SOUTH TEES DEVELOPMENT CORPORATION

South Tees Development Corporation Board

Date: 10 September 2026 at 11:15

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. **Chairs Update**
   To receive a verbal update from the Chair.

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

5. Governance & Appointments
To receive a report from the Head of Legal STDC presenting the minutes from the STDC Audit & Governance Committee on 19 February 2026.

6. Quarter 1 Forecast of Revenue and Capital Outturn 2026/27 and 2026/27-2029/30 Capital Programme
To receive a report from the Interim Group Director of Finance and Resources presenting the Quarter 1 Forecast of Revenue and Capital Outturn 2026/27 and 2026/27-2029/30 Capital Programme.

7. 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.

- Delegated Decision Steel House Park & Ride

8. Access to Information Governance Policies
To receive a report from the Director of Legal & Governance (Monitoring Officer) presenting updated Information Governance Policies.

- Data Protection Policy
- Data Retention and Deletion Policy
- Access to Information (FoI/EIR) Policy
- Subject Access Request Policy
- Staff Privacy Notice

9. Anti-Fraud, Bribery and Corruption Policy, Anti-Money Laundering Policy and RIPA Surveillance Protocol
To receive a report from the Director of Legal & Governance (Monitoring Officer) presenting for approval the Anti-Fraud, Bribery and Corruption Policy, the Anti-Money Laundering Policy and the RIPA Surveillance Protocol and Guidance for staff undertaking surveillance.

- Anti-Fraud, Bribery and Corruption Policy
- Anti-Money Laundering Policy
- RIPA Surveillance Protocol and Guidance for Staff Undertaking Surveillance
- Appendices to the RIPA Surveillance Protocol (reporting forms)

10. Whistleblowing Policy
To receive a report from the Director of Legal & Governance (Monitoring Officer) presenting the updated Whistleblowing Policy.

SOUTH TEES DEVELOPMENT CORPORATION

- Whistleblowing Policy

11. Land Arrangements for Teesworks Highways Intervention Schemes
To receive a report from the STDC Chief Executive seeking Board's approval of targeted land arrangements needed to deliver identified highway access schemes across the Teesworks site.

12. STDC Loans
To receive a report from the Interim Group Director of Finance & Resources presenting the loan arrangements to Board for approval.

- Arlingclose Report

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.

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 December 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

TEESWORKS
The UK's largest industrial zone

SOUTH TEES
DEVELOPMENT
CORPORATION

TEESWORKS

The UK's largest
industrial zone

SOUTH TEES
DEVELOPMENT
CORPORATION

AGENDA ITEM 4

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER UPDATE

SUMMARY

This report provides the South Tees Development Corporation (STDC) Board with an update on activity across the Teesworks estate since the last meeting, covering delivery progress, occupier activity, estate management and related financial and operational considerations.

RECOMMENDATIONS

It is recommended that the STDC Board:

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

DETAIL

GENERAL

1. STDC continues to manage a wide-ranging programme of regeneration, infrastructure and investment activity across the Teesworks site. Since the last report, delivery has remained broadly on track, with officers focused on coordinating live projects, responding to occupier requirements and maintaining oversight of the financial and operational risks associated with the next phase of development.

2. STDC's delivery model relies on prudential borrowing to fund land and infrastructure preparation, with investment recovered over time through retained business rates and commercial returns from occupier activity. This model creates a natural time lag between capital investment and income generation, which continues to be managed through STDC's financial planning, cashflow management and risk 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. This matter is now being considered in more detail under Agenda Item 12.

4. Work continues to ensure that financing arrangements remain aligned with the current Medium-Term Financial Plan. The detailed assumptions underpinning income, capital expenditure phasing and associated stress testing are considered separately elsewhere on the agenda.

5. STDC's long-term financial model continues to be underpinned by a diversified income base, comprising retained business rates, contractual income streams, public-private partnerships and Government-backed funding mechanisms. Collectively, these provide the foundation for the Corporation's financial sustainability and are reflected in the wider financial reporting and Medium-Term Financial Plan.

6. Taken together, these income streams provide resilience to STDC's long-term financial model. Further detail on the Corporation's financial position is provided through the financial reporting and Medium-Term Financial Plan processes.

7. The Teesworks site continues to strengthen its position as a nationally significant location for advanced manufacturing, offshore wind, industrial decarbonisation, energy infrastructure and emerging digital investment.

8. Commercial negotiations led by Teesworks Ltd continue across multiple areas of the site, with ongoing interest from prospective occupiers. Further updates will be provided to the Board as commercially sensitive discussions progress and where matters reach an appropriate stage for reporting.

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. There have been well-documented short-term challenges relating 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, alongside its longer-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 offshore wind and industrial investment proposition. The South Bank entrance scheme, quay facilities, speculative industrial development

proposals and memorial garden continue to demonstrate the transition of the South Bank area into active economic use.

11. South Bank continues to strengthen its role in the European offshore wind supply chain. Ørsted is now fully operational, with storage and import/export activity for monopiles increasing significantly. To support the Hornsea 3 programme, Ørsted is seeking to expand its land occupation, with the drawdown of the additional land progressing and expected to conclude in the next few weeks. Severfield's facility, which manufactures and supplies secondary steel components, is also live and operational. These developments show continued progress 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 connect local residents with training and employment opportunities arising from major projects at Teesworks, including 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 guided by the preferred layout for the area, taking account of the potential implications of future 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. Commercial arrangements between Teesworks Ltd, Steel River Power and National Grid have continued to progress. Subject to completion of the remaining agreements,

Teesworks Ltd will undertake phased remediation in line with National Grid's operational and construction requirements, supporting delivery of the associated infrastructure programme. STDC continues to work with all parties to support timely progression of the project and implementation of the required remediation works.

18. Construction of the Tees Valley Energy Recovery Facility is now underway, following financial close on the contractual arrangements between Hartlepool Borough Council and the operator, Viridor, in April 2026, as previously reported. The Engineering, Procurement and Construction (EPC) contractor, Kanadevia Inova (KVI), is mobilised on site and initial enabling works are underway. STDC continues to work closely with Hartlepool Borough Council, Viridor and KVI to support 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 have moved from planning into the next stage of delivery readiness. Planning approval is now in place for both the new entrance and the HGV parking facility, with the entrance progressing through the funding approval process and the HGV Park remaining linked to the wider programme for managing construction and operational traffic across the estate.

23. The Tees Dock Road roundabout scheme and associated HGV Park form part of the wider TVCA highways interventions programme. Subject to the relevant governance and funding approvals, STDC may be requested to support delivery of specific elements where this aligns with the Corporation's regeneration objectives and delivery capacity.

Steel House and Teesworks Park & Ride

24. Delivery of the Teesworks Park & Ride facility has continued during the reporting period and remains an important enabling component of the wider Teesworks development programme. The scheme provides transport infrastructure to support the construction requirements associated with Net Zero Teesside (NZT) and will help manage workforce movements and operational demand as activity across the estate increases.

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 weather-related delays to surfacing works. These delays were managed as contractor risks under the contract, with traffic management arrangements successfully implemented and no significant disruption to 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. NZT is also exploring the refurbishment and use of car parks at Steel House to support anticipated increases in construction workforce activity.

27. Steel House remains a strategic asset within the Teesworks estate and will continue to be considered through the Corporation’s long-term regeneration strategy. The immediate focus remains on enabling major industrial investment across the site, while the future role of Steel House is assessed in light of market conditions and demand for large-scale office accommodation.

28. 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 progress during the reporting period, with construction activity advancing across multiple work fronts in line with the project programme. As one of the largest investments on the Teesworks site, NZT remains central to STDC's long-term regeneration strategy, supporting industrial decarbonisation, economic growth, inward investment and employment opportunities during both construction and operation.

31. STDC and Teesworks Ltd continue to work collaboratively with BP and the wider project team to support 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 movement of major plant and equipment through 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, the project is no longer proceeding in its previously proposed form. As reported to the STDC Board, this provides greater clarity on future 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 Teesworks site moves from construction and site preparation into a phase of increasing occupation and operational activity, establishing effective long-term estate management arrangements remains a key priority. This includes maintaining infrastructure, managing retained assets and ensuring estate services meet occupier

requirements while protecting the long-term value and commercial performance of the estate.

