets, and ensuring that operational arrangements support occupier requirements whilst protecting the long-term value and commercial viability of the wider estate.

36. Following approval by the TVCA Cabinet, South Tees Development Corporation (STDC) established Teesworks Estate Management Company (TEMCo) as a standalone company to provide long-term estate management services on behalf of South Tees Developments Limited (STDL). Mobilisation has continued during the reporting period, with the remaining corporate establishment activities, including VAT registration and banking arrangements, progressing towards full operational readiness.

37. Once fully operational, TEMCo will be responsible for the delivery of communal estate management services, administration of the estate-wide service charge regime, management and maintenance of STDL's retained estate assets, including vacant properties, and the delivery of commercial estate management services. The establishment of TEMCo represents an important milestone in implementing a sustainable long-term operating model for the estate.

38. To support implementation of the estate-wide service charge arrangements, Knight Frank has been appointed, following a competitive procurement process, to provide specialist property management and professional advisory services. Officers continue to progress TEMCo's mobilisation programme, including the transfer of resources, novation of contracts and implementation of the Company's business plan.

39. As previously reported, detailed condition assessments have been completed on the principal bridge structures across the estate. A planned programme of inspection,

maintenance and repair has been developed to address identified defects, protect the integrity of these strategic assets and ensure their continued safe operation.

40. Delivery of the bridge maintenance programme continues to be monitored through regular engineering inspections, risk assessments and financial reviews to ensure that planned interventions remain aligned with asset management priorities, budgetary provision and long-term lifecycle planning.

**Utilities**

41. The medium- to long-term strategy for the Private Water Network remains unchanged, with future development intended to be funded through private sector investment. Initial water supply offers have been accepted by occupiers, and operational activity during the reporting period has primarily supported the Net Zero Teesside (NZT) project. Officers continue to monitor the strategic opportunities and risks associated with ownership of the network, including its value in supporting occupier requirements, future development opportunities and the potential for divestment at an appropriate stage.

42. Ownership of the Private Water Network continues to present both opportunities and risks. Strategic benefits include supporting future development, maintaining control of critical infrastructure and generating long-term income. Principal risks relate to operational management, regulatory compliance, capital investment requirements and the financial viability of the network as occupier demand develops. Officers will continue to evaluate these matters and will bring forward recommendations to the Board as appropriate.

43. As previously reported, the divestment of the Private Wire Electricity Network to Steel River Power represents a significant milestone in securing the investment, specialist capability and operational expertise required to manage this critical infrastructure. The arrangement strengthens the site's capacity to meet existing and future occupier demand and supports the continued delivery of the wider Teesworks investment programme.

44. Responsibility for electricity supply to existing occupiers remains with South Tees Site Company (STSC), under contract with Drax. Officers continue to closely monitor and manage the associated commercial and financial risks, including maintaining appropriate supply agreements and undertaking credit assessments of existing and prospective customers.

45. Engagement with Drax, Elexon, Ofgem and Steel River Power continues in relation to the installation of market-facing metering infrastructure. The first application has been submitted by SeAH as part of the longer-term transition of electricity supply responsibilities from STSC to the permanent network operator. Progress remains broadly in line with expectations.

46. Works to upgrade the Redcar High Voltage (HV) network to support the Park & Ride scheme continue in accordance with the approved programme and remain subject to ongoing project oversight. Upon completion, the infrastructure will be transferred to the Power Joint Venture, at which point STDC will cease to have responsibility for its ongoing maintenance.

47. Officers will continue to monitor the strategic development of the Private Water Network, including the operational, financial and commercial considerations associated with its future operation, governance and potential divestment. The Board will retain oversight of the available strategic options, with recommendations to be brought forward for consideration as proposals and market opportunities continue to develop

**PROGRAMME DEVELOPMENT**

48. As previously reported, the broader demolition programme is now substantially complete. Future remediation of land in readiness for inward investment remains, in the main, a responsibility of the private sector as individual development opportunities are progressed.

49. A number of wider highways interventions across the Tees Valley continue to be progressed through the TVCA-led transport and infrastructure programme. These schemes remain subject to ongoing business case development, governance processes and funding approvals. Subject to the outcome of these processes, STDC may be requested to support delivery of specific interventions where there is alignment with the Corporation’s regeneration objectives and areas of expertise.

**FINANCIAL IMPLICATIONS**

50. As this is an update report, there are no direct financial implications arising from this report.

**LEGAL IMPLICATIONS**

51. As this is an update report, there are no legal implications arising from this report.

**RISK ASSESSMENT**

52. As previously reported, STDC continues to oversee a portfolio of major projects, each with its own delivery, financial and operational risks. These risks are actively managed through established governance arrangements, robust project controls and regular monitoring processes.

53. Each project is supported by a detailed delivery plan, with progress reviewed regularly through appropriate management and reporting structures. Where risks or potential issues are identified, mitigation measures and corrective actions are implemented to minimise impacts on cost, programme and delivery outcomes, ensuring that projects remain aligned with agreed objectives.

**CONSULTATION & COMMUNICATION**

54. There are no specific consultation or communication requirements arising from the content of this report.

**EQUALITY & DIVERSITY**

55. No specific impacts on individuals or groups with protected characteristics have been identified in relation to the content of this report.

**Name of Contact Officer:** John Barnes
**Post Title:** Chief Executive Officer
**Email Address:** john.barnes@southteesdc.com

SOUTH TEES
DEVELOPMENT
CORPORATION

**AGENDA ITEM 6**

**REPORT TO THE STDC BOARD**

**30 JULY 2026**

**REPORT OF HEAD OF LEGAL, STDC**

## GOVERNANCE & APPOINTMENTS

### SUMMARY

This report details appointments to the South Tees Development Corporation Audit & Governance Committee.

### RECOMMENDATIONS

It is recommended that the STDC Board:

i. **Note** the appointments made by the TVCA Audit & Governance Committee on 30 June 2026 to the South Tees Development Corporation (STDC) Audit & Governance Committee.
ii. **Note** the extension of the Board members terms of office.
iii. **Note** members decision not to continue.

### DETAIL

Appointments To The STDC Audit & Governance Committee

1. In line with the current STDC Constitution, TVCA Audit & Governance Committee is permitted to appoint one of its members to be a member of the Corporation’s Audit and Governance Committee, and a substitute member for that member.

2. At their meeting on 30 June 2026 the TVCA Audit & Governance Committee appointed Councillor Peter Grogan, (Redcar & Cleveland Borough Council elected member to the TVCA Audit & Governance Committee) as a member of the STDC Audit & Governance Committee and Councillor Paul Salvin (Redcar & Cleveland Borough Council substitute elected member to the TVCA Audit & Governance Committee)as a substitute member of the STDC Audit & Governance Committee. It should be noted that Councillor Peter Grogan has sat as a member of STDC Audit & Governance Committee since November 2024.

STDC Board Membership

3. At their meeting on 26 June 2026 the TVCA Cabinet were asked to note that the existing Board Members terms of office for all Mayoral Development Corporations were extended pending the outcome of the Mayoral Review of the Hartlepool and Middlesbrough Development Corporations.

4. On the 22 June 2026 Carole Morgan advised of her decision not to continue as a Board member when her current term ended on 26 June 2026.

**FINANCIAL IMPLICATIONS**

5. There are no direct financial implications arising from this report.

## LEGAL IMPLICATIONS

6. The report relates to the Constitution of STDC which sets out the appropriate statutory framework. The Constitution came into effect on 1 August 2017 (updated September 2025) 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. The TVCA Audit & Governance Committee were consulted on 30 June 2026.

**EQUALITY & DIVERSITY**

9. It is not expected that the content of this report will have an adverse effect on any individual with protected characteristics.

| | |
|---|---|
| **Name of Contact Officer:** | Victoria Pescod |
| **Post Title:** | Head of Legal, STDC |
| **Telephone Number:** | 01325 792600 |
| **Email Address:** | victoria.pescod@teesvalley-ca.gov.uk |

SOUTH TEES
DEVELOPMENT
CORPORATION

**AGENDA ITEM 7**

**REPORT TO THE STDC BOARD**

**30 JULY 2026**

**REPORT OF INTERIM DEPUTY SECTION 73 OFFICER**

## Q4 DRAFT REVENUE AND CAPITAL OUTTURN REPORT 2025/2026

### SUMMARY

### 1 PURPOSE OF THE REPORT

1.1 To provide details of the 2025/26 revenue and capital forecast outturn position for South Tees Development Corporation (STDC), highlighting any significant variances against the approved budget for the year as at 31 March 2026.

### RECOMMENDATIONS

It is recommended that the STDC Board:

i. **NOTES** the STDC draft revenue outturn deficit of £1.499m for year ending 31 March 2026 which is a negative movement of £1.994m from revenue budget to be funded from reserves;
ii. **NOTES** the 2025/26 draft capital outturn of £32.123m representing an underspend of £9.985m against the approved capital programme.
iii. **NOTES** the financial performance of the Corporation's subsidiary companies STDL and STSC, as detailed in Appendix 1 and 2.
iv. **NOTES** the reduced subsidiary capital contribution requirement of £0.543m compared to £6.807m assumed within the budget.

### 2 EXECUTIVE SUMMARY

2.1 The 2025/26 Budget was approved by the STDC Board on 27 March 2025 and set an overall revenue deficit budget of £6.312m across the STDC Group, to be funded from the use of reserves, together with a capital programme of £42.108m (including £7.110m forward funding agreements).

2.2 The draft outturn for STDC reports a net revenue deficit of £1.499m, compared with the approved budgeted surplus of £0.495m, representing an adverse variance of £1.994m. This position has improved by £0.234m since the Quarter 3 forecast and reflects the final draft outturn position for the year, subject to finalisation of the annual accounts for 2025/26.

2.3 The principal driver of the adverse variance against budget is the increased cost of borrowing associated with loans from TVCA. Total borrowing costs for 2025/26 amount to £11.459m, compared with a budget of £4.367m, a difference of £7.092m. This pressure has been partially offset by increased business rates income and higher than anticipated scrap sales receipts.

2.4 The approved budget included a capital contribution of £6.357m from STDC to South Tees Developments Limited (STDL). The draft Outturn confirms that no contribution was required during 2025/26 as STDL delivered a revenue surplus of £2.183m, significantly improving upon the Quarter 3 forecast surplus of £0.861m. This represents a favourable variance of £8.540m against budget and strengthens the financial resilience of the subsidiary through increased reserves.

2.5 The approved budget also included a capital contribution of £0.450m to South Tees Site Company (STSC). The draft outturn identifies a capital contribution of £0.543m, representing an overall subsidiary contribution requirement of £0.543m, compared with the combined budget assumption of £6.807m.

2.6 During the year the treatment of financial support provided to STDC's wholly owned subsidiary companies has been reviewed. Consistent with accounting advice, these contributions have been treated as capital contributions rather than revenue grant funding where appropriate, ensuring that the accounting treatment reflects the underlying substance of the transactions.

2.7 The draft capital outturn for 2025/26 is £32.123m against an approved capital budget of £42.108m (including forward funding agreements), resulting in an overall underspend of £9.985m. The majority of this variance relates to the reprofiling of Site Preparation and Infrastructure schemes into future financial years to reflect revised delivery programmes.

2.8 The budgeted borrowing provision of £1.435m has not been required during 2025/26. In accordance with more recent treasury and capital financing advice a VRP (voluntary revenue provision) charge may be required in future years. However, this will be subject to a Board approved VRP policy.

2.9 The principal financial risks facing the STDC Group remain the timing and confirmation of business rates income, the long-term affordability of borrowing costs, the collection of commercial income streams and the ongoing sustainability of the Group's financial model as regeneration projects continue to progress.

2.10 Total interest payable on external borrowing during 2025/26 amounts to £11.459m, reflecting the final borrowing position at year end and the terms of the loan agreements with TVCA and the UK Infrastructure Bank.

2.11 During 2025/26, management actions delivered significant financial improvements across the Group, including increased business rates income, enhanced commercial income and continued expenditure control. These mitigations have substantially reduced the overall impact of borrowing costs and strengthened the year-end financial position.

2.12 As at 31 March 2026 the useable revenue reserves were £15.9m. At 31 March the Corporation had £nil useable capital reserves.

2.13 Overall, the draft outturn demonstrates that, despite significant borrowing costs and the continued financial challenges associated with delivering a large-scale regeneration programme, the Corporation has maintained a stable financial position through prudent financial management, strengthened income generation and continued budgetary control.

## 3 REVENUE DRAFT OUTTURN 2025/26

3.1 As at 31 March 2026, the Corporation is reporting a draft revenue outturn deficit of £1.499m for 2025/26. This represents an adverse variance of £1.994m against the approved revenue budget of £0.495m as set out in Table 1 below.

3.2 This variance is predominantly due to the increased interest costs of £7.092m offset by increased Business rates income of £5.034m

**Table 1 – STDC Draft Outturn Forecast**

| | Represented Approved Budget 2025/26 £'000 | Draft Outturn 2025/26 £'000 | Variance £'000 | | Q3 Forecast 2025/26 £'000 | Variance £'000 |
|---|---|---|---|---|---|---|
| Other Income | - | - | - | | (15) | (15) |
| Works Agreement | (567) | (1,034) | (467) | | (205) | 829 |
| Business rates | (4,868) | (9,902) | (5,034) | | (9,883) | 19 |
| Scrap sales | - | (457) | (457) | | (400) | 57 |
| **Total Income** | **(5,435)** | **(11,393)** | **(5,958)** | | **(10,503)** | **890** |
| **Operating Expenditure** | | | | | | |

| | Represented Approved Budget 2025/26 | Draft Outturn 2025/26 | Variance | | Q3 Forecast 2025/26 | Variance |
|---|---|---|---|---|---|---|
| Employees | 730 | 697 | (33) | | 730 | 33 |
| Premises | 84 | (245) | (329) | | 84 | 329 |
| Transport | - | 47 | 47 | | - | (47) |
| Supplies and Services | 1,024 | 631 | (393) | | 1,125 | 494 |
| Third Party payments | - | 364 | 364 | | 363 | (1) |
| **Total Operating Expenditure** | **1,838** | **1,494** | **(344)** | | **2,302** | **808** |
| | | | | | | |
| **Net operating (surplus) / deficit** | **(3,597)** | **(9,899)** | **(6,302)** | | **(8,201)** | **1,698** |
| | | | | | | |
| **Central Overheads** | | | | | | |
| Cost of borrowing - MRP | 1,435 | - | (1,435) | | - | - |
| Cost of borrowing - Interest | 4,367 | 11,459 | 7,092 | | 11,274 | (185) |
| IAS 19 Pension Adjustment | - | (61) | (61) | | - | 61 |
| Third Party - Interest | (2,700) | - | 2,700 | | (1,340) | (1,340) |
| **Net cost of borrowing** | **3,102** | **11,398** | **8,296** | | **9,934** | **(1,464)** |
| | | | | | | |
| **Net (surplus)/deficit revenue position** | **(495)** | **1,499** | **1,994** | | **1,733** | **234** |

3.3 The draft outturn represents an improvement of £0.234m compared with the Quarter 3 forecast deficit of £1.733m, reflecting favourable movements during the final quarter of the financial year.

3.4 Details of significant variances are presented below-

- **Works Agreement additional income of £0.467m**
  Works Agreement income has exceeded the approved budget by £0.467m, with total income of £1.034m recognised during 2025/26. This income represents the recovery of STDC management and project delivery costs associated with the Corporation's forward funding agreements.

  During the year, forward funding arrangements progressed on both the Net Zero Teesside (NZT) and Orsted A projects. Under these agreements STDC incurs capital expenditure on behalf of developers, with costs and associated financing charges recoverable in accordance with the contractual arrangements. The increased level of project activity during the final quarter resulted in additional recoverable management costs being recognised compared with both the approved budget and the Quarter 3 forecast.

- **Business rates additional income of £5.034m**
  Business rates income of £9.902m has been recognised within the draft outturn compared with an approved budget of £4.868m, representing a favourable variance of £5.034m. This also represents a modest improvement of £0.019m compared with the Quarter 3 forecast.

  The increase follows a comprehensive review of business rates forecasts undertaken during the year, supported by specialist external advisors. The forecast reflects additional hereditaments becoming rateable as developments have progressed across the Teesworks site. The valuation assumptions remain subject to formal confirmation by the Valuation Office Agency, which is anticipated during 2026/27.

- **Scrap Sales additional income of £0.457m**
  No income from scrap sales was included within the approved budget. However, the Corporation generated £0.457m of income during 2025/26 through the sale of recovered scrap materials arising from site preparation and demolition activities. This represents an increase of £0.057m compared with the Quarter 3 forecast.

- **Premises Costs reduction of expenditure of £0.329m**
  Premises expenditure produced a favourable variance of £0.329m against budget. The principal reason for this variance was the receipt of a Council Tax rebate together with the reversal of historic business rates accruals following a review of prior year liabilities. These one-off adjustments significantly reduced the net premises costs incurred during the year.

- **Supplies and Services underspend of £0.393m**
  Supplies and Services expenditure totalled £0.631m, representing an underspend of £0.393m against the approved budget. The reduction primarily reflects delays in the delivery of several capital schemes, resulting in lower levels of professional fees and project support costs than originally anticipated.

- **Cost of borrowing – MRP underspend of £1.435m**
  The approved budget included a Minimum Revenue Provision (MRP) charge of £1.435m. Following updated Government guidance issued in April 2024 and the application of the revised CIPFA Prudential Code, Development Corporations are no longer required to make an annual MRP provision in respect of qualifying development borrowing. Consequently, no MRP charge has been recognised within the draft outturn, generating a favourable variance against budget.

- **Cost of borrowing – Interest overspends of £7.092m**
  The most significant adverse variance within the revenue account relates to borrowing costs.

  Interest payable during 2025/26 totals £11.459m, compared with an approved budget of £4.367m, resulting in an adverse variance of £7.092m. During the year a detailed review of all borrowing arrangements with Tees Valley Combined Authority and the UK Infrastructure Bank was undertaken to ensure that interest charges accurately reflected the terms of each loan agreement.

  The review confirmed that the original budget significantly understated the interest liability associated with the Corporation's borrowing portfolio. Although this represents a substantial budget variance, the draft outturn now reflects the full cost of borrowing based on the final loan schedule and the contractual repayment terms applicable at 31 March 2026.

**Table 2- STDC Loan Schedule**

| Loan Title | Date Loan Advanced | Opening Balance (£) | Interest Payable 2025/26 (£) |
|---|---|---|---|
| TVCA Investment Programme | 2019-2022 | 46,865,383 | 1,639,703 |
| STDC General 1 | 31/03/2023 | 79,450,094 | 3,178,004 |
| STDC General 2 | 31/03/2024 | 73,593,327 | 3,436,808 |
| STDC General 3 (Heavy Lift) | 31/03/2024 | 6,800,000 | 314,840 |
| STDC NZT 1 | 01/11/2024 | 14,295,753 | 714,788 |
| STDC NZT 2 | 31/03/2025 | 12,340,823 | - |
| STDC 24/25 Loan | 31/03/2025 | 47,167,926 | - |
| STDC 25/26 Loan | 31/03/2026 | 27,789,239 | - |
| Quay (UKIB) | 2021-2024 | 112,318,249 | 2,174,966 |
| | | **420,620,794** | **11,459,109** |

- Interest on loans from TVCA becomes payable after 1 year and 1 day as such loans advanced in 2025/26 do not require interest to be paid until 2026/27.

- **Third party interest under achievement of income by £2.700m**
  The approved budget assumed receipt of £2.700m of third-party interest income associated principally with the South Bank Quay commercial arrangements. Following a review of the accounting treatment for these arrangements, interest attributable to the Quay development has been capitalised within the relevant

contract asset rather than recognised as revenue income during 2025/26, in accordance with the applicable accounting treatment.

Interest income generated through the Corporation's forward funding agreements has instead been recognised within Works Agreement income. Consequently, no third-party interest income has been recognised within the revenue account, resulting in an adverse variance of £2.700m against the approved budget. This represents an accounting presentation change rather than a deterioration in the Corporation's underlying financial position.

3.5 Despite significant additional borrowing costs arising during the year, the Corporation has substantially mitigated the financial impact through increased business rates income, improved commercial income streams, prudent expenditure management and continued budgetary control. As a result, the draft outturn position has improved by £0.234m since Quarter 3 and reports a final revenue deficit of £1.499m, which will be funded from the Corporation's available revenue reserves.

3.6 Throughout the year a comprehensive review of all revenue income and expenditure budgets has been undertaken to improve the robustness of financial forecasting and strengthen budget monitoring arrangements. This work has included detailed engagement with budget holders and senior management to ensure that the draft outturn reflects the most accurate position available.

3.7 The draft outturn reflects the financial position as at 31 March 2026, based on actual income and expenditure recorded during the financial year together with the year-end accounting adjustments required for the preparation of the Statement of Accounts.

**Draft Capital Outturn 2025/26**

3.8 As at 31 March 2026, the Corporation is reporting a draft capital outturn of £32.123m against an approved capital programme of £42.108m (including forward funding agreements), resulting in an overall £9.985m underspend. The draft outturn represents a reduction in capital expenditure of £4.209m compared with the Quarter 3 forecast, reflecting reprofiling of expenditure into future financial years as delivery programmes have been refined during the final quarter of the year. This is set out in **Table 3**.

**Table 3 – STDC Draft Capital Outturn 2025/26**

| | Budget 2025/26 £'000 | Draft Outturn 2025/26 £'000 | Variance (Surplus)/ Deficit £'000 | | Q3 Forecast Outturn £'000 | Variance (Surplus)/ Deficit £'000 |
|---|---|---|---|---|---|---|
| **Capital Budget** | | | | | | |
| Park & Ride | 17,869 | 16,917 | (952) | | 17,869 | (952) |

| | Budget 2025/26 | Draft Outturn 2025/26 | Variance (Surplus)/ Deficit | Q3 Forecast Outturn | Variance (Surplus)/ Deficit |
|---|---|---|---|---|---|
| South Bank Quay | - | | - | - | - |
| Demolition | 1,145 | 646 | (499) | 1,145 | (499) |
| Site Preparation and Infrastructure | 14,929 | 4,940 | (9,989) | 8,729 | (3,789) |
| Enabling Studies and Other | 1,055 | 129 | (926) | 1,055 | (926) |
| NZT Project | 3,800 | 4,795 | 995 | 3,502 | 1,293 |
| Orsted Project | 3,310 | 4,153 | 843 | 4,032 | 121 |
| Capital Contributions in Subsidiaries | - | 543 | 543 | - | 543 |
| **Total Capital Expenditure** | **42,108** | **32,123** | **(9,985)** | **36,332** | **(4,209)** |

| **Funded By:** | | | | | |
|---|---|---|---|---|---|
| **Capital Receipt - Land Sale** | 5,000 | - | (5,000) | 5,000 | (5,000) |
| **Borrowing** | 29,998 | 27,789 | (2,209) | 23,798 | 3,991 |
| **Capital contributions** | 7,110 | 4,334 | (2,776) | 7,534 | (3,200) |
| **Total Funding** | **42,108** | **32,123** | **(9,985)** | **36,332** | **(4,209)** |

3.9 Table 3 shows a large underspend of £9.985m. This is largely due to underspend of £9.989m on Site Preparation and Infrastructure.

3.10 Overall, capital expenditure during 2025/26 has continued to support the Corporation's strategic regeneration objectives. Whilst expenditure is below the original approved budget, the majority of the variance reflects the revised timing of project delivery rather than the removal or cancellation of schemes. Capital investment will continue into future years as the regeneration programme progresses and projects reach the appropriate stage of delivery.

**Forward Funding Agreements 2025/26**

3.11 The Corporation has entered into commercial forward funding arrangements with private sector developers to facilitate the delivery of strategically important regeneration projects across the South Tees site.

The principal agreements relate to the Net Zero Teesside (NZT) project and the Orsted A General Site Preparation Works Agreement. Under these arrangements, STDC undertakes agreed capital works which are recoverable from the developers in accordance with the contractual agreements. These arrangements enable key infrastructure works to progress whilst ensuring that the Corporation recovers both the capital expenditure incurred and the associated financing and management costs.