36. Following TVCA Cabinet approval, STDC established Teesworks Estate Management Company (TEMCo) as a standalone company to deliver long-term estate management services for South Tees Developments Limited (STDL). Mobilisation has progressed during the reporting period, with corporate and operational arrangements continuing to move TEMCo towards full readiness.

37. Once operational, TEMCo will provide the core estate management function, including communal estate services, administration of the estate-wide service charge, management and maintenance of STDL's retained assets, including vacant properties, and commercial estate management. The establishment of TEMCo is a key step towards delivering a sustainable and commercially focused 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. Detailed condition assessments of the principal bridge structures across the estate have been completed, with a programme of inspection, maintenance and repair now in place. The programme is focused on addressing identified defects, maintaining the integrity of these strategic assets and ensuring their continued safe operation.

40. The bridge maintenance programme remains subject to regular engineering inspections, risk assessment and financial review. This ensures that maintenance interventions are prioritised against asset condition, available funding and longer-term lifecycle requirements.

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 opportunities and risks associated with ownership of the network, including support for occupier

requirements, future development potential and possible divestment at an appropriate stage.

42. Ownership of the Private Water Network continues to present both strategic opportunities and operational risks. The network supports future development, retains control of critical infrastructure and may generate long-term income, while also requiring careful management of regulatory compliance, capital investment and financial viability as occupier demand develops.

43. As previously reported, the divestment of the Private Wire Electricity Network to Steel River Power represents a significant step in securing the long-term investment, specialist capability and operational expertise required to manage this critical infrastructure. The new ownership arrangements strengthen the estate's ability to meet current and future occupier demand and support the continued delivery of the wider Teesworks investment programme.

44. South Tees Site Company (STSC) continues to provide electricity to existing occupiers under its supply arrangements with Drax. Officers are actively managing the associated commercial and financial risks, including maintaining appropriate supply agreements and undertaking credit assessments of existing and prospective customers.

45. Work with Drax, Elexon, Ofgem and Steel River Power is progressing to establish market-facing metering infrastructure across the estate. SeAH has submitted the first application, marking progress towards the planned transfer of electricity supply responsibilities from STSC to the permanent network operator. Delivery 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 operational, financial and commercial considerations associated with its future operation, governance and potential divestment. Recommendations will be brought forward to the Board as proposals and market opportunities develop.

PROGRAMME DEVELOPMENT

48. As previously reported, the broader demolition programme is now substantially complete. Future land remediation for inward investment will, in most cases, be progressed by the private sector as individual development opportunities come forward. There has been no material change to this position since the last report.

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 business case development, governance processes and funding approvals. Subject to the outcome of these processes, STDC may be requested to support the 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 manage a portfolio of major projects, each with its own delivery, financial and operational risks. These risks are monitored through established governance arrangements, project controls and regular reporting processes.

53. Each project is supported by a detailed delivery plan, with progress reviewed regularly through appropriate management and reporting arrangements. Where risks or issues are identified, mitigation measures and corrective actions are implemented to minimise impacts on cost, programme and delivery outcomes, ensuring 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 5

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF HEAD OF LEGAL, STDC

GOVERNANCE & APPOINTMENTS

SUMMARY

This report sets out the details of the recommendation made by the Development Corporations Internal Auditors (TIAA) in their Assurance Review of Governance – Process, Operation and Effectiveness.

RECOMMENDATIONS

It is recommended that the STDC Board:

i. **<u>Notes</u>** the recommendations from the Assurance Review of Governance – Process, Operation and Effectiveness
ii. **<u>Notes</u>** the approved minutes of the STDC Audit & Governance Committee meeting on 19 February 2026.

DETAIL

1. The STDC Board is asked to note the recommendation made by the Development Corporation's Internal Auditors (TIAA) in its Assurance Review of Governance – Process, Operation and Effectiveness.

2. The audit found that while the STDC Constitution sets out its powers of reporting requirements, the STDC Audit & Governance committee does not currently provide an annual report on its performance and activities to the STDC Board. In addition, the minutes of the STDC Audit & Governance Committee meetings are not provided to the Board within their papers for oversight.

3. The audit recommended that STDC Audit & Governance Committee provides an annual report of its activities and performance to the STDC Board.

4. The audit recommended that the minutes from the STDC Audit & Governance Committee meetings be included in the papers for the Board for it to provide oversight on its activities during the year. The approved minutes from its meeting on 19 February 2026 are appended at **Appendix 1**.

SOUTH TEES
DEVELOPMENT
CORPORATION

5. STDC accepted these recommendations with implementation from August 2026.

6. The first annual report of the Audit & Governance Committee will be presented to STDC Board in March 2027.

FINANCIAL IMPLICATIONS

7. There are no financial implications arising from the recommendation to note the report.

LEGAL IMPLICATIONS

8. The actions detailed within this report ensure that the Committee is addressing the recommendations set out in the Internal Audit report, ensuring that identified findings are appropriately managed. The annual report will support the Board in maintaining effective oversight and fostering continued transparency, assurance, and robust governance arrangements

RISK ASSESSMENT

9. Internal Audit classified this as a priority two recommendation requiring planned action at the earliest opportunity.

10. In implementing the recommendation this will reduce the risk.

CONSULTATION & COMMUNICATION

11. The STDC Audit & Governance Committee receive regular updates in respect of audit recommendations and progress made against these.

EQUALITY & DIVERSITY

12. It is not expected that the content of this report will have an adverse effect on anyone 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

SOUTH TEES DEVELOPMENT CORPORATION (STDC) AUDIT AND GOVERNANCE COMMITTEE

Date: 19 February 2026 **Time:** 11:00

Venue: Teesworks Skills Academy

Attendees:		**Apologies:**
Geoff Westmoreland	Independent Member	
Cllr Peter Grogan	TVCA Audit & Governance Committee Representative	
Adam O'Neill	Independent Member	
Jo Moore	Interim Director of Finance & Resources	
Sarah Paxton	Financial Modelling Manager	
Victoria Pescod	Head of Legal Services	
Angela Hart	Head of Performance, Risk & Assurance, TVCA	
Elaine Braham	Governance Officer, TVCA	
Claire Mellons	Ernst & Young	
Mark Rutter	Ernst & Young	
Stephen Reid	Ernst & Young (via Teams)	
David Robinson	TIAA	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
STDC-A&G 19/2025	**Apologies for Absence**	The Chair of the Committee welcomed members. There were no apologies for absence.		
STDC-A&G 20/2025	**Declarations of Interest**	There were no declarations of interest.		
STDC-A&G 21/2025	**Minutes of Previous Meeting and Action Tracker**	**RESOLVED:** the minutes of the meeting held on the 17 July 2025 were agreed as a true and accurate record. The Representative from TVCA A&G noted that it was some time since the last meeting and things will have moved. He further noted the need to increase membership of the committee.		
STDC-A&G 22/2025	**External Audit Update**	The Committee received a report from the Interim Group Director of Finance & Resources. It recommended that the STDC Audit & Governance Committee: i. **Note** the progress being made to conclude the outstanding financial years 2023/24 and 2024/25; ii. **Note** EY's Audit Update Report attached at Appendix A; iii. **Note** that the statutory backstop of 27 February 2026 will not now be met; iv. **Note** that officers will continue to work closely with the external auditor to try and conclude matters ahead of the next Committee meeting.		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		The Interim Director of Finance & Resources advised that the statutory backstop date would not be met, explaining that it is not just about the financial statements but also the Value for Money (VfM) work and the Annual Governance Statement (AGS). They reflected that they joined as Section 73 Officer (S73) in late July and shortly after this the auditors ceased work. All accepted that work needed to be undertaken and additional resources were brought in in October 2025 and have been working to address issues raised by the external auditors. As work has progressed the scale of the problem had become a little more apparent and this was compounded by key personnel leaving without the opportunity for handover. It had been a challenging piece of work and in consultation with Ernst Young (EY) towards the end of 2025 it became apparent that in order to meet the backstop date accounts would need to be ready by 16 January 2026, a timeline that was impacted by the Christmas break. However, STDC now has a full set of accounts, an integrated workbook and working papers to support these. Whilst a significant amount of work had already been undertaken, there remains two material matters that the team continues to work through, with Grant Thornton being commissioned to provide an independent view on the accounting treatment. This was not to say what had been done was necessarily wrong it was about having the evidence to support the treatment and give assurance. The Interim Director of Finance & Resources explained that their contract will shortly come to an end, but they hoped to be in a position by the end of March to be able to sign off the 2023/2024 and 2024/2025 accounts. The Committee were invited to ask questions, and these are summarised as follows: • The Representative from TVCA A&G thanked the Interim Group Director of Finance & Resources for the work they had overseen and asked if there was now capacity within the organisation to meet demands moving forward. Further he asked how the committee could be assured that the incoming Director of		