**Capital Financing**

3.12 The approved capital programme was to be financed through a combination of capital contributions and external borrowing.

3.13 The balance of the capital programme has been financed through borrowing from Tees Valley Combined Authority in accordance with the Corporation's approved Treasury Management arrangements.

3.14 The draft outturn reflects a borrowing requirement of £27.789m during the year. As the Statement of Accounts is finalised, the capital financing position will continue to be reviewed to ensure that the final borrowing requirement accurately reflects the completed capital programme and year-end accounting adjustments. Any amendments arising from this process are not expected to have a material impact on the overall financial position reported.

3.15 The Corporation continues to actively monitor the delivery and financial performance of each forward funding agreement to ensure that expenditure remains recoverable and that the arrangements continue to support the delivery of strategic regeneration projects whilst protecting the Corporation's financial position.

## 4. RESERVES

4.1 As a Corporation, STDC maintains both a General Fund balance and earmarked reserves for revenue purposes. The Corporation also maintains capital reserves which cannot be used for revenue purposes.

4.2 The General Fund balance is a general contingency for unplanned or unforeseen expenditure arising during a financial year. Earmarked reserves have been set aside for specific purposes. Within earmarked reserve balances, there can be ringfenced reserves which must be used for the purposes for which they are set aside for. As at 31 March 2026 the useable reserves balance was £15.9m. At 31 March 2026 the Corporation had £nil useable capital reserves.

## 5. RISKS – SUMMARY OF KEY FINANCIAL RISKS

5.1 Whilst the draft outturn reflects the financial position of the Corporation as at 31 March 2026, a number of financial risks and uncertainties remain which will continue to be monitored as part of the completion of the Statement of Accounts and the Corporation's ongoing financial management arrangements.

5.2 **Business Rates Income -** The draft outturn includes business rates income based upon the latest information available at the year end, supported by advice from external rating specialists. Whilst the Corporation considers the valuation assumptions to be robust, the final rateable values remain subject to confirmation by the Valuation

Office Agency. Any changes arising from the valuation process will be reflected through the appropriate accounting and financial reporting processes.

5.3 **Capital Programme Delivery** - The regeneration programme continues to involve significant and complex capital investment. Although a number of schemes have been reprofiled into future financial years, the Corporation continues to monitor programme delivery, procurement activity and project costs to ensure that expenditure remains aligned to approved budgets and that emerging risks are identified and managed at the earliest opportunity.

5.4 **Commercial Income** - The Corporation continues to rely upon a number of commercial income streams, including Works Agreements, land transactions, commercial leases and service charge income. Whilst the draft outturn reflects the best estimate of income earned during the year, there remains an ongoing risk associated with the timing of receipts and the continued delivery of commercial development activity.

5.5 **Cash Flow and Borrowing** - The Corporation continues to operate within an extensive capital investment programme funded primarily through external borrowing. Robust cash flow forecasting and treasury management arrangements remain essential to ensure that borrowing requirements are effectively managed and that sufficient liquidity is maintained to support the delivery of the regeneration programme.

5.6 **Long-Term Financial Sustainability** - The Corporation's financial model remains dependent upon the successful delivery of regeneration projects and the continued growth in commercial activity across the Teesworks site. The financial strategy assumes that future investment will generate additional business rates, commercial income and capital receipts over the medium to long term. Progress against these assumptions will continue to be monitored through regular financial reporting to the Board.

## 6 FINANCIAL IMPLICATIONS

6.1 The financial implications arising from the draft revenue and capital outturn for 2025/26 are set out within this report.

6.2 The draft revenue outturn reports a net deficit of £1.499m, which will be funded from the Corporation's available revenue reserves. The draft capital outturn of £32.123m reflects the revised delivery profile of the approved capital programme, with the majority of the underspend relating to the reprofiling of expenditure into future financial years.

6.3 The draft outturn position will inform the preparation of the Corporation's Statement of Accounts for 2025/26 and will be reflected within future updates to the Medium-Term Financial Plan.

## 7. LEGAL IMPLICATIONS

7.1 There are no additional legal implications arising directly from this report.

7.2 The Corporation continues to work with Tees Valley Combined Authority in relation to the formalisation and ongoing management of loan agreements supporting the regeneration programme. Any outstanding legal documentation will continue to be progressed through the appropriate governance arrangements.

7.3 The draft outturn has been prepared in accordance with the relevant statutory accounting requirements and applicable professional guidance governing local authority financial reporting.

## 8 RISK ASSESSMENT

8.1 The principal financial and operational risks affecting the Corporation continue to be reviewed through the Corporate Risk Register and regular financial monitoring arrangements.

8.2 The most significant financial risks remain the timing and quantum of future business rates income, the affordability of long-term borrowing, the delivery of the capital investment programme and the continued generation of commercial income necessary to support the Corporation's long-term financial sustainability.

8.3 Appropriate management actions continue to be implemented to mitigate these risks, including enhanced financial monitoring, detailed cash flow forecasting, project governance arrangements and regular review of income assumptions and capital expenditure profiles.

## 9. CONSULTATION & COMMUNICATION

9.1 The draft outturn has been prepared in consultation with budget holders, senior management and the Corporation's finance team.

9.2 No external consultation has been undertaken in relation to this report. The report forms part of the Corporation's regular financial monitoring and governance arrangements and is presented to the Board for consideration and noting.

## 10. EQUALITY & DIVERSITY

10.1 There are no direct equality and diversity impacts from this report.

SOUTH TEES
DEVELOPMENT
CORPORATION


| | |
|---|---|
| Name of Contact Officer: | Alan Layton |
| Post Title: | Interim Deputy S73 Officer |
| Telephone Number: | 01325 792600 |
| Email Address: | alan.layton@teesvalley-ca.gov.uk |


TEESWORKS
The UK's largest
industrial zone

SOUTH TEES
DEVELOPMENT
CORPORATION

## Appendix 1 – STDL Draft Outturn Position 2025/26

The draft outturn for 2025/26 is a surplus of £2.183m for STDL for 2025/26 is set out in **table 4** below.

### Table 4 –Draft outturn 2025/26

| | Approved Budget 2025/26 £'000 | Draft Outturn 2025/26 £'000 | Variance (Surplus)/ Deficit £'000 | | Q3 Forecast 2025/26 £'000 | Variance (Surplus)/ Deficit £'000 |
|---|---|---|---|---|---|---|
| Licence Fee income | - | (4,645) | (4,645) | | (4,500) | 145 |
| Commercial Services External | (344) | (965) | (621) | | (965) | - |
| Service Charge & Rent | (702) | (1,793) | (1,091) | | (1,822) | (29) |
| Release of provision | - | (1,000) | (1,000) | | (1,000) | - |
| **Total Income** | **(1,046)** | **(8,403)** | **(7,357)** | | **(8,287)** | **116** |
| | | | | | | |
| **Operating Expenditure** | | | | | | |
| Employees | 720 | 544 | (176) | | 743 | 199 |
| Retained Estates | 1,964 | 1,322 | (642) | | 1,964 | 642 |
| Communal Estates | 4,110 | 4,151 | 41 | | 4,110 | (41) |
| Commercial Services | 609 | 203 | (406) | | 609 | 406 |
| **Total Operating Expenditure** | **7,403** | **6,220** | **(1,183)** | | **7,426** | **1,206** |
| | | | | | | |
| **Net operating (surplus) / deficit** | **6,357** | **(2,183)** | **(8,540)** | | **(861)** | **1,322** |

There has been a significant increase in income levels within STDL. This is due to:

- Forecast one off lease income of £4.645m
- Commercial services income including £0.624m license income.
- Service charges & rent income of £1.793m against the approved budget of £0.702m., this is due to a prudent approach being adopted in the setting of service charge income budgets, developed in January 2025.

## Appendix 2 – STSC Draft Outturn 2025/26

The overall forecast outturn for STSC for 2025/26 is a deficit of £0.543m against a budgeted deficit of £0.450m as set out in **Table 5** below.

### Table 5 – Draft outturn 2025/26

| | Approved Budget 2025/26 £'000 | Draft Outturn 2025/26 £'000 | Variance (Surplus)/ Deficit £'000 | | Q3 Forecast 2025/26 £'000 | Variance (Surplus)/ Deficit £'000 |
|---|---|---|---|---|---|---|
| | | | | | | |
| Power Income | (37,087) | (8,957) | 28,130 | | (9,109) | (152) |
| Water Income | (1,005) | (103) | 902 | | (109) | (6) |
| Water Use of Systems Income | (84) | - | 84 | | - | - |
| Intercompany Recharges | (257) | (158) | 99 | | (107) | 51 |
| **Total Income** | **(38,433)** | **(9,218)** | **29,215** | | **(9,325)** | **(107)** |
| | | | | | | |
| **Operating Expenditure** | | | | | | |
| Operating costs | 88 | 0 | (88) | | - | (0) |
| Power Consumption and services | 37,193 | 9,066 | (28,127) | | 9,175 | 109 |
| Water Consumption and services | 1,274 | 392 | (882) | | 394 | 2 |
| Keep Safe Activities | 328 | 303 | (25) | | 140 | 163 |
| **Total Operating Expenditure** | **38,883** | **9,761** | **(29,122)** | | **9,709** | **274** |
| | | | | | | |
| **Net operating (surplus) / deficit** | **450** | **543** | **(93)** | | **384** | **167** |

- The forecast outturn for electricity and water expenditure and associated recharges is £9.709m, significantly below the combined budget of approximately £38.434m. This variance is primarily due to the delayed commencement of operations in 2025/26, a slower-than-anticipated ramp-up of activities at the start of the year, and a more gradual increase in operational activity throughout the year than originally forecast.

- The impact on the STSC bottom line is limited to the net difference between the related costs and income. This is currently forecast to be a deficit of £0.543m, compared with the approved budgeted deficit of £0.450m.

SOUTH TEES
DEVELOPMENT
CORPORATION

**AGENDA ITEM 8**

**REPORT TO THE STDC BOARD**

**30 JULY 2026**

**REPORT OF THE INTERIM DEPUTY SECTION 73 OFFICER**

# TREASURY MANAGEMENT STRATEGY OUTTURN REPORT 2025/2026

## 1. Purpose

1.1 This report informs the Board of the STDC performance against the treasury management and prudential indicators set in the Treasury Management Strategy 2025/26, approved by South Tees Development Corporation (STDC) 10 June 2025.

## 2. Executive Summary

2.1 The Corporation has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires the Corporation to present treasury management semi-annual and annual performance reports.

2.2 The Corporation's Treasury Management Strategy for 2025/26 was approved at the Board meeting on 10 June 2025 setting out the treasury and prudential indicators to be complied with during the forthcoming financial year.

2.3 This report complies with the requirements set out in the 2021 Code of Practice and updates the Board on borrowing and investment decisions taking during the previous financial year, under delegated authority. This report also considers the prevailing economic context within which those decisions were taken. External treasury advisors have provided the economic background below.

2.4 Key highlights to report from the 2025/26 treasury management performance are as follows:

a. The Corporation complied with all approved indicators during 2025/26.
b. Total borrowing at 31 March 2026 was £429.9m, and this had increased by £35.6m from 1 April where total borrowing was £394.26m. The increase is mainly due to additional loans of £27.79m, reduced by some principal repayments and short-term borrowing of £9.28m due to be repaid to TVCA in 2026/27.

c. Cash in the bank at 31 March 2026 was £23.4m compared to £5.4m at 1 April 2025.
d. The Corporation's Capital Financing Requirement (underlying need to borrow) increased by £27.79m.
e. Actual borrowing of £415.78m at 31 March 2026, excluding interest to be accrued, compares to a Capital Financing Requirement (CFR) of £417.03m.
f. The Corporation's average cost of borrowing for 2025/26 was 3.69% compared to 3.66% for 2024/25.

## 3 Background

3.1 The Corporation has borrowed significant funds to fund long-term regeneration schemes for the development of Teesworks site. It is therefore exposed to financial risks, including the loss of invested funds and the revenue effect of changing interest rates. Moreover, whilst the borrowing requirement has been for long-term schemes and assets, much of the borrowing undertaken is on a relatively short-term basis and not linked to the life of the schemes or assets. This is predominantly because long-term interest rates continue to be far more expensive than short term rates.

3.2 This exposes the Corporation to re-financing risk and demonstrates that the successful identification, monitoring and control of risk are central to the Corporation's treasury management strategy.

3.3 The Corporation has adopted the CIPFA Code of Practice, which requires the Corporation to approve, as a minimum, treasury management semi-annual and annual outturn reports. The 2021 Prudential Code also includes a requirement for the Corporation to provide a Capital Strategy, a summary document approved by the Board covering capital expenditure and financing, treasury management and non-treasury investments.

3.4 The Corporation's Capital Strategy and Treasury Management Strategy for 2025/26, complying with CIPFA's requirement, was approved by the Board at its meeting on 28 March 2025.

## 4 External economic context

4.1 The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

4.2 After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook, together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.

4.3 The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.

4.4 The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

4.5 Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

4.6 The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

4.7 While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

4.8 After cutting the Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting the Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

4.9 Following the March MPC meeting, Arlingclose, the Corporation's treasury adviser, revised its central interest rate view and now predicts the Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of a higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if the Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

4.10 The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

4.11 The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.

## 5 Financial Markets

5.1 After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

5.2 Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.

5.3 The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31st March.

**6 Credit review**

6.1 Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

6.2 Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.

6.3 Moody's affirmed OP Corporate's rating at Aa3 in May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.

6.4 After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

6.5 Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.

6.6 Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Corporation's counterparty list recommended by Arlingclose remain under constant review.

## 7 Local Context

7.1 As at 31 March 2026, the Corporation reported net debt of £395.73m, arising from its operations, compared to net debt of £375.22m at 31 March 2025. Total cash in bank increased by £18.03m during the year to £23.4m at 31 March 2026. Short term borrowing reflects accrued interest for 2025/26 due to TVCA and payable within 12 months. The treasury management position at 31 March 2026, together with movements over the year, is set out in Table 1 below.

**Table 1: Treasury Management Summary**

| | 31.3.25 Balance £m | Movement £m | 31.3.26 Balance £m |
|---|---|---|---|
| Long-term borrowing | (394.26) | (26.36) | (420.62) |
| Short-term borrowing | (0.00) | (9.28) | (9.28) |
| **Total Borrowing** | **(394.26)** | **(35.64)** | **(429.90)** |
| Long-term investments | 13.67 | (2.90) | 10.77 |
| Short-term investments | - | - | - |
| Cash and cash equivalents | 5.37 | 18.03 | 23.40 |
| **Total Investments** | **19.04** | **15.13** | **34.17** |
| **Net Investments / (Debt)** | **(375.22)** | **(20.51)** | **(395.73)** |

## 8 Borrowing Strategy

8.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Corporation. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Corporation has no new plans to borrow to invest primarily for financial return. No borrowing was undertaken during 2025/26 to invest primarily for yield.

8.2 The Corporation continued to adopt an under-borrowing strategy, utilising internal balances (known as "internal borrowing") before taking external loans.

8.3 **Borrowing Undertaken** - During the year the Corporation secured an additional £27.79m of borrowing from TVCA.

8.4 TVCA originally made a loan available to the corporation of £46.474m for the purchase of the land and associated costs. Further to that, TVCA has made a borrowing facility available to the Corporation of up to £350m. At 31 March 2026, the Corporation has used £261.44m of this facility.

8.5 At 31st March 2026, the Corporation held £415.58m of loans as part of its strategy for funding the capital programme and £5.05m of interest to be accrued. Outstanding loans on 31st March 2026 are summarised in Table 2 below.

**Table 2: Borrowing Position (Loan Providers)**

| Loan Title | Amount | Drawn Down | Loan Total | Interest Rate |
|---|---|---|---|---|
| **TVCA Investment Programme** | | | **46,865,383** | 3.50% |
| STDC GENERAL | | 31/03/2023 | 79,450,094 | 4.00% |
| STDC GENERAL | | 31/03/2024 | 73,593,327 | 4.67% |
| STDC - Heavy Lift Platform | | 31/03/2024 | 6,800,000 | 4.63% |
| STDC NZT- | | 01/11/2024 | 14,295,753 | 5% |
| STDC NZT2 | | 31/03/2025 | 12,340,823 | 4.75% |
| STDC 24-25 loan | | 31/03/2025 | 47,167,926 | 5% |
| STDC 25-26 loan | | 31/03/2026 | 27,789,239 | 4.17% |
| **TVCA Facility Total** | | | **261,437,163** | |
| Quay (UKIB) | | | 107,272,550 | 1.99% |
| **Total Borrowing** | | | **415,575,096** | |

8.6 TVCA has borrowed funds of £107.27m from UKIB to lend to STDC specifically for the development of the deepwater quay facility. This loan is being serviced in full in terms of interest and principal repayments to TVCA.

8.7 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Corporation currently has no plans to borrow to invest primarily for financial return from any applications to utilise the £350m borrowing facility.

8.8 The Corporation has an increasing capital financing requirement due to its capital programme. The updated Capital Financing Requirements in Table 3 below reflect the changes made to the revised financial accounts for 2023/24 and 2024/25 and the outturn for 2025/26.

**Table 3: Capital Financing Requirement**

| | 2025/26<br><br>£'000 | 2026/27<br><br>£'000 | 2027/28<br><br>£'000 | 2028/29<br><br>£'000 |
|---|---|---|---|---|
| **Opening CFR (capital to be funded by borrowing)** | 389,245 | 417,034 | 435,046 | 443,617 |
| | | | | |
| In-year Capital Expenditure | 32.123 | 18,012 | 8,571 | 25,253 |
| In-year Capital Funding (Incl MRP) | (4.334) | | | |
| | | | | |
| **Closing CFR** | 417,034 | 435,046 | 443,617 | 468,870 |
| **Outstanding borrowing** | 415,575 | 433,587 | 442,158 | 467,411 |

8.9 Capital expenditure for 2025/26 totalled £32.123m, of which £27.789m was financed through borrowing.

## 9 Treasury Management Activity

9.1 The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Corporation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

9.2 STDC holds no invested funds. The cash position at the bank at the end of March 2026 is shown in Table 4 below.

**Table 4: Treasury Investment Position**

| | **31.3.25 Balance £m** | **Net Movement £m** | **31.3.26 Balance £m** |
|---|---|---|---|
| Banks & Building Societies | 5.37 | 18.04 | 23.4 |
| Government (incl. LAs) | - | - | - |
| Money Market Funds | - | - | - |
| **Total Investments including bank accounts** | **5.4** | **18.04** | **23.4** |

9.3 Both the CIPFA Code and government guidance require the Corporation to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Corporation currently has no investments, however, should it invest then the objective if investing money will be to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

9.4 STDC has banking arrangements in place with a fully operational bank account and uses this account to pay non-creditor payment expenditure and receives income into this account. However, TVCA has paid creditor payments on behalf of STDC through the TVCA bank account, with payments being made forming the basis for the loans made to STDC on 31 March in each financial year.

9.5 Through informal arrangements, TVCA has been undertaking both treasury management and management of the STDC bank account including monthly bank reconciliations. However, there is no formal agreement in place for comprehensive treasury management activities for STDC. TVCA currently receives these services under a SLA with Stockton-on-Tees Borough Council and, going forward, a proposal will be made to the Board to enter into a formal arrangement with Stockton for the new financial year.

9.6 The Treasury Management strategy approved at the STDC Board on 10 June 2025 requires the surplus cash held in the STDC operational bank account to be invested overnight and consequently interest to be earned.

9.7 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

**Table 5: Investment Benchmarking – Treasury investments managed in-house**

| | Credit Score | Credit Rating | Bail-in Exposure | Weighted Average Maturity (days) | Rate of Return % |
|---|---|---|---|---|---|
| 31.03.2022 | 4.30 | AA- | 92% | 11 | 0.50 |
| 31.03.2023 | 4.63 | A+ | 75% | 10 | 0.02 |
| 31.03.2024 | 4.13 | AA- | 38% | 3 | 0.01 |
| 31.03.2025 | 4.72 | A+ | 100% | 1 | 3.62 |
| 31.03.2026 | 5.02 | A+ | 72% | 7 | 5.62 |
| Similar LAs | 4.96 | A+ | 46% | 67 | 5.00 |
| All LAs | 4.82 | A+ | 61% | 9 | 5.03 |

## 10 Non-Treasury Investments

10.1 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Corporation as well as other non-financial assets which the Corporation holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

10.2 The Corporation can lend money to its subsidiaries, constituent Local Authorities, and local businesses to support delivery of the strategic priorities and stimulate local economic growth. Loans are not issued by the Corporation for purely financial return. They are provided if the proposal meets the priorities set out in the Investment Plan and related strategies. Loans may be given in order to comply with state aid regulations, or alternatively it may be that the applicant has the ability to repay the support via increased revenues as a result of the investment.

## 11 Compliance

11.1 The Treasury Management Strategy approved on 10 June 2025 reported that all treasury management activities undertaken during 2025/26 would comply fully with the CIPFA Code of Practice. Compliance with the debt limits is demonstrated in Table 6 below.

**Table 6: Debt Limits**

| | **Maximum in-year £m** | **31.03.26 Actual £m** | **2025/26 Operational Boundary £m** | **2025/26 Authorised Limit £m** | **Complied Yes / No** |
|---|---|---|---|---|---|
| Borrowing | 415.58 | 415.58 | 424.3 | 464.0 | Yes |

11.2 Compliance with the investment limits is demonstrated in Table 7 below.

**Table 7: Investment Limits**

| | **Maximum In-year** | **31.3.26 Actual** | **2025/26 Limit** | **Complied? Yes/No** |
|---|---|---|---|---|
| Any single organisation, except the UK Central Government | £0m | £0m | £15m per organisation | Yes |
| UK Central Government | £0m | £0m | Unlimited | Yes |
| Any group of organisations under the same ownership | £0m | £0 | £15m per organisation | Yes |
| Any group of pooled funds under the same management | £0 | £0 | £37.5m | Yes |
| Negotiable instruments held in a broker's nominee account | £0 | £0 | £37.5m | Yes |

| | Maximum In-year | 31.3.26 Actual | 2025/26 Limit | Complied? Yes/No |
|---|---|---|---|---|
| Foreign countries | £0 | £0 | £15m | Yes |
| Registered providers and registered social landlords | £0 | £0 | £37.5m | Yes |
| Unsecured investments with building societies | £0 | £0 | £15m | Yes |
| Loans to unrated corporates | £0 | £0 | £15m | Yes |
| Money Market Funds | £0 | £0 | Unlimited | Yes |
| Real estate investment trusts | £0 | £0 | £37.5m | Yes |

11.3 The new Liability Benchmark indicator compares the Corporation's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Corporation is likely to be a long-term borrower or long-term investor in the. It represents an estimate of the cumulative amount of external borrowing the Corporation must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £1m required to manage day-to-day cash flow.

**Table 8: Liability Benchmark**

| | 2025/26 Actual (Unaudited) £'000 | 2026/27 Estimate £'000 | 2027/28 Estimate £'000 | 2028/29 Estimate £'000 |
|---|---|---|---|---|
| Loans CFR | 417,034 | 435,046 | 443,617 | **468,870** |
| Less: Balance sheet resources | - 15,938 | - 15,938 | - 15,938 | - 15,938 |
| Net loans requirement | 401,096 | 419,108 | 427,679 | 452,932 |
| Plus: Liquidity allowance | 1,000 | 1,000 | 1,000 | 1,000 |
| **Liability benchmark** | **402,096** | **420,108** | **428,679** | **453,932** |
| **Existing borrowing** | **415,575** | **433,587** | **442,158** | **467,411** |

## 12 Risk Management

12.1 Treasury risks were effectively managed throughout the year:

- Counterparty risk controlled via approved lending list
- Liquidity risk maintained through short-term cash planning
- Interest rate risk monitored and managed via strategy

12.2 No defaults or losses were incurred.

## 13 Compliance and Governance

13.1 The Corporation complied with:

- CIPFA Treasury Management Code
- Treasury Management Practices (TMPs)
- Approved Treasury Strategy

## 14 Conclusion

14.1 Treasury management performance in 2025/26 was strong, with full compliance with strategy and indicators and prudent management of borrowing to minimise associated borrowing costs and reduce exposure to interest rate risk

**Name of Contact Officer:** Alan Layton
**Post Title:** Interim Deputy S73 Officer
**Telephone Number:** 01325 792600
**Email Address:** alan.layton@teesvalley-ca.gov.uk

SOUTH TEES
DEVELOPMENT
CORPORATION

**AGENDA ITEM 9**

**REPORT TO THE STDC BOARD**

**30 JULY 2026**

**REPORT OF THE INTERIM DEPUTY SECTION 73 OFFICER**

## TEESWORKS LIMITED ACCOUNTS 2024-2025

### SUMMARY

The Board is asked to receive a copy of the latest Teesworks Limited Accounts for the financial year ending 31 March 2025. South Tees Development Corporation is a 10% shareholder in Teesworks Limited.