SOUTH TEES
DEVELOPMENT
CORPORATION

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		Finance & Resources would not undo the work that had been completed to date. • The Interim Group Director of Finance & Resources explained that they are an experienced interim, part of the problem had been the informality of the arrangements, with a small team covering all entities. Work is ongoing with the STDC Chief Executive Officer (CEX) who is looking to separate these arrangements from 1 April 2026. Conversations are underway to determine what will be commissioned from TVCA through a Shared Services Agreement and what services will be provided by directly employed officers. Historically the shared services element had not been properly cliented, this will change. • They explained that the expectation by the auditors is for STDC to have a comprehensive finance ledger which then makes the preparation of the accounts much easier. The team are going back to previous years and are doing transformational work to fix the foundations. This work is being done by interims currently, fixing problems and properly clienting the arrangement with Xentrall. • They acknowledged that the changes in personnel and the loss of that knowledge base had not been helpful, but were confident that the work had now been completed. • On the financial accounting arm three further sets of resources had been brought in, however it was noted that we are at the mercy of the market and there is a shortage of skilled finance staff within the public sector. For the new financial year work is ongoing to define what the finance team will look like moving forward. • The Representative from TVCA A&G noted that the Interim Director of Finance & Resources is currently the S73 Officer for the four entities and asked if moving forward they were looking for each to have a dedicated S73 Officer. The Interim Director of Finance & Resources advised that following discussions with the CEX they are looking to have their own S73 Officer from 1 April 2026 with changes to the Constitution to allow for this. They noted that when STDC was initially set up it was probably okay to have the joint role, but felt that the size of the finance team had not kept pace with requirements as they have grown,		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		acknowledging that the Development Corporations are quite unique. The CEX is working with commercial partners and moving forward will need someone who understands both private sector accounting as well as the public sector element. • The Representative from TVCA A&G acknowledged the potential difficulties in getting someone with this unique skill set. • It was explained that a number of the transactions had already taken place and moving forward there is unlikely to be a lot of new things happening, therefore consideration was being given as to what this will likely mean for STDC. • An Independent Member asked if the transformation work was now fully complete and whether the timescales align with governments. It was agreed that the Interim Director of Finance & Resources would undertake a piece of work detailing the transformation journey so far and what is still to happen. This would be brought back to the May committee meeting. • The Independent Member asked if the team now has the resources to manage the current workload, and it was explained that there is some further cleansing of data to be undertaken to allow them to reconcile on a monthly basis and they are someway down this route. • The Independent Member asked if systems were now in place to negate any future problems with handovers, and was advised that a summary was being developed and would be in place prior to interim officers moving on. As well as there being a permanent working file that will have all the key information. • The Financial Modelling Manager was introduced to the committee and they will provide continuity moving forward. • The Chair asked if the budget was in place to pay for the recruitment of permanent officers and the resources that will be needed moving forward, and asked if there is an argument that STDC will need to over invest to attract the right people. The Interim Director of Finance & Resources advised that recruitment was underway for TVCA and believed that there would be continuity. Explaining that in advance of their departure they are preparing detailed reports providing key information. Moving forward it is likely that a lot of the day to day elements for STDC will be provided by TVCA through the Shared	Report to May Committee	Interim Director of Finance & Resources

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		Services Agreement. In terms of STDC's daily operations they were confident that this will be much improved. • The Interim Director of Finance & Resources explained that there is a project underway to move the limited companies to Sage and under the permanent structure this will be dealt with by the STDC finance team, some of whom are already in place. • The Chair asked if there were things that STDC were choosing not to do as they needed to put the resources elsewhere, and was advised that from a financial perspective there was lot of new complex agreements initially but not many now. The risk was much higher in 2023/2024 but currently is much lower. Whilst the landscape may change if things change, the structure being put in place should be sufficient to cover the level of risk in 2026/2027. **RESOLVED**: the Committee: i. **<u>Noted</u>** the progress being made to conclude the outstanding financial years 2023/24 and 2024/25; ii. **<u>Noted</u>** EY's Audit Update Report attached at Appendix A; iii. **<u>Noted</u>** that the statutory backstop of 27 February 2026 will not now be met; iv. **<u>Noted</u>** that officers will continue to work closely with the external auditor to try and conclude matters ahead of the next Committee meeting.		
STDC - A&G 23/2025	**Ernst & Young Draft Auditors Annual Report 2024/2025**	The Committee received a report from the Interim Group Director of Finance & Resources. It recommended that the STDC Audit & Governance Committee: i. **<u>Note</u>** the Ernst Young Draft Auditor's Annual Report for 2024/2025 at Appendix A.		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		EY noted that the Interim Director of Finance & Resources had given a comprehensive update explaining the complexities that the team had been working through to prepare a set of statements for EY to audit. EY advised that they had intended to present their draft auditors annual report to the November committee meeting, however that meeting had been inquorate, but members around the table would have had sight of it at that time. They acknowledged that this was the position in November 2025 and things had moved on. At that time EY had advised that they would be reporting significant weaknesses, as things had not been working as they should in 2024/2025, and that due to the timing of the Tees Valley Review (TVR) recommendations there had been limited time for the Combined Authority and EY to work through these. The draft auditors annual report will be updated once EY had worked through these elements with the Finance Team. EY explained that their focus had been on working with management in respect of the bigger items. The Finance Team had been working on the underlying elements and this would be EY's focus when looking at 2025/2026. The two elements noted in the report were areas that the Finance team had identified for EY to pick up and discussions were ongoing. EY felt it was important to emphasise that they are currently working on three consecutive years, if there is an error, which they were not saying there was, then it would be in these areas. Further EY had recognised some informality in the agreements between STDC and TVCA and this would be an area of focus. EY stated that based on their discussions with TVCA and STDC they had recognised the seriousness of not being able to meet the 2023/2024 and 2024/2025 backstop dates and this would be an area for consideration. The Chair asked that EY elaborate on this, they stated that they wanted the committee to realise the seriousness of the situation and that EY would be giving consideration to reporting further audit statutory recommendations.		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		The Chair noted that given the scale of the task the likelihood of getting a clean opinion was limited, stating it felt like STDC could find itself in a perpetual cycle and asked what the risk was. EY stated that STDC will have to determine what they view to be an acceptable risk. The dates had been breached, but it is important to have a baseline on which the authority and EY can build back a clean opinion, with the hope of achieving this by 2027/2028. The Interim Director of Finance & Resources explained that the opinion will be disclaimed because EY are unable to complete the audit. The Finance Team are working towards being in a position to sign off the accounts by the end March. EY explained that they need to be assured that areas that they thought might be material problems had been addressed, and that no further areas have been identified. If they still feel that there are some problems within the financial statements and they are not assured they are required to report on these. The Interim Director of Finance & Resources asked that EY provide a list of what they need from the team. Further, they noted that a recent piece of work which provides a status update in respect of the TVR recommendations had been completed and had been published on the TVCA website. EY gave assurance that it would not be a long list of information that was needed, explaining it was more about EY reflecting on the information. The Interim Director of Finance & Resources asked if this would enable EY to issue their audit opinion, and they advised that they are required to identify any weaknesses within that report. EY explained that this is not two parallel pieces of work, rather follow through, and until the process is completed on the accounting side they are unable to do the VfM work. The Committee were invited to ask questions, and these are summarised as follows:	List to be provided	EY

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		• The Chair noted that EY had stated they hoped to be in a position to provide a clean opinion by 2027/2028, and asked if that meant 2026/2027 would be disclaimed. EY advised that the aim would be to build back assurance in 2025/2026 leading in turn to a clean opinion in 2026/2027. • The Chair asked what financial risk STDC was carrying whilst this remained disclaimed, and was advised that if the opening reserves were to change negatively this could potentially have a negative impact on the reserves. • The Chair asked what that would mean in terms of cash, and was advised that it would be a reserve adjustment. • The Chair asked if there was a point at which STDC needed to consider having a separate audit firm to TVCA. EY explained that this was not possible as auditors are appointed by the Public Sector Audit, however the subsidiary companies do have different auditors. • An Independent Member asked how risk was being quantified. The Head of Performance, Risk & Assurance explained that these were historically captured in the TVCA risk register. Work was ongoing with the risk officer to ensure that risks are reflected appropriately, ensuring mitigations are in place and are working. • The Representative from TVCA A&G noted EY's comments in respect of the inconsistencies around loan agreements. EY acknowledged that this is historic and that the Finance Team are working towards getting these signed off. • The Representative from TVCA A&G noted that the loan agreements had not been signed and asked how this had happened. Whilst the current Head of Legal had not been involved in the process they felt that it potentially occurred as officers were wearing too many hats. Work was ongoing to rectify this and ensure it does not happen again. • The Representative from TVCA A&G noted the reference to there being no records held or officers not being able to locate them. He acknowledged that this was under a previous tenure and was now being addressed, but felt it needed to be highlighted. • The Representative from TVCA A&G asked what the assumptions were in 2025/2026 around the repayment of loans. EY advised that the loan		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		agreements state that STDC would start to repay these once business rate monies start to flow. • The Interim Director of Finance & Resources stated that the financial modelling had always had repayments against the loan agreements commencing at 1 year and 1 day. The Business Model is based on the business rates coming through to finance the loans. However, due to the scale of the regeneration and the low number of really big organisations coming on to site, STDC are at the mercy of the scale of the regeneration as to when business rates become due and the Audit Office completing their work. • They explained that the Business Case that had been signed off by the Ministry of Housing, Communities and Local Government (MHCLG) had recognised the potential risks pertaining to the timing of cash flow and its impact on STDC's ability to service corresponding loans. It was a risk that came to fruition, and a conversation should have been had at that time with MHCLG to advise that the risk that all parties had signed up to had been realised, and agreeing the way forward. • The site will deliver what it was designed to do, it is around timings, with interest being accrued. The loans had not yet been signed off, giving an opportunity for the STDC Board and TVCA Cabinet to potentially consider bullet payments in line with when the business rate payments are due to commence. This would bring the payments in line with the now known situation. • The Chair noted that STDC are therefore not in default as they are no signed agreements. The Interim Director of Finance & Resources explained that both parties had been working to the business case, but there is now an opportunity to review that business case. This is a timing issue, and was an assumption in the 20 year business case that has now changed. • The Chair noted that in a commercial agreement you would have various opportunities and asked if STDC wanted to get tied in to an agreement. The Interim Director of Finance & Resources noted the potential need to have a conversation with MHCLG around the materialisation of the risk, it is a significant regeneration scheme and someone has to carry this. From a Boards perspective they need to be satisfied that the debt in its totality can be serviced,		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		with what we know currently we do not feel that this will be a problem, but we do know that over the next few financial years there may be some difficulties. • The Interim Director of Finance & Resources noted that the positive outcomes from the original business case would be achieved, it is good for the region, but the risks were always inherent in a 20 year business case of this size. • The Independent Member felt it was important to understand the current position; the risks and assumptions were documented at the time and what appears to be lacking is the escalation of the risks before they come to pass. Going forward there is a need not to just sort out what has happened but to ensure that it does not happen again. • The Independent Member asked if the unsigned loan agreements were preventing EY moving forward with the audit. EY confirmed it would not hold up the process. • The Independent Member noted in the EY report the reduction in reserves from £1.2m to £900k, and was advised that the figure comes from previous years Medium Term Financial Plan, these were not the current figures and this would be reflected in the updated report. • The Representative from TVCA A&G noted the comments on page 67 of the documents pertaining to non-payment of monies and the potential to incur debt. The Interim Director of Finance & Resources explained that any long term risk is predicated on the loans adding complexities in terms of public sector accounting rules. What is needed is a conversation with MHCLG in relation to the benefits of the business case, and the fact that they are not asset back loans but revenue based loans and the account around these. • The Interim Director of Finance & Resources reported that CIPFA had been commissioned and some nuances had been identified e.g. in the accounting Mayoral Development Corporation's do not need to provide for MRP. The Representative from the TVCA A&G asked that guidance be provided to the committee at the next meeting to inform their thinking. **RESOLVED**: the Committee:	Guidance to be provided to next meeting	Interim Director of F&R

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		i. **Noted** the Ernst & Young Draft Auditor's Annual Report for 2024/25 at Appendix A.		
STDC-A&G 24/2025	**Internal Audit Summary of Internal Controls**	The Committee received a report from the Director of Operations presenting TIAA's Summary Internal Controls Assurance (SICA) update providing an update on the emerging Governance, Risk and Internal Control related issues and the progress of TIAA's work at South Tees Development Corporation Group as of February 2026. It recommended that the STDC Audit & Governance Committee: i. **Notes** the content on the findings within the SICA report. The Head of Performance, Risk & Assurance advised that the team were working closely with TIAA, the audits were going well and there were a number of draft audit reports in play. TIAA reported that page 76 lists those audits that had been finalised since the last meeting. The Creditor Payment audit report had now been finalised, Income and Debtors would be issued as a final shortly, and work on the Governance audit had had been completed. The committee were advised of the decision to leave the Management of SLA audit until last, as if TIAA were struggling to complete the work this would not impact on their ability to issue an audit opinion. TIAA had since reported staffing problems and this would be deferred. TIAA advised that their contract with TVCA is due to expire at the end of March, but there would be an option to extend for a further year, or alternatively they could choose to go out to tender. The deferred audit would be picked up early next year if TIAA are reappointed.		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		<u>Assurance Review of STDC Procurement</u> TIAA advised that they had made two medium recommendations related to admin, with there being nothing to say that the work had not been done, but they were unable to evidence it having been. Overall Assessment = Reasonable Assurance TIAA advised that they continue to have weekly meetings with TVCA and are being supported well. The Committee were invited to ask questions, and there were none. **RESOLVED**: the Committee <u>**noted**</u> the content on the findings within the SICA report.		
STDC-A&G 25/2025	**Internal Audit Actions Update**	The Committee received a report from the Head of Performance, Risk & Assurance presenting the position of the current Internal Audit Action Plan as of January 2026 alongside progress on agreed audit actions and the status of the upcoming internal audit schedule. It recommended that the STDC Audit & Governance Committee: i. <u>**Consider**</u> the analysis and audit progress set out in the paper; ii. <u>**Acknowledge**</u> the proposed annual audit schedule for 2025/2026.		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		The Head of Performance, Risk & Assurance reported that good progress was being made, there was one open action on the ICT Review and this was being worked through, with the date being revised to allow for the sourcing of quotes. The Committee were invited to ask questions, and these are summarised as follows: • The Independent Member asked if one of the actions pertained to the direct awards and it was confirmed that it was but that it was not due. • The Representative from the TVCA A&G noted the action pertaining to the penetration test and asked why this had been delayed again. The Head of Performance, Risk & Assurance explained that it was taking longer than anticipated to get the cyber insurance in place. The member expressed their concerns given the recent cyber security breaches and hoped that this would be rectified before the May meeting. • The chair noted that the insurance is only one side of it and that it would be helpful to understand the cyber protocols e.g. passwords, patches, training, and what STDC are doing on a day to day basis. The Head of Performance, Risk & Assurance to provide an update to the May meeting. **RESOLVED**: the Committee: i. **<u>Considered</u>** the analysis and audit progress set out in the paper. ii. **<u>Acknowledged</u>** the proposed annual audit schedule for 2025/2026.	Updated to be provided to the May meeting	Head of P, R & A
STDC-A&G 26/2025	**Information Governance Update**	The Committee received a report from the Head of Legal, providing an update on a number of regulatory matters for STDC. It recommended that the STDC Audit & Governance Committee: • **<u>Note</u>** the content of the report.		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		The Head of Legal advised that in response to comments from committees the information in the report had been set out slightly differently, and advised that they would take the report as read. The Committee were invited to ask questions, and these are summarised as follows: • The Independent Member asked if the requests were received from one or two individuals. The Head of Legal advised that they would need to get the specific details from the team but reported that there are individuals who submit a number of questions. • The Representative from the TVCA A&G asked if nine Freedom of Information requests was achievable for the team, and it was explained that the team have been working through a backlog with additional resources being brought in to help with this. • The Representative from the TVCA A&G asked for more information in respect of the ICO and was advised that this information is available both on the ICO website and through the Disclosure Log on the TVCA website. • The Independent Member asked for more information on the four requests that had been extended, it was explained that the requests can be extremely complex and may require STDC to reach out to external organisations before providing a response. Whilst this could take some time their responses could not fetter our legally required response. **RESOLVED**: the Committee **noted** the content of the report.		
STDC-A&G 27/2025	**Skills Audit**	The Committee received a report from the Head of Legal presenting to the Committee the proposed framework for assessing the skills of its members. This in turn will inform a wider piece of work in which the committee will review its performance and effectiveness and informing the content of a committee training programme.		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		It recommended that the STDC Audit & Governance Committee: • **<u>Endorse</u>** the proposed model of self-assessment. • **<u>Approve</u>** and provide **<u>Comment</u>** on the draft Skills Audit Questionnaire at Appendix 1. • **<u>Agree</u>** the self-assessment and skills audit exercise be commenced for the South Tees Development Corporation Audit & Governance Committee in accordance with the timetable at Appendix 2, and for the anonymised results to be reviewed at a future meeting. The Head of Legal advised that they would take the report as read, acknowledging the need to recruit more members to the committee. The Committee were invited to ask questions, and these are summarised as follows: • The Representative from the TVCA A&G asked what was being done in respect of recruitment, and was advised that the pack was being reviewed and discussions were ongoing with the TVCA Comms Team in respect of reaching a wider audience. Alongside STDC are looking at how they could approach larger organisations to ascertain if they have members who would be willing to join us. • The Representative from the TVCA A&G noted the negative press which may be influencing people's willingness to join the committee. • The Independent Member reported that he had found the advert on LinkedIn. • The Representative from the TVCA A&G asked if future meetings could be scheduled for an afternoon as it might make it easier for potential candidates to attend. **RESOLVED**: the Committee • **<u>Endorsed</u>** the proposed model of self-assessment;		