### RECOMMENDATIONS

It is recommended that the STDC Board:

i. **<u>Note</u>** the latest Teesworks Limited Accounts.

### DETAIL

1. South Tees Development Corporation is a 10% shareholder in Teesworks Limited. The purpose of this report is to provide the Teesworks Limited accounts for the 2024-2025 financial year for noting.

2. The key performance headlines highlighted within the accounts are:

    - Principal activities remained the regeneration and redevelopment of the former industrial site known collectively as Teesworks.
    - The trading activity of the Company included the remediation of land, securing inward investment, trading of land and properties and managing investment properties, on a plot-by-plot basis at the Teesworks development site.
    - The accounts state that performance during the year was steady, with milestones and performance ambitions in relation to land clearance, land availability and lease negotiations continuing to be strong.
    - The site continues to transition away from public investment used to kick-start the re-purposing of the site into a private-sector-led remediation and redevelopment phase.

3. The key financial headlines within the accounts are: -
    - Turnover £6.294m
    - Gross profit £0.531m
    - Profit before tax £6.225m
    - Profit for the financial year £6.225m
    - EBITDA £1.369m
    - Dividends paid £29.7m

4. The accounts include related party transactions. During the year, Teesworks Limited was charged £2.503m by South Tees Development Corporation in relation to services for demolition and extraction of scrap across the development site and the purchase of chattels. The accounts state that Teesworks Limited owed South Tees Development Corporation £5.000m at 31 March 2025, which was subsequently paid by Teesworks Limited on 16 December 2025 and Teesworks Limited was owed £0.095m by South Tees Development Corporation which was paid on 6 November 2025.

5. The Independent Auditor's Report states that the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the requirements of the Companies Act 2006.

6. The auditor concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate and did not identify any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

7. South Tees Development Corporation has a longstanding arrangement in place with Teesworks Limited for recovering a contribution towards demolition costs from the sale of scrap across the site. In the 2024-2025 financial year, South Tees Development Corporation received £2.503m.

**FINANCIAL IMPLICATIONS**

8. The key financial headlines from the accounts are set out in the body of this report. There are no financial implications associated with the recommendations in this report.

**LEGAL IMPLICATIONS**

9. There are no legal implications for South Tees Development Corporation associated with the content of this report.

SOUTH TEES
DEVELOPMENT
CORPORATION

**RISK ASSESSMENT**

10. This report on the Teesworks Limited accounts is categorised as low risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

**CONSULTATION & COMMUNICATION**

11. The Teesworks Limited Accounts will be presented to the Audit and Governance Committee as part of the annual reporting introduced following the independent review process.

**EQUALITY & DIVERSITY**

12. There are no equality and diversity implications associated with the content of this report.


**Name of Contact Officer:** Alan Layton
**Post Title:** Interim Deputy S73 Officer
**Telephone Number:** 01325 792600
**Email Address:** alan.layton@teesvalley-ca.gov.uk

COMPANY REGISTRATION NUMBER: 12351851

# Teesworks Limited

# Financial Statements

## 31 March 2025

TUESDAY

*AEI10M1D*

A40 23/12/2025 #183

COMPANIES HOUSE

**CHIPCHASE MANNERS**

Chartered accountants & statutory auditors
384 Linthorpe Road
Middlesbrough
TS5 6HA

# Teesworks Limited

## Financial Statements

## Year ended 31 March 2025

| Contents | Page |
|---|---|

# Teesworks Limited

## Officers and Professional Advisers

| | |
|---|---|
| **The board of directors** | J C Musgrave<br>J G Barnes<br>M T Corney |
| **Registered office** | Venture House<br>Aykley Heads<br>Durham<br>DH1 5TS |
| **Auditor** | Chipchase Manners<br>Chartered accountants & statutory auditors<br>384 Linthorpe Road<br>Middlesbrough<br>TS5 6HA |
| **Bankers** | Barclays Plc<br>Leicester<br>Leicestershire<br>LE87 2BB |
| **Solicitors** | Taylor Wessing LLP<br>DX 41 London<br>5 New Street Square<br>London<br>EC4A 3TW |

# Teesworks Limited

## Strategic Report

## Year ended 31 March 2025

The principal activities of Teesworks Limited (the Company) are that of the regeneration and redevelopment of a former industrial site known collectively as 'Teesworks', which is to the South of the River Tees in Redcar and Cleveland. The site covers approximately 2,600 acres and is the UK's largest brownfield re-development opportunity focusing on renewable and clean energy generation, storage and data requirements.

The trading activity of the Company includes the remediation of land, securing inward investment, trading of land and properties and managing investment properties, on a plot-by-plot basis, at the Teesworks development site.

In the Director's opinion, the performance of the Company during the year ending 31 March 2025 has been steady but as with 2024 slightly hampered with delayed investment decisions by incoming occupiers. Principally due to geo-political events. However, milestones and performance ambitions in terms of land clearance, land availability and lease negotiations thus far has been strong and the Board are confident this effort will realise significant new development and inward investment to the site in the following years.

The Company achieved a turnover of £6,294,296 (2024 £22,176,487) which included the first element of the first portion of rents being received from the new tenants within the site.

Key performance indicators are detailed as follows:

| | 2025<br>£ | 2024<br>£ |
|---|---|---|
| Turnover | 6,294,296 | 22,176,487 |
| Gross profit | 530,858 | 5,313,497 |
| Net profit (loss)after tax | 7,263,379 | 2,709,683 |
| EBITDA | 1,369,290 | 1,769,215 |

Whilst the total land area the Company has an interest in covers approximately 2,600 acres around 1,500 acres are developable. The Teesworks site continues to transition away from public investment used to kick start the re-purposing of the site, into a private sector led remediation and redevelopment phase. It should also be noted, notwithstanding the great progress to date, future activity of the regeneration of the site will be across a number of years and at significant cost that is forecast to be in the hundreds of millions of Pounds.

The ambition for the Company is to continue to develop and regenerate Teesworks into a new sector leading employment area where there is both a core centre of excellence for the low carbon industries of the future while also developing an area within the site for the Digital and Tech sector. Both sectors naturally complement each other and with significant enquiries in the pipeline the site will be host to a large number of new jobs and new investment and therefore improve the economic outlook for the region as a whole for the long-term.

The success of the Company is of course subject to a number of identified risks and a number of uncertainties which are monitored on a regular basis by the management team. Construction sector, industrial land development and supply and manufacturing markets across all sub-sectors are monitored by the Board with appropriate responses implemented to manage the effects of those external market forces, both on a national and international level against the Company.

### Section 172 statement

The board consider that they have acted in good faith and promote the success of the company for the benefit of its stakeholders. The duties of the board are set out in section 172 of the Companies Act 2006. The directors at all times considered the interests of the members and the long-term success of the company, which is achieved through their commitment to quality of service to all customers and suppliers. The directors require the highest standards of regulatory compliance across all areas of the business.

This report was approved by the board of directors on 22 December 2025 and signed on behalf of the board by:

M T Corney
Director

Registered office:
Venture House
Aykley Heads
Durham
DH1 5TS

The directors present their report and the financial statements of the company for the year ended 31 March 2025.

### Directors

The directors who served the company during the year were as follows:

| | |
|---|---|
| J C Musgrave | |
| M T Corney | |
| J G Barnes | (Appointed 13 December 2024) |
| J Gilhespie | (Resigned 13 December 2024) |

### Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

### Future developments

Disclosures with regard to future developments have been made in the Strategic Report.

### Greenhouse gas emissions and energy consumption

The company has low emissions, being primarily an investment company. No additional disclosure is required regarding in relation to Streamlined Energy and Carbon Reporting (SECR) as the company consumed 40,000kwh of energy or less in the UK during the period.

### Financial instruments

There have been no financial instruments used in the year that are either considered to be non-basic in nature or have not been adequately disclosed elsewhere in the notes to the financial statements.

### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 22 December 2025 and signed on behalf of the board by:

M T Corney
Director

Registered office:
Venture House
Aykley Heads
Durham
DH1 5TS

## Opinion

We have audited the financial statements of Teesworks Limited (the 'company') for the year ended 31 March 2025 which comprise the profit and loss account, balance sheet, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud or error. It is also our objective to obtain sufficient appropriate audit evidence regarding the risks we have assessed and respond as appropriate to them. Even though an audit is planned and performed in accordance with the ISAs (UK), an audit has an unavoidable risk that material misstatements in the financial statements may not be detected. In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud, our audit procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the environment in which they operate.

- We obtained an understanding of how the company ensures their compliance with the applicable legal and regulatory frameworks through inquiries to the management and those charged with ensuring such compliance within the company. We corroborated our inquiries through a review of transactions within the financial statements that were linked to compliance with laws and regulations. We also reviewed any available board minutes.

- We assessed the susceptibility of the company's financial statements to material misstatement with regards to how fraud might occur. Audit procedures performed by the team included:

- Identifying and assessing the effectiveness of controls the management of the company has in place to detect and prevent possible fraud;

- Understanding how those involved with ensuring compliance considered and addressed the potential override of controls or undue influence over the financial reports;

- Challenging any major assumptions and judgements that the management used in any significant accounting estimates;

- Reviewing journal entries made with emphasis placed on those with unusual combinations and those around the accounting year end: and

- Assessing the extent of compliance with applicable laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

C. S. Gorman.

Christopher Gorman FCA FCCA (Senior Statutory Auditor)

For and on behalf of
Chipchase Manners
Chartered accountants & statutory auditors
384 Linthorpe Road
Middlesbrough
TS5 6HA

22 December 2025

# Teesworks Limited

## Profit and Loss Account

## Year ended 31 March 2025

| | Note | 2025 £ | 2024 £ |
|---|---|---|---|
| **Turnover** | 4 | 6,294,296 | 22,176,487 |
| Cost of sales | | (5,763,438) | (16,862,990) |
| **Gross profit** | | 530,858 | 5,313,497 |
| Administrative expenses | | 5,013,689 | (3,544,282) |
| **Operating profit** | 5 | 5,544,547 | 1,769,215 |
| Other interest receivable and similar income | 8 | 540,562 | 2,225,105 |
| Interest on overdue taxation paid/(received) | 9 | 140,354 | (200,810) |
| **Profit before taxation** | | 6,225,463 | 3,793,510 |
| Tax on profit | 10 | – | (1,083,827) |
| **Profit for the financial year** | | 6,225,463 | 2,709,683 |
| Tax relating to components of other comprehensive income | | (1,988,980) | – |
| **Total comprehensive income for the year** | | 4,236,483 | 2,709,683 |

All the activities of the company are from continuing operations.