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
		• **Approved** and provided **Comment** on the draft Skills Audit Questionnaire at Appendix 1. • **Agreed** the self-assessment and skills audit exercise be commenced for the South Tees Development Corporation Audit & Governance Committee in accordance with the timetable at Appendix 2, and for the anonymised results to be reviewed at a future meeting.		
		The following reports are exempt from publication under the Terms of Paragraph 3 (information relating to the financial and business affairs of any particular person, including the authority holding that information) of schedule 12a to the Local Government Act 1972) The Chair sought agreement from the Committee to exclude members of the press and public, this was seconded by the representative for TVCA Audit & Governance Committee.		
STDC - A&G 28/2025	**Risk Management Report**	The Committee received a report from the Head of Performance, Risk & Assurance.		
STDC - A&G 29/2025	**Date and Time of Next Meeting**	19 May 2026 at 14:00 The Interim Director of Finance & Resources asked EY if STDC committed to the end of March for the signing off of the accounts, would this provide enough time for them to complete their audit work and provide their opinion and VfM statement. EY confirmed that it would.		

SOUTH TEES DEVELOPMENT CORPORATION

AGENDA ITEM 6

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF THE INTERIM GROUP DIRECTOR OF FINANCE & RESOURCES

QUARTER 1 FORECAST OF REVENUE AND CAPITAL OUTTURN 2026/27 AND 2026/27 CAPITAL PROGRAMME

SUMMARY

PURPOSE OF THE REPORT

To provide the Board with the 2026/27 revenue and capital forecast outturn position for STDC, including significant variances against the approved budget based on the position as at 30 June 2026.

RECOMMENDATIONS

It is recommended that the STDC Board:

i. **Notes** the Quarter 1 revenue position of a £1.169m deficit and the forecast year-end revenue deficit of £4.789m for 2026/27, representing an adverse variance of £0.027m against the approved budget deficit of £4.762m.
ii. **Notes** that the overall forecast revenue position remains broadly in line with the approved budget, with increased business rates and investment income substantially offset by higher borrowing costs, the revised accounting treatment of Quay income and a higher business rates provision.
iii. **Notes** capital expenditure of £4.542m incurred as at 30 June 2026 and the forecast capital outturn of £16.902m for 2026/27.
iv. **Approves** the inclusion of the Park and Ride Scheme and associated grant funding within the 2026/27 Capital Programme and approves the capital programme amendments set out in this report, including the increased remediation budget and revised capital contributions budget.
v. **Notes** that the Park and Ride Scheme is forecast to be fully grant funded and will not require borrowing support.
vi. **Notes** the forecast borrowing position as at 31 March 2027.
vii. **Notes** that a separate report elsewhere on this agenda sets out the proposed mechanism for repayment of borrowing advanced to STDC by Tees Valley Combined Authority and that future quarterly monitoring reports will provide updates on the borrowing and loan repayment position.
viii. **Notes** the forecast reserves position of the Corporation.

ix. **Notes** that revised business rates forecasts, investment income assumptions, borrowing repayment assumptions and capital funding arrangements will be incorporated into the updated Medium-Term Financial Plan to be presented to the Board during Quarter 2.

1. EXECUTIVE SUMMARY

1.1. The STDC Constitution requires the Corporation to approve an annual revenue budget and capital programme and to receive regular reports monitoring financial performance throughout the financial year.

1.2. The 2026/27 Budget and Capital Programme were approved by the Board in March 2026.

1.3. At Quarter 1, STDC is reporting a revenue deficit of £1.169m at 30 June 2026 and is forecasting a year-end revenue deficit of £4.789m, compared with the approved budget deficit of £4.762m. This represents an adverse variance of £0.027m and indicates that the overall revenue position remains broadly in line with the approved budget. The principal movements are increased business rates income and additional bank interest income, offset by the revised accounting treatment of Quay income, increased borrowing costs and a higher business rates provision.

1.4. The Board should note that the broadly stable position marks a number of significant movements within the revenue forecast. The most material are the £2.107m favourable variance on business rates income, £0.300m of additional bank interest income, a £1.213m adverse variance on Quay Operating income arising from the revised accounting treatment, and a £1.299m adverse variance in borrowing costs. These movements largely offset one another, resulting in an overall forecast position remaining broadly in line with budget.

1.5. During July 2026, STDC secured £34.950m of external capital grant funding to support delivery of the wider Park and Ride and Transport Scheme, of which £28.2m has been awarded as grant funding in the period. The current forecast includes £7.003m of grant-funded expenditure in 2026/27, with the balance of the grant award supporting expenditure incurred to date and future delivery activity. The remaining funding will be reflected through the Corporation's future capital programme and MTFP as delivery plans are confirmed.

1.6. Capital expenditure of £4.542m had been incurred by 30 June 2026 and is forecast to total £16.902m for the year. The increase compared with the approved programme of £12.625m primarily reflects the inclusion of the Park and Ride Scheme, partially offset by lower forecast capital contributions to subsidiary companies and reduced expenditure on enabling studies and other activities.

1.7. The forecast borrowing position is £421.294m at 31 March 2027, compared with £420.621m at 1 April 2026. The Corporation is forecast to make £6.963m of principal repayments and undertake £7.636m of new borrowing. The Park and Ride Scheme is not expected to increase the borrowing requirement because it is expected to be fully funded from external grant.