**The notes on pages 16 to 26 form part of these financial statements.**

# Teesworks Limited

## Balance Sheet

### 31 March 2025

| | Note | 2025 £ | 2024 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | **12** | 12,500 | 16,667 |
| Investments | **13** | 8,150,000 | – |
| | | 8,162,500 | 16,667 |
| **Current assets** | | | |
| Debtors | **14** | 5,584,051 | 5,626,780 |
| Cash at bank and in hand | | 2,703,422 | 40,145,836 |
| | | 8,287,473 | 45,772,616 |
| **Creditors: amounts falling due within one year** | **15** | (6,073,746) | (1,938,519) |
| **Net current assets** | | 2,213,727 | 43,834,097 |
| **Total assets less current liabilities** | | 10,376,227 | 43,850,764 |
| **Creditors: amounts falling due after more than one year** | **16** | – | (10,000,000) |
| **Provisions** | **17** | (1,988,980) | – |
| **Net assets** | | 8,387,247 | 33,850,764 |
| **Capital and reserves** | | | |
| Called up share capital | **20** | 100 | 100 |
| Revaluation reserve | **21** | 5,966,940 | – |
| Profit and loss account | **21** | 2,420,207 | 33,850,664 |
| **Shareholders funds** | | 8,387,247 | 33,850,764 |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the medium companies regime.

These financial statements were approved by the board of directors and authorised for issue on 22 December 2025, and are signed on behalf of the board by:

M T Corney
Director

Company registration number: 12351851

## Teesworks Limited

### Statement of Changes in Equity

### Year ended 31 March 2025

| | Note | Called up share capital £ | Revaluation reserve £ | Profit and loss account £ | **Total £** |
|---|---|---|---|---|---|
| **At 1 April 2023** | | 100 | – | 51,390,981 | 51,391,081 |
| Profit for the year | | | | 2,709,683 | 2,709,683 |
| **Total comprehensive income for the year** | | – | – | 2,709,683 | 2,709,683 |
| Dividends paid and payable | **11** | – | – | (20,250,000) | (20,250,000) |
| **Total investments by and distributions to owners** | | – | – | (20,250,000) | (20,250,000) |
| **At 31 March 2024** | | 100 | – | 33,850,664 | 33,850,764 |
| Profit for the year | | | | 6,225,463 | 6,225,463 |
| Other comprehensive income for the year: | | | | | |
| Reclassification from revaluation reserve to profit and loss account | | – | 7,955,920 | (7,955,920) | – |
| Tax relating to components of other comprehensive income | **10** | – | (1,988,980) | – | (1,988,980) |
| **Total comprehensive income for the year** | | – | 5,966,940 | (1,730,457) | 4,236,483 |
| Dividends paid and payable | **11** | – | – | (29,700,000) | (29,700,000) |
| **Total investments by and distributions to owners** | | – | – | (29,700,000) | (29,700,000) |
| **At 31 March 2025** | | 100 | 5,966,940 | 2,420,207 | 8,387,247 |

**The notes on pages 16 to 26 form part of these financial statements.**

# Teesworks Limited

## Statement of Cash Flows

## Year ended 31 March 2025

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| **Cash flows from operating activities** | | |
| Profit for the financial year | 6,225,463 | 2,709,683 |
| *Adjustments for:* | | |
| Depreciation of tangible assets | 4,167 | – |
| Fair value adjustment of investment property | (7,955,920) | – |
| Other interest receivable and similar income | (540,562) | (2,225,105) |
| Interest on overdue taxation paid/(received) | (140,354) | 200,810 |
| Tax on profit | – | 1,083,827 |
| Accrued income | (786,326) | (839,131) |
| *Changes in:* | | |
| Trade and other debtors | 42,729 | (4,629,214) |
| Trade and other creditors | 373,043 | (18,102,376) |
| Cash generated from operations | (2,777,760) | (21,801,506) |
| Interest paid | 140,354 | (200,810) |
| Interest received | 540,562 | 2,225,105 |
| Tax paid | – | (13,220,481) |
| Net cash used in operating activities | (2,096,844) | (32,997,692) |
| **Cash flows from investing activities** | | |
| Purchase of tangible assets | – | (16,667) |
| Purchases of other investments | (194,080) | – |
| Net cash used in investing activities | (194,080) | (16,667) |
| **Cash flows from financing activities** | | |
| Increase in amounts due to connected parties | (5,451,490) | (877,671) |
| Dividends paid | (29,700,000) | (20,250,000) |
| Net cash used in financing activities | (35,151,490) | (21,127,671) |
| **Net decrease in cash and cash equivalents** | (37,442,414) | (54,142,030) |
| **Cash and cash equivalents at beginning of year** | 40,145,836 | 94,287,866 |
| **Cash and cash equivalents at end of year** | 2,703,422 | 40,145,836 |

**The notes on pages 16 to 26 form part of these financial statements.**

1. **General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Venture House, Aykley Heads, Durham, DH1 5TS.

2. **Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. **Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 3. Accounting policies *(continued)*

### Revenue recognition

The generation and sale of scrap and aggregates from the site is a by-product of the main business purpose. Revenue from the sale of scrap and aggregates is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue from the sale of scrap and aggregate products is recognised once the materials have passed over a weighbridge and the vehicle transporting the material has been weighed on arrival and departure to obtain the net weight of the scrap and aggregates sold.

Revenue from lease premiums and from the assignment of put and call options is measured at the value of the consideration agreed upon, excluding VAT. Revenue from lease premiums and from the assignment of put and call options is recognised once there is a legally-binding agreement in place. Revenue from lease premiums and from the assignment of put and call options is recognised as property trading income within turnover as the trade of the company during the year was that of the trading of land and properties.

Revenue from estate charges is measured at the fair value of the consideration received, excluding VAT. Revenue from estate charges is recognised as a recovery of estate charges expended as a recharge to the lessee of the land to which the estate charges applied.

Revenue from the granting of options to take a lease is recognised at the value of the consideration agreed upon, excluding VAT. Revenue from the granting of options to take a lease is recognised once there is a legally-binding agreement in place.

Revenue from operating lease agreements (rentals) is recognised at the value of the consideration invoiced, excluding VAT.

Revenue from the recharging of remediation costs is recognised at the value of the remediation costs incurred, excluding VAT.

The trade of the company is in both the trading of land and properties, and in investment property, on a plot by plot basis at the development site.

### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

### 3. Accounting policies *(continued)*

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---|---|---|
| Leasehold improvements | - | 25% straight line |

#### Investments

Fixed asset investment properties are measured at fair value with changes in fair value being recognised in profit or loss. Reserves attributable to revaluation of investment properties to their fair value are transferred to their own non-distributable reserve for disclosure purposes only.

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

### 3. Accounting policies *(continued)*

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

### Stock

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Stock of land and property is measured at cost. The trade of the company during the year was that of the trading of land and properties. Note that as at 31 March 2025, the company did not hold any stock of land.

### 4. Turnover

*Turnover arises from:*

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Sale of scrap and aggregates | 5,168,828 | 16,712,987 |
| Estate charges recovered | 163,500 | 163,500 |
| Rental income | 369,657 | – |
| Lease premium and land option income | – | 5,300,000 |
| Remediation recharge income | 592,311 | – |
| | 6,294,296 | 22,176,487 |

During the year, the company started received operating lease income from lease agreements entered into.

During the year, the company received income for the recharge of remediation costs to a third party.

During the previous year, the company entered into option agreements with a third party in relation to possible future leases. At the date of the financial statements, the options had either expired or been exercised subsequent to the year ended 31 March 2025.

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 5. Operating profit

Operating profit or loss is stated after charging/crediting:

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Depreciation of tangible assets | 4,167 | – |
| Fair value adjustments to investment property | (7,955,920) | – |

### 6. Auditor's remuneration

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Fees payable for the audit of the financial statements | 28,750 | 20,000 |

### 7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

| | **2025** | 2024 |
|---|---|---|
| | **No.** | No. |
| Management staff | 3 | 3 |

### 8. *Other interest receivable and similar income*

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Interest on cash and cash equivalents | 540,562 | 2,225,105 |

### 9. Interest on overdue taxation paid/(received)

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Other interest payable and similar charges | (140,354) | 200,810 |

### 10. Tax on profit

**Major components of tax expense**

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| **Current tax:** | | |
| UK current tax expense | – | 1,083,827 |
| **Tax on profit** | – | 1,083,827 |

**Tax recognised as other comprehensive income or equity**

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £1,988,980 (2024: Nil). This deferred tax was in relation to the revaluation of investment property.

## 10. Tax on profit *(continued)*

**Reconciliation of tax expense**

The tax assessed on the profit on ordinary activities for the year is lower than (2024: higher than) the standard rate of corporation tax in the UK of 25% (2024: 25%).

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Profit on ordinary activities before taxation | 6,225,463 | 3,793,510 |
| Profit on ordinary activities by rate of tax | 1,556,366 | 948,378 |
| Effect of expenses not deductible for tax purposes | 409,727 | 135,449 |
| Effect of capital allowances and depreciation | 1,042 | – |
| Unused tax losses | 21,845 | – |
| Effect of fair value movement not allowable | (1,988,980) | – |
| Tax on profit | – | 1,083,827 |

## 11. Dividends

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Dividends paid during the year (excluding those for which a liability existed at the end of the prior year ) | 29,700,000 | 20,250,000 |

## 12. Tangible assets

| | **Leasehold improvement** |
|---|---|
| | **£** |
| **Cost** | |
| **At 1 April 2024 and 31 March 2025** | 16,667 |
| **Depreciation** | |
| At 1 April 2024 | – |
| Charge for the year | 4,167 |
| **At 31 March 2025** | 4,167 |
| **Carrying amount** | |
| **At 31 March 2025** | 12,500 |
| At 31 March 2024 | 16,667 |

During the year, the company made use of office space under an informal lease agreement. The tangible fixed assets recognised above represent improvements made to the office space at the cost of the company.

## 13. Investments

| | Investment property £ |
|---|---|
| **Cost** | |
| At 1 April 2024 | – |
| Additions | 194,080 |
| Revaluations | 7,955,920 |
| **At 31 March 2025** | 8,150,000 |
| **Impairment** | |
| **At 1 April 2024 and 31 March 2025** | – |
| **Carrying amount** | |
| **At 31 March 2025** | 8,150,000 |
| At 31 March 2024 | – |

During the year, the company acquired investment property as detailed above. An independent valuation has been performed by Colliers International Property Consultants Limited at 17 December 2025, resulting in the fair valuations of the properties as shown above. It is the opinion of the directors that this valuation is sufficiently close enough to the year end for the independent valuation performed to be used for the 31 March 2025 financial statements.

## 14. Debtors

| | **2025** £ | 2024 £ |
|---|---|---|
| Trade debtors | 1,394,744 | 170,756 |
| Amounts owed by connected parties | 95,256 | 138,510 |
| Corporation tax repayable | 2,333,833 | 2,188,481 |
| Other debtors | 1,760,218 | 3,129,033 |
| | 5,584,051 | 5,626,780 |

The other debtors recognised above includes £625,303 (2024: £1,161,370) of legal, professional and planning costs incurred by the company, which relate to possible future land-related transactions for which the outcome at 31 March 2025 was not yet known. Upon future completion of each land-related transaction, the relevant costs recognised in other debtors will be accounted for as appropriate under FRS 102.

The remaining balance within other debtors consist of VAT recoverable from HM Revenue and Customs at 31 March 2025.

### 15. Creditors: amounts falling due within one year

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Trade creditors | 755,192 | 507,806 |
| Amounts owed to connected parties | 5,074,658 | 526,148 |
| Accruals and deferred income | 243,896 | 904,565 |
| | 6,073,746 | 1,938,519 |

At the year ended 31 March 2025, the company had made payments on account to HM Revenue and Customs for Corporation Tax. The amount held on account is disclosed in note 14 to the financial statements. The corporation tax charge for the year to 31 March 2025 is disclosed in note 10 to the financial statements.

At 31 March 2025 the company owed a related party £5,000,000 (2024: £10,000,000) as described in note 24. In the previous year, it was due more than one year after the year end. This year it is a current liability. This amount is payable in relation to agreed upon terms in a commercial deed with regards to the exercising of a land option.

### 16. Creditors: amounts falling due after more than one year

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Amounts owed to connected parties | – | 10,000,000 |

As per note 15, the balance above is now partially repaid, and is a current liability.

### 17. Provisions

| | **Deferred tax (note 18)** |
|---|---|
| | **£** |
| At 1 April 2024 | – |
| Additions | 1,988,980 |
| **At 31 March 2025** | 1,988,980 |

### 18. Deferred tax

The deferred tax included in the balance sheet is as follows:

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Included in provisions (note 17) | 1,988,980 | – |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | **2025** | 2024 |
|---|---|---|
| | **£** | £ |
| Fair value adjustment of investment property | 1,988,980 | – |

### 19. Financial instruments

There have been no financial instruments used in the year that are either considered to be non-basic in nature or have not been adequately disclosed elsewhere in the financial statements.