1.8. Revenue reserves are forecast to reduce from £15.9m at 1 April 2026 to approximately £11.1m at 31 March 2027 as a result of the forecast revenue deficit. The forecast balance remains sufficient to support the Corporation's approved financial plans and provide resilience against identified financial risks, subject to continued review through the MTFP.

1.9. Work is underway to refresh the Corporation's MTFP to reflect updated business rates forecasts, revised income assumptions, borrowing repayment assumptions, capital funding arrangements and the inclusion of the Park and Ride Scheme. A separate report elsewhere on this agenda sets out the proposed mechanism for repayment of borrowing advanced to STDC by Tees Valley Combined Authority. The outcome of that report, together with the Quarter 1 monitoring position, will be reflected in the updated MTFP to be presented to the Board during the Quarter 2 monitoring cycle.

2. BACKGROUND

2.1. The objective of South Tees Development Corporation ("STDC") is to bring forward the regeneration of the Teesworks site to create jobs, secure inward investment and drive economic growth across the Tees Valley.

2.2. Significant progress has now been achieved across the regeneration programme, including the completion of major demolition, remediation and infrastructure works which have enabled substantial private sector investment across the site.

2.3. The Corporation continues to invest in strategic infrastructure required to support future development opportunities and unlock further economic growth.

2.4. During 2026/27 activity is focused on:

- delivery of the park and ride and transport scheme;
- utility and infrastructure improvements;
- residual remediation activities;
- investor enabling works; and
- supporting the continued occupation and development of land across the Teesworks site.

2.5 The Corporation’s approved Revenue Budget and Capital Programme for 2026/27 were approved by the Board in March 2026 and provide the financial framework for this Quarter 1 forecast outturn report.

2.6 This report presents the Quarter 1 forecast outturn position as at 30 June 2026 and highlights significant variances against the approved budget.

3 MATERIAL CHANGES SINCE APPROVED BUDGET

3.1 Since approval of the 2026/27 Budget, a number of significant developments have occurred which impact the Corporation's revenue and capital forecasts.

3.2 These include:

- Receipt of £28.2m external grant funding to support delivery of the Park and Ride and transport Scheme.
- A review of business rates forecasts has been undertaken with Redcar and Cleveland Borough Council. This confirmed that the assumptions contained within the approved budget were prudent, and the updated forecasts reflected in this report will be incorporated into the refreshed MTFP to be presented during Quarter 2.
- The introduction of a high-interest deposit account which has generated investment income that was not included within the approved budget.
- A review of the accounting treatment applied to South Bank Quay which has resulted in income previously recognised as operating income being treated as a contract asset, with only the interest element being recognised through the revenue account.

3.3 The financial impact of these changes has been reflected within the Quarter 1 forecast and will be incorporated into the refreshed Medium-Term Financial Plan to be presented to the Board during Quarter 2.

4 REVENUE FORECAST OUTTURN 2026/27

4.1 Table 1 summarises the Quarter 1 revenue forecast outturn position.

Table 1 – Forecast STDC revenue outturn summarised by type of expenditure & Income – Q1 2026/27

	Approved Budget 2026/27	Q1 Outturn	Forecast Outturn 2026/27	Variance
	£'000	£'000	£'000	£'000
Other Income	-	(8)	(50)	(50)
Quay Operating Income	(3,448)	(420)	(2,235)	1,213
Business rates	(9,718)	(2,956)	(11,825)	(2,107)

	Approved Budget 2026/27	Q1 Outturn	Forecast Outturn 2026/27	Variance
	£'000	£'000	£'000	£'000
Scrap sales	-	(28)	(100)	(100)
Bank interest	-	(6)	(300)	(300)
Total Income	**(13,166)**	**(3,417)**	**(14,510)**	**(1,344)**
Operating Expenditure				
Employees	805	163	700	(105)
Premises	87	-	87	-
Supplies and Services	1,159	165	1,125	(34)
TVCA recharges	350	-	350	-
Business rates provision	972	296	1,183	211
Total Operating Expenditure	3,373	624	3,445	72
Net operating (surplus) / deficit	**(9,793)**	**(2,794)**	**(11,065)**	**(1,272)**
Cost of borrowing				
Cost of borrowing - Interest	14,555	3,963	15,854	1,299
Net cost of borrowing	14,555	3,963	15,854	1,299
Total (surplus) / deficit revenue position	**4,762**	**1,169**	**4,789**	

4.2 At 30 June 2026, STDC has recorded a net revenue deficit of £1.169m against a profiled budget deficit of £1.191m. Based on current forecasts, the Corporation is projecting a year-end revenue deficit of £4.789m compared with the approved budget deficit of £4.762m, representing an adverse variance of £0.027m.

4.3 As shown in Table 1, forecast income is £14.510m, £1.344m higher than budget. This favourable movement is offset by operating expenditure forecast to exceed budget by £0.072m and borrowing costs forecast to exceed budget by £1.299m, resulting in an overall forecast position broadly in line with the approved budget.

Business Rates

4.4 Business rates income is forecast to exceed the approved budget. Following approval of the budget, officers undertook a detailed review of business rates forecasts in conjunction with Redcar and Cleveland Borough Council, including a review of the latest rating list assumptions, forecast collection profile and provision requirements.

4.5 Business rates income is now forecast at £11.825m compared with the approved budget of £9.718m, generating a favourable variance of £2.107m. This represents the single largest movement within the revenue forecast and reflects the outcome of the work undertaken with Redcar and Cleveland Borough Council during Quarter.

4.6 Revised assumptions will be incorporated into the updated Medium-Term Financial Plan to be presented to the Board during Quarter 2.

Bank Interest

4.7 Bank interest income is forecast to exceed the approved budget. No provision for bank interest income was included within the approved budget.

4.8 During Quarter 1, the Corporation established a high-interest deposit account to maximise the return achieved on cash balances held by STDC. The income generated from these arrangements represents a favourable variance against budget and has been reflected within the forecast outturn position.

4.9 Bank interest income is forecast to generate £0.300m during 2026/27 compared with no budget provision, creating a favourable variance of £0.300m. Future forecasts will be updated as part of the Medium-Term Financial Plan review.

Quay Operating Income

4.10 As shown in Table 1, Quay Operating Income is forecast at £2.235m compared with the approved budget of £3.448m, resulting in an adverse variance of £1.213m.

4.11 Following a review of the accounting treatment applied to the Quay funding arrangements, income previously reflected within operating income is now recognised as a contract asset, with only the interest element being recognised through the revenue account.

4.12 This is principally an accounting presentation change and does not represent a reduction in the underlying value expected to be recovered by STDC.

4.13 This results in a reduction in reported operating income compared with budget. The revised accounting treatment will be incorporated into the updated Medium-Term Financial Plan to be presented during Quarter 2.

Revenue Position

4.14 Increased business rates income and additional bank interest income continue to provide a favourable movement against budget.

4.15 However, these favourable movements are substantially offset by the revised accounting treatment for Quay income, higher forecast borrowing costs and an increase in the business rates provision.

4.16 The overall revenue position is therefore forecast to remain broadly in line with the approved budget for 2026/27.

4.17 Summary financial positions for South Tees Developments Limited (STDL) and South Tees Site Company Limited (STSC) are provided at Appendices A and B respectively. These appendices set out the Quarter 1 forecast outturn position for each subsidiary and should be read alongside the STDC revenue position presented in this section.

5 RESERVES

5.1 Revenue reserves are forecast to reduce from £15.9m at 1 April 2026 to approximately £11.1m at 31 March 2027 as a result of the forecast revenue deficit of £4.789m.

5.2 Notwithstanding this planned use of reserves, the forecast year-end balance remains sufficient to support the Corporation's approved financial plans and provide resilience against identified financial risks.

5.3 The adequacy of reserves will continue to be reviewed through the refresh of the Medium-Term Financial Plan and future quarterly monitoring reports.

6 BORROWING

6.1 The Corporation continues to manage its borrowing requirements in line with the approved Treasury Management Strategy and approved capital programme.