### 20. Called up share capital

**Issued, called up and fully paid**

| | **2025** | | 2024 | |
|---|---|---|---|---|
| | **No.** | **£** | No. | £ |
| Ordinary A Shares shares of £1 each | 25 | 25 | 25 | 25 |
| Ordinary B Shares shares of £1 each | 25 | 25 | 25 | 25 |
| Ordinary C Shares shares of £1 each | 40 | 40 | 40 | 40 |
| Ordinary D Shares shares of £1 each | 10 | 10 | 10 | 10 |
| | 100 | 100 | 100 | 100 |

### 21. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 22. Analysis of changes in net debt

| | At 1 Apr 2024 | Cash flows | **At 31 Mar 2025** |
|---|---|---|---|
| | £ | £ | **£** |
| Cash at bank and in hand | 40,145,836 | (37,442,414) | 2,703,422 |
| Debt due within one year | (526,148) | (4,548,510) | (5,074,658) |
| Debt due after one year | (10,000,000) | 10,000,000 | – |
| | 29,619,688 | (31,990,924) | (2,371,236) |

### 23. Directors' advances, credits and guarantees

There were no directors' advances, credit and guarantees in the year.

### 24. Related party transactions

At 31 March 2025 Teesworks Limited owed £74,658 (2024: £286,990) to a company which holds a participating interest and has shared directors. During the year Teesworks Limited was charged £2,503,818 (2024: £8,356,348) by the related party company for marketing and other consultancy services.

At 31 March 2025 Teesworks Limited owed £5,000,000 (2024: £10,239,158) to an entity which holds a participating interest. At 31 March 2025 Teesworks Limited was due £95,256 (2024: £138,510) from the same entity. During the year, Teesworks Limited made sales totalling £161,190 (2024: £138,510) to this entity in relation to a secondment charge for the use of the time of a member of the management team. During the year, Teesworks Limited was charged £2,503,809 (2024: £8,217,838) by the related party entity in relation to services for demolition and extraction of scrap across the development site and the purchase of chattels. Teesworks Limited has used office space owned by the related party entity under a verbal agreement yet to be formalised.

During the year, Teesworks Limited was charged Nil (2024: £3,000) by a related party authority in relation to marketing costs.

During the year, Teesworks Limited was charged £1,797 (2024: Nil) by a company which has a participating interest and has shared directors. These were in relation to reimbursement of travel costs.

### 25. Controlling party

There is no immediate controlling parent company or an overall controlling party.

SOUTH TEES
DEVELOPMENT
CORPORATION

**AGENDA ITEM 10**

**REPORT TO THE STDC BOARD**

**30 JULY 2026**

**REPORT OF HEAD OF LEGAL, STDC**

## INFORMATION GOVERNANCE

### SUMMARY

This report provides the Board with an update on a number of regulatory matters for South Tees Development Corporation (STDC).

### RECOMMENDATIONS

It is recommended that the STDC Board:

i. **Notes** the content of this report.

### DETAIL

1. STDC publishes information in relation to performance of Freedom of Information (FoI) and Environmental Information Requests (EIR) on its website. The information can be found here: *South Tees Development Corporation Freedom of Information Requests About*. The data is updated after completion of each quarter.

Executive Summary

2. It is proposed that the Board receives an update on a number of regulatory matters to ensure member oversight of matters of interest.

3. This report includes an update on the following matters:

   a. Freedom of Information
   b. Environmental Regulations (EIR) requests
   c. Complaints
   d. Data Protection Matters

SOUTH TEES DEVELOPMENT CORPORATION

Freedom of Information and Environmental Information Requests

4. The Development Corporation publishes information in relation to performance of Freedom of Information (FoI) and Environmental Information Requests (EIR) on its website. The information can be found here: Freedom of Information requests - About. The data is updated after completion of each quarter. The website also has a Disclosure Log where the completed requests are uploaded monthly and members can find full responses to each request received.

5. For quarters 3 and 4 (January 2026 to March 2026 and April 2026 to June 2026), STDC can report the following performance in relation to Freedom of Information requests and Environmental Information requests:

January 2026 to March 2026

| | |
|---|---|
| Freedom of Information requests received | 7 |
| Freedom of Information requests responded to within the statutory timescale (20 working days) | 6 |
| Freedom of Information extended deadlines (public interest test required) | 0 |
| Freedom of Information requests responded to outside the statutory timescale | 1 |
| The above Freedom of Information requests comprised of 10 questions. | |
| Freedom of Information Internal Review requests received | 3 |
| Environmental Information Requests received | 10 |
| Information Commissioner Complaints Received | 0 |
| Information Commissioner Complaints upheld (in the complainant's favour) | 0 |
| Information Commissioner Complaints upheld (in the Authority's favour) | 0 |

April 2026 to June 2026

| | |
|---|---|
| Freedom of Information requests received | 3 |
| Freedom of Information requests responded to within the statutory timescale (20 working days) | 3 |
| Freedom of Information extended deadlines (public interest test required) | 0 |

| | |
|---|---|
| Freedom of Information requests on hold (clarification required from requestor) | 0 |
| Freedom of Information requests responded to outside the statutory timescale | 0 |
| The above Freedom of Information requests comprised of 7 questions. | |
| Internal Review requests received | 0 |
| Information Commissioner Complaints Received | 0 |
| Information Commissioner Complaints upheld (in the complainant's favour) | 0 |
| Information Commissioner Complaints upheld (in the Authority's favour) | 0 |

Explanatory notes

a. There is *provision to claim an extension, up to an additional 20 working days, if there is a need to consider the public interest test.*
b. *Freedom of information requests are placed on hold when clarification is needed from a requestor regarding the information sought.*
c. *Freedom of Information requests that have not been responded to within the statutory requirement timescale (20 working days) are reported and are monitored at the weekly Executive Leadership meetings.*
d. *The purpose of an internal review is to allow a requester to challenge the outcome, or the process of how their original information request was handled. Following an internal review if the requester is still dissatisfied, they have a right to complain to the Information Commissioner Officer (ICO).*
e. *On receiving an ICO complaint it can take up to six-nine months bef*ore a decision is issued.

6. Performance has improved compared to last year's quarters 3 and 4 figures, with a higher number of requests responded to within the statutory timescales.

7. Officers have completed Environmental Information Regulation training to ensure their ongoing knowledge remains up to date and current, which in turn will continue to improve the service delivery.

Complaints

8. For the quarters January to March 2026 and April to June 2026, the Development Corporation has received no written complaints.

Code of Conduct Complaints

9. The Head of Legal is presently reviewing no member Code of Conduct Complaints.

Data Protection

10. Since the Development Corporation was established, there has been no notifications of any personal data breaches.

11. For the quarters January - March 2026 and April - June 2026, the Development Corporation has received no Subject Access Requests (SAR).

Whistleblowing

12. The Monitoring Officer is presently reviewing no Whistleblowing concerns.

**FINANCIAL IMPLICATIONS**

13. There are no financial implications in respect of the content of this Report.

**LEGAL IMPLICATIONS**

14. As a Mayoral Development Corporation, STDC must comply with the requirements of the Data Protection Act 2018 in relation to the protection of personal data and the Freedom of Information Act 2000 and the Environmental Information Regulations.

15. Failure to comply with the above mentioned legislation can lead to enforcement action by the Information Commissioner.

16. A breach of the Data Protection Act 2018 has the potential to incur a fine.

**RISK ASSESSMENT**

17. The subject matter of 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**

18. No consultation has taken place in respect of the information contained within this report.

**EQUALITY & DIVERSITY**

19. It is not expected that the content of this report will have an adverse effect on any individual with protected characteristics.

SOUTH TEES
DEVELOPMENT
CORPORATION


| | |
|---|---|
| **Name of Contact Officer:** | Victoria Pescod |
| **Post Title:** | Head of Legal, STDC |
| **Telephone Number:** | 01325 792600 |
| **Email Address:** | victoria.pescod@teesvalley-ca.gov.uk |


TEESWORKS
The UK's largest
industrial zone

SOUTH TEES
DEVELOPMENT
CORPORATION

**AGENDA ITEM 11**

**REPORT TO THE STDC BOARD**

**30 JULY 2026**

**REPORT OF HEAD OF LEGAL, STDC**

## DELEGATED AND URGENT DECISIONS

### SUMMARY

This report provides detail to the Board of all Urgent and Delegated Decisions taken since the last Board meeting.

### RECOMMENDATIONS

It is recommended that the South Tees Development Corporation (STDC) Board:

i. **Notes** The exercise of an Urgent Decision in respect of the publication of the Draft Annual Governance Statement (**Appendix A**).
ii. **Notes** that no Delegated Decisions have been taken since the last Board meeting.

### DETAIL

### URGENT DECISION

1. Under urgency provision 19.1 of the STDC Constitution, the STDC Chief Executive in consultation with the Chair of the Board, the Interim Director of Finance and Resources and the Head of Legal approved the publication of the Draft Annual Governance Statement.

2. The requirement for STDC to produce an Annual Governance Statement (AGS) derives from a number of pieces of legislation, which include, The Accounts and Audit (England) Regulations 2015, The Local Audit and Accountability Act 2014, the Localism Act 2011, the Orders that established STDC and the STDC Constitution. The AGS must review the effectiveness of the STDC governance framework and be published online to accompany the STDC externally audited Statement of Accounts.

3. The next meetings of both the STDC Audit & Governance Committee and the STDC Board were scheduled to take place after the 30 June 2026. Therefore, prior to the publication of the accounts, the Chief Executive agreed the draft AGS under urgency provisions contained within the constitution. To note, the draft AGS had been circulated to STDC Audit & Governance Committee members informally giving them

the opportunity to review and comment, albeit within a short timeframe.

The draft AGS will formally be presented to the STDC Audit & Governance Committee on 12 August 2026 giving them the opportunity to provide further comment. A further and final version will be presented to the committee for comments and to the Board for approval following the period of public inspection of STDC's accounts, and after receipt of the final reports from internal and external auditors.

**DELEGATED DECISIONS**

4. No Delegated Decisions have been taken since the last Board meeting.

**FINANCIAL IMPLICATIONS**

5. There are no direct financial implications arising from the excise of the urgent decision, however, in line with the Accounts and Audit England Regulations the draft AGS was filed alongside the draft accounts.

6. Each Delegated or Urgent Decision report will include its own specific financial implications.

**LEGAL IMPLICATIONS**

7. Paragraph 19 of the STDC Constitution makes provision for the taking of Urgent Decisions when it is impracticable to arrange a quorate meeting of the Board.

**RISK ASSESSMENT**

8. Reporting to the Board on Urgent and Delegated Decisions is expected to be low risk.

**CONSULTATION & COMMUNICATION**

9. Whilst the STDC Audit & Governance committee had opportunity to provide comment on the draft AGS prior to publication this was time limited. As good practice they are to be consulted and have opportunity to provide further comment on the draft AGS.

10. The STDC Board as the highest decision making body of STDC are to be consulted, have the opportunity to provide comment and approve it.

**EQUALITY & DIVERSITY**

11. It is not expected that the content of this report will have an adverse effect on any individual with protected characteristics.

SOUTH TEES
DEVELOPMENT
CORPORATION


| | |
|---|---|
| **Name of Contact Officer:** | Victoria Pescod |
| **Post Title:** | Head of Legal, STDC |
| **Telephone Number:** | 01325 792600 |
| **Email Address:** | victoria.pescod@teesvalley-ca.gov.uk |

SOUTH TEES
DEVELOPMENT
CORPORATION

**AGENDA ITEM 12**

**REPORT TO THE STDC BOARD**

**30 JULY 2026**

**REPORT OF THE CHIEF EXECUTIVE OFFICER**

# TEESWORKS INTEGRATED TRANSPORT IMPROVEMENT PROGRAMME – UPDATE ON TVCA GRANT FUNDING AND STDC DELIVERY ROLE

## SUMMARY

This report provides the Board with an update on the Teesworks Integrated Transport Improvement Programme and the associated programme-level transport funding held and governed by Tees Valley Combined Authority (TVCA). The funding has not been transferred or allocated to South Tees Development Corporation (STDC).