6.2 Table 2 summarises the forecast borrowing position as at 31 March 2027.

Table 2 - Forecast Borrowing Position 2026/27

	£'000
Borrowing at 1 April 2026	420,621
Less: Forecast principal repayments	(6,963)
Plus: New borrowing	7,636

	£'000
Forecast borrowing at 31 March 2027	421,294

6.3 As shown in Table 2, total borrowing is forecast to remain broadly stable during 2026/27, increasing from £420.621m at 1 April 2026 to £421.294m at 31 March 2027. This reflects forecast principal repayments of £6.963m and new borrowing of £7.636m to support delivery of elements of the approved Capital Programme funded through borrowing. A separate Loan Repayment report elsewhere on this agenda sets out the proposed arrangements for repayment of borrowing advanced to STDC by Tees Valley Combined Authority. Updates on the loan arrangements will be provided through future quarterly monitoring reports.

6.4 The forecast new borrowing requirement of £7.636m is consistent with the funding assumptions set out in Table 3 and relates to the delivery of approved capital investment across the Corporation's infrastructure, remediation and development programmes.

6.5 The award of grant funding for the Park and Ride Scheme does not impact the Corporation's borrowing requirement, as the scheme was not included within the borrowing assumptions underpinning the approved Capital Programme and is expected to be fully funded through external grant funding.

6.6 Borrowing and loan repayments continue to be managed in accordance with the approved Treasury Management Strategy and treasury management advice provided by Arlingclose.

6.7 Future quarterly monitoring reports will include updates on the borrowing position, including the impact of the agreed loan repayment mechanism once approved.

6.8 Borrowing costs remain a significant pressure on the revenue account and the affordability of the Corporation’s long-term borrowing requirement will continue to be a key consideration within the refreshed MTFP.

7 CAPITAL FORESCAST OUTTURN 2026/27

7.1 Table 3 summarises the Quarter 1 capital forecast outturn position.

Table 3 – Forecast Capital Outturn Summary Q1 2026/27

	Approved Budget 2026/27 £'000	Q1 Outturn £'000	Forecasted Outturn £'000	Variance (Surplus)/ Deficit £'000
Capital Budget				
Park & Ride	-	2,179	7,003	7,003
South Bank Quay	81	22	81	-
Site Preparation and Infrastructure	2,362	571	2,283	(79)
Enabling Studies and Other	631	-	473	(159)
Remediation	2,546	870	3,482	936
NZT Project	1,035	284	1,035	-
Capitalised revenue costs	200	71	283	83
Capital Contributions in Subsidiaries	5,770	544	2,263	(3,507)
Total Capital Expenditure	**12,625**	**4,542**	**16,902**	**4,277**

Funded By:				
Grant funded		2,179	7,003	7,003
Borrowing	8,106	1,208	7,636	(470)
Capital contributions	4,519	1,155	2,263	(2,256)
Total Funding	**12,625**	**4,542**	**16,902**	**4,277**

7.2 Capital expenditure of £4.542m had been incurred by 30 June 2026. Full-year expenditure is forecast at £16.902m compared with the approved programme of £12.625m. The increase principally reflects the inclusion of the Park and Ride Scheme within the Capital Programme, partially offset by lower forecast capital contributions to subsidiary companies and reduced expenditure on enabling studies and other activities.

7.3 As shown in Table 3, of the forecast capital expenditure of £16.902m, £7.003m will be funded from external grant funding, £7.636m from borrowing and £2.263m from capital contributions. The borrowing requirement reflected within Table 4 is consistent with the forecast movement in borrowing set out in Table 3.

Park and Ride Scheme

7.4 During July 2026, STDC secured £28.2m of external capital grant funding to support delivery of the Park and Ride Scheme. The £28.2m grant award relates to the wider Park and Ride and Transport Scheme and is not wholly reflected within the 2026/27 expenditure forecast. The current forecast includes £7.003m of grant-funded expenditure during 2026/27, with the remaining grant funding relating to expenditure incurred previously and/or future delivery of the scheme. The expenditure profile and associated grant funding will be reflected in future capital programmes as delivery plans are confirmed.

7.5 The scheme was not included within the approved 2026/27 Capital Programme and therefore both the associated expenditure and grant funding represent additions to the programme. The Board is asked to approve the inclusion of the Park and Ride Scheme and associated grant funding within the 2026/27 Capital Programme, alongside the capital programme amendments set out in Table 3, including the increased remediation budget and revised capital contributions budget.

7.6 The grant funding supports both expenditures incurred to date and forecast future delivery costs associated with the scheme.

Capital Programme

7.7 Expenditure across the remainder of the programme remains focused on infrastructure delivery, site enabling activities, utility works and residual remediation activity required to support continued development of the Teesworks site.

7.8 Remediation expenditure is forecast at £3.482m compared with the approved budget of £2.546m, representing an increase of £0.936m. The additional expenditure relates to remediation activity funded by private sector partners and is reflected within the capital contributions funding assumptions shown in Table 3. As a result, the additional expenditure does not create an unmitigated financial pressure for the Corporation.

7.9 Capital contributions to subsidiary companies are forecast at £2.263m compared with a budget of £5.770m, generating a favourable variance of £3.507m resulting primarily from the reprofiling of planned investment activity.

7.10 Whilst individual project variances exist, no significant unmitigated capital cost pressures have been identified at Quarter 1 and the overall programme remains fully funded.

8 **OUTLOOK AND MEDIUM-TERM FINANCIAL PLAN**

8.1 Quarter 1 monitoring indicates that the Corporation is performing broadly in line with the assumptions included within the approved revenue budget, with the forecast year-end deficit of £4.789m being broadly consistent with the approved budget deficit of £4.762m.

8.2 The most material movement relates to additional business rates income of £2.107m above budget, supported by £0.300m additional investment income. These favourable movements are largely offset by the reduction in reported Quay operating income arising from the revised accounting treatment described in Section 5, increased borrowing costs and a higher business rates provision.

8.3 Whilst the overall revenue position remains broadly in line with budget, a comprehensive review of the Medium-Term Financial Plan is currently underway to ensure future income, expenditure, borrowing and capital funding assumptions remain aligned with the latest available information.

8.4 The updated Medium-Term Financial Plan will be presented to the Board as part of the Quarter 2 monitoring cycle.

8.5 The updated Medium-Term Financial Plan will incorporate the outcome of the separate loan repayment report, revised business rates forecasts, additional bank interest income, updated Quay income assumptions and changes to the Capital Programme, including the Park and Ride Scheme.

9 FINANCIAL IMPLICATIONS

9.1 This report provides an update on performance against the approved Revenue Budget and Capital Programme for 2026/27.

9.2 The financial implications are detailed within the report, specifically highlighting the risks associated with serving borrowing costs and achieving revenue income forecasts.

9.3 Large capital projects continue to carry financial risk through delivery timing, scope changes and unforeseen costs. At Quarter 1 this risk is reduced for a number of STDC schemes as they move closer to completion, but it has not been eliminated and will continue to be managed through project governance, budget monitoring and future quarterly reporting.

9.4 Experienced external and internal project managers are used to oversee the projects. Their responsibility includes maintaining budgetary control, monitoring timelines, managing risks, and ensuring resources are allocated efficiently. Their expertise helps to minimise delays and cost overruns and aims to identify and address potential financial issues before they escalate.

10 LEGAL IMPLICATIONS

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

10.2 The decisions requested are consistent with the Corporation's existing governance arrangements and approved financial framework.

11 RISK ASSESSMENT

11.1 The principal financial and operational risks affecting the Corporation continue to be reviewed through the Corporate Risk Register, Medium-Term Financial Plan and regular financial monitoring arrangements.

11.2 The most significant financial risks at Quarter 1 remain:

- Business rates income – the forecast reflects work undertaken with Redcar and Cleveland Borough Council during Quarter 1 and will continue to be monitored with the Council as part of future quarterly reporting and the MTFP refresh.
- Borrowing affordability – borrowing costs remain a significant pressure on the revenue account and the affordability of the Corporation’s long-term borrowing requirements remains an important consideration for the MTFP. A separate report elsewhere on this agenda sets out the proposed loan repayment arrangements, and the outcome of that report will be reflected in future quarterly monitoring and the refreshed MTFP.
- Commercial and Quay income – the Corporation’s financial position remains dependent on the continued generation and recovery of forecast income. The revised accounting treatment of Quay income will continue to be reflected within financial planning.
- Capital programme delivery – project delivery, timing, scope change and unforeseen costs could affect the forecast expenditure profile.
- Reserves and long-term financial sustainability – the adequacy of reserves and the Corporation’s longer-term financial sustainability will continue to be reviewed through the MTFP.

11.3 Appropriate management actions continue to be implemented to mitigate these risks, including regular budget monitoring, cash flow forecasting, treasury management oversight, project governance arrangements and periodic review of revenue and capital funding assumptions.

11.4 At Quarter 1, no significant unmitigated financial risks have been identified beyond those already reflected within the Corporation's risk management framework.

12 CONSULTATION & COMMUNICATION

12.1 The forecast outturn position has been prepared in consultation with budget holders, senior management and the Corporation’s finance team.

12.2 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.

13 **EQUALITY & DIVERSITY**

13.1 There are no equality and diversity implications associated with the recommendations of this report.

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

SOUTH TEES
DEVELOPMENT
CORPORATION

Appendix A - STDL Forecast Outturn Position 2026/27

The Quarter 1 forecast outturn position for STDL for 2026/27 is set out in Table 4 below.

Table 4 - Forecast Outturn 2026/27

	Approved Budget 2026/27 £'000	Q1 Outturn £'000	Forecast Outturn 2026/27 £'000	Variance £'000
Commercial Services External	(344)	(58)	(344)	-
Service Charge & Rent	(1,822)	(836)	(1,822)	-
Total Income	**(2,166)**	**(894)**	**(2,166)**	**-**
Operating Expenditure				
Employees	761	87	450	(311)
Retained Estates	1,964	133	1,964	-
Communal Estates	4,110	1,010	4,110	-
Commercial Services	609	177	609	-
Total Operating Expenditure	**7,444**	**1,407**	**7,133**	**(311)**
Net operating (surplus) / deficit	**5,278**	**513**	**4,967**	**(311)**

STDL is forecasting a net operating deficit of £4.967m for 2026/27 compared with an approved budget deficit of £5.278m, representing a favourable variance of £0.311m.

Income is forecast to be delivered in line with budget, with commercial services income of £0.344m and service charge and rental income of £1.822m forecast to be achieved during the year.

Total operating expenditure is forecast at £7.133m, which is £0.311m lower than budget. The favourable variance is attributable to employee costs being lower than originally assumed within the approved budget.

At Quarter 1, STDL has reported a net operating deficit of £0.513m against a forecast year-end deficit of £4.967m. The financial position will continue to be monitored throughout the remainder of the financial year, and any material changes will be reflected in future monitoring reports.

SOUTH TEES
DEVELOPMENT
CORPORATION

TEESWORKS

The UK's largest
industrial zone

Appendix B - STSC Forecast Outturn Position 2026/27

The Quarter 1 forecast outturn position for South Tees Site Company Limited (STSC) for 2026/27 is set out in Table 5 below.

Table 5 – Forecast Outturn 2026/27

	Approved Budget 2026/27 £'000	Q1 Outturn £'000	Forecast Outturn 2026/27 £'000	Variance £'000
Power Income	(31,050)	(2,907)	(13,247)	17,803
Water Income	(120)	(107)	(396)	(276)
Water Use of Systems Income	-	-	-	-
Intercompany Recharges	(88)	-	-	88
Total Income	**(31,258)**	**(3,014)**	**(13,643)**	**17,615**
Operating Expenditure				
Operating costs	88	-	-	(88)
Power Consumption and services	31,039	2,896	13,212	(17,827)
Water Consumption and services	435	88	401	(34)
Keep Safe Activities	188	37	145	(43)
Total Operating Expenditure	**31,750**	**3,021**	**13,758**	**(17,992)**
Net operating (surplus) / deficit	**492**	**7**	**115**	**377**

STSC is forecasting a net operating deficit of £0.115m for 2026/27 compared with an approved budget deficit of £0.492m, representing a favourable variance of £0.377m.

Total income is forecast at £13.643m compared with a budget of £31.258m, resulting in an adverse variance of £17.615m. The reduction is principally attributable to lower than anticipated power throughput during the year, resulting in both lower power income and corresponding reductions in power consumption and service costs.

Operating expenditure is forecast at £13.758m compared with a budget of £31.750m, generating a favourable variance of £17.992m. This movement is primarily driven by lower power consumption and associated service costs, which broadly mirror the reduction in power income.

As a result, the reduction in income is largely offset by a corresponding reduction in expenditure, with the forecast year-end deficit improving from £0.492m to £0.115m.
At Quarter 1, STSC has reported a net operating deficit of £0.007m. The financial position will continue to be monitored throughout the remainder of the financial year, and any material changes will be reported through future monitoring reports.

SOUTH TEES
DEVELOPMENT
CORPORATION

AGENDA ITEM 7

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF THE DIRECTOR OF LAW & GOVERNANCE

(MONITORING OFFICER)

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** that no Urgent Decisions have been taken since the last Board meeting
ii. **Notes** the exercise of one Delegated Decision in respect of Steel House Park & Ride (Appendix A).

DETAIL

URGENT DECISION

1. The Board are asked to note that no Urgent Decisions have been taken since the last Board meeting.

DELEGATED DECISIONS

2. The Board received a paper from the Chief Executive Officer on 30 July 2026 in respect of the Teesworks Integrated Transport Improvement Programme – Update on TVCA Grant Funding and STDC Delivery Role.

3. In it the Board were asked to **Note** 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 decision would be recorded and reported as a delegated decision.

4. The Deputy Section 73 Officer took the decision to exercise a Delegated Decision on 31 July 2026 in respect of the Steel House Park & Ride Facility.

1. Once the Funding Agreement has been fully executed by both parties, £28,220,485.68 of the grant will be released to STDC.

2. The balance of the grant, being £6,729,823.32, shall be released through standard quarterly payments in arrears, subject to submission and approval of eligible expenditure claims by the grant recipient, STDC. This will be supported by appropriate evidence and will be in accordance with TVCA's claims and monitoring requirements.

FINANCIAL IMPLICATIONS

5. The financial implications are as set out above.

LEGAL IMPLICATIONS

6. The authority to accept grant funding sits with the Director of Finance and may be exercised via a delegated decision, in accordance with the STDC constitution. Proper notice of delegated decisions will be given and reported to the STDC Board at the next meeting after the decision has been taken.

RISK ASSESSMENT

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

CONSULTATION & COMMUNICATION

8. The STDC Board were consulted on 30 July 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: Andrew Perriman
Post Title: Director of Law & Governance (Monitoring Officer)
Telephone Number: 01325 792600
Email Address: andrew.perriman@teesvalley-ca.gov.uk

SOUTH TEES
DEVELOPMENT
CORPORATION

DELEGATED DECISION RECORD

This form should be used to record decisions for delegated decisions in line with a delegation from the South Tees

OFFICER(S): Chris Holme Deputy Section 73 Officer	DATE DECISION TAKEN: 31 July 2026
DECISION NO: *STDC CF05-2026*	DELEGATION POWER(S) AND PAGE OF CONSTITUTION: HoFR2 - The taking of all action required on borrowing, investment and financing subject to the submission to the Development Corporation Board of an annual report of the Head of Finance & Resources on Treasury Management activities at six-monthly intervals in accordance with CIPFA's Code of Practice for Treasury Management and Prudential Codes. *STDC Constitution – September 2025, page 82*

DETAILS OF DECISION:

The board received an update report in July from the Chief Executive on the STDC delivery role in the Teesworks Integrated Transport Improvement Programme.

One of the schemes outlined in the report was the Steel House Park & Ride Facility which 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.

TVCA concluded their governance, assurance, business case approval and grant funding agreements for this scheme with STDC acting as the delivery body. TVCA agreed to commit