Subject to TVCA governance, assurance, business case approval and grant funding agreements, STDC may act as delivery body for a number of transport and access infrastructure schemes which align with STDC's responsibilities and areas of expertise at Teesworks.

This report is provided in the interests of transparency and does not seek Board approval to commit expenditure or accept grant funding. Acceptance of grant funding is an S73 Officer decision. It is anticipated that some scheme-specific grant funding agreements may complete before the next scheduled Board meeting and, where this occurs, the decisions will be recorded and reported as delegated decisions.

## RECOMMENDATIONS

It is recommended that the STDC Board:

- **Notes** that the programme-level transport funding referenced in previous STDC reporting is held by TVCA and remains subject to TVCA governance, assurance, business case approval and funding agreement processes.
- **Notes** the potential for STDC to act as delivery body for a number of schemes which align to STDC's responsibilities and areas of operational expertise, subject to TVCA approval and the execution of appropriate grant funding agreements.
- **Notes** the strategic importance of the potential schemes in supporting Teesworks, Teesside Freeport, clean energy investment, workforce accessibility, freight movement and wider economic growth.

- **Notes** that any future acceptance of grant funding or delivery responsibility by STDC will be progressed only in accordance with the STDC Constitution, scheme of delegation, procurement requirements, subsidy control requirements and relevant TVCA funding conditions.
- **Notes** that acceptance of any grant funding is an S73 Officer decision and that, where grant funding agreements complete prior to the next scheduled Board meeting, the relevant decisions will be recorded and reported as delegated decisions.

**DETAIL**

**GENERAL**

1. Teesworks is one of the largest industrial regeneration sites in Europe and forms a key component of the Teesside Freeport, the region's clean energy ambitions and wider economic growth plans. The delivery of transport, access and logistics infrastructure is a critical enabler of that growth.

2. The Board has previously received references to programme-level transport funding. As confirmed at the March 2026 Board meeting, this funding is not held by STDC, has not been transferred to STDC and is subject to TVCA governance processes. TVCA remains accountable for decisions on the transport programme, including the progression of business cases, funding approvals and the terms on which any delivery body may be appointed.

3. STDC's potential role is therefore limited to delivery of specific schemes where TVCA determines that STDC is best placed to deliver, where the scheme is within STDC's competency and site responsibilities, and where appropriate programme-level grant funding agreements are approved and executed.

4. The four scheme headings align with the business case development work undertaken by TVCA and are:

   I. Steel House Park & Ride Facility;
   II. Wider Highway Constraints Programme;
   III. Teesworks Multi-Modal Transport Hub;
   IV. South Bank Gateway.

**STEEL HOUSE PARK & RIDE FACILITY**

Overview

5. The Steel House Park & Ride Facility is intended to provide managed workforce access and parking capacity to support major construction and operational activity at Teesworks, including Net Zero Teesside. The facility provides an important transport

management intervention, helping to control vehicle movements, reduce pressure on internal estate routes and provide a platform for future shuttle, bus, active travel and electric vehicle infrastructure.

Strategic Need

6. The scheme is driven by the immediate requirement to manage construction workforce access associated with major investments on the estate, while also providing a longer-term transport hub asset capable of supporting future occupier demand and wider estate access arrangements.

Benefits

7. The scheme will:

- Continue to support delivery of Net Zero Teesside.
- Enable future industrial investment.
- Improve workforce access to employment opportunities.
- Reduce congestion on internal Teesworks roads.
- Encourage sustainable travel through bus, cycling and EV infrastructure.
- Support regional net zero objectives.

**WIDER HIGHWAY CONSTRAINTS PROGRAMME**

Overview

8. The Wider Highway Constraints Programme is intended to address strategic highway capacity constraints on the wider network serving Teesworks, Wilton International and surrounding growth locations. The programme includes the A174 / A1053 Greystones roundabout and A66 / A1085 Trunk Road roundabout, both of which are important to network resilience, east-west movement and the ability of the area to accommodate industrial, employment and housing growth.

- A174 / A1053 Greystones roundabout improvements to support wider network resilience and future housing and employment growth.
- A66 / A1085 Trunk Road roundabout improvements to support east-west movement and address strategic access constraints.

Strategic Need

9. The highway interventions are required to ensure that the strategic and local highway network can accommodate the scale of planned industrial activity at Teesworks and Wilton International. Without targeted capacity, junction and access improvements, the growth of employment land, construction activity, freight movements and future

occupier operations could be constrained, with wider impacts on local communities, journey reliability and investor confidence.

Benefits

10. The scheme will:

- Improve highway capacity and resilience at key junctions serving Teesworks and Wilton International.
- Support freight, logistics and construction traffic associated with major industrial investment.
- Improve site access and egress for occupiers, contractors and the workforce.
- Reduce the risk of congestion and operational conflict on local roads and internal estate routes.
- Support future housing and employment growth by improving wider network resilience.
- Protect investor confidence by ensuring that transport access is aligned with the scale and timing of development.

**TEESWORKS MULTI-MODAL TRANSPORT HUB**

Overview

11. The Teesworks Multi-Modal Transport Hub is intended to provide an integrated transport hub serving the central and eastern parts of Teesworks. The scheme may include parking, bus interchange, active travel connections, electric vehicle infrastructure and associated access arrangements to support workforce movement, freight/logistics activity and future occupier demand at Lackenby and the wider estate.

- Lackenby transport hub facilities to support workforce access and estate operations.
- Bus, shuttle, active travel and EV infrastructure where supported by business case development.
- Facilities to support freight, logistics and construction traffic management.
- Integration with wider access arrangements for future development plots and occupier requirements.

Strategic Need

12. The western edge of Teesworks requires improved connectivity to support existing and future employment uses, address severance caused by rail infrastructure, improve access from neighbouring communities and support safe, sustainable movement into the site.

Benefits

13. The scheme will:

- Improve access to employment opportunities at the western edge of Teesworks.
- Address severance issues caused by existing rail infrastructure and ageing crossing assets.
- Support safe walking, wheeling and cycling routes from neighbouring communities.
- Improve public transport integration and longer-term station accessibility.
- Support occupier access, including the SeAH facility and future development plots.
- Promote inclusive and sustainable access to Teesworks.

**SOUTH BANK GATEWAY**

Overview

14. The South Bank Gateway is intended to improve access into the South Bank areas of Teesworks through enhancements to the Tees Dock Road access and associated gateway infrastructure. The scheme supports freight, construction, operational and workforce movements and is directly linked to unlocking development plots and improving access to major industrial locations across the estate.

15. The scheme is expected to support:

- Improved access and egress into South Bank and adjoining development plots.
- More resilient freight, construction and operational traffic movements.
- Better management of HGV movements and site access conflicts.
- Support for existing and future occupiers, including offshore wind, clean energy and logistics-related activity.
- Improved investor confidence by ensuring gateway infrastructure is aligned with the pace and scale of development.

Strategic Need

16. The Tees Dock Road is a key gateway into the estate. Targeted intervention is required to ensure that the access arrangement can accommodate the scale of industrial development, freeport-related movements, construction logistics and future occupier requirements without constraining site operations or placing unacceptable pressure on surrounding routes.

Benefits

17. The scheme will:

- Improve the movement of people and goods into South Bank.
- Support delivery of major inward investment projects and future occupier requirements.
- Reduce the risk that access constraints delay or limit development activity.
- Improve the management of freight, construction and operational traffic.
- Provide a stronger basis for co-ordinated delivery through programme-level grant funding agreements where appropriate.

**FINANCIAL IMPLICATIONS**

18. The schemes are to be funded through devolved transport funding administered by TVCA, including CRSTS and TCR programme resources. TVCA remains the accountable body for the funding and no programme-level funding has been transferred to STDC.

19. Subject to TVCA approval of relevant business cases and funding agreements, STDC may incur eligible delivery costs as delivery body. Those costs would be recovered through approved grant funding arrangements and should not create an unfunded pressure on STDC's approved revenue budget or Medium-Term Financial Plan.

20. No STDC financial commitment will be made until the relevant approvals, delegations, funding agreements, financial controls and monitoring arrangements are in place. Future reporting will identify any confirmed grant awards, delivery obligations, match funding requirements, risk exposure or cashflow implications for STDC.

21. Acceptance of grant funding will be an S73 Officer decision and will only proceed where the Section 73 Officer is satisfied that the financial implications, funding conditions, risk allocation and governance requirements are acceptable. Where agreements are completed before the next scheduled Board meeting, the associated decisions will be recorded and reported through the delegated decisions process.

**LEGAL IMPLICATIONS**

22. Any role for STDC as delivery body will require appropriate legal authority, grant funding agreements, procurement arrangements and project documentation. Delivery will need to comply with the STDC Constitution, TVCA assurance requirements, the Procurement Act 2023, relevant planning and highways requirements and any conditions attached to DfT or TVCA funding.

23. All schemes will be subject to legal review before funding is accepted or delivery responsibility is assumed. This will include consideration of subsidy control, procurement route, land and access rights, planning consents, statutory undertaker interfaces, rail industry approvals where relevant, construction contract risk allocation and clawback provisions.

24. The grant funding agreements will need to set out delivery milestones, eligible expenditure, reporting obligations, change control, audit requirements, risk management, treatment of cost overruns, underspends and clawback. These terms will be reviewed before STDC enters into any binding commitment.

25. Where schemes interact with third-party assets, including rail, highways, utilities or local authority infrastructure, separate agreements and approvals may be required before works commence.

26. A proportionate programme of monitoring, financial verification, audit and assurance activity will be established for each scheme to ensure eligible use of public funding, value for money and clear accountability between TVCA and STDC.

27. The decision to accept grant funding will sit with the S73 Officer under the applicable governance arrangements. Any grant funding agreements entered into prior to the next scheduled Board meeting will be recorded as delegated decisions and reported to the Board in the usual way.

**RISK ASSESSMENT**

28. Key programme risks include: TVCA approval not being secured; business cases not demonstrating sufficient value for money; scheme costs exceeding available grant funding; delivery timescales affecting investor or tenant requirements; third-party approvals delaying delivery, highways or utility interfaces increasing complexity; procurement or subsidy control issues; and reputational risk if governance responsibilities are not clearly communicated.

29. These risks will be managed through TVCA assurance processes, STDC internal governance, clear funding agreements, legal and financial review, programme-level reporting, change control and escalation of any material cost, scope or delivery issue before STDC enters into commitments beyond approved authority.

**CONSULTATION & COMMUNICATION**

30. The programme has been developed in the context of TVCA’s transport programme governance, previous TVCA Cabinet reporting and STDC Board discussion in March 2026. Further engagement will be required with TVCA, Redcar and Cleveland Borough Council, National Highways, Network Rail, transport operators, tenants, investors and affected stakeholders as individual schemes progress.

31. Communications will need to be carefully managed to make clear that the funding is held by TVCA, that STDC has not received a programme-level transfer of funding, and that any STDC role will be subject to formal approval, assurance and grant funding agreements. Future communications should emphasise the strategic transport and regeneration benefits while avoiding any implication that STDC has approved or committed expenditure ahead of TVCA governance.

32. This report has been brought forward in the interests of transparency because progress has been made on the programme and it is anticipated that some grant funding agreements may complete before the next scheduled Board meeting. Those decisions will be recorded and reported as delegated decisions, ensuring Board oversight while preserving the ability to progress time-sensitive funding agreements through the appropriate governance route.

**EQUALITY & DIVERSITY**

33. The programme has the potential to improve access to employment, training and services for communities around Teesworks, including people without access to a car and those who rely on public transport, walking, wheeling or cycling. Individual schemes will be subject to appropriate equality assessment as they progress, including consideration of accessibility, inclusive design, safety, community connectivity and impacts on groups with protected characteristics.

| | |
|---|---|
| **Name of Contact Officer:** | John Barnes |
| **Post Title:** | Chief Executive Officer |
| **Email Address:** | john.barnes@southteesdc.com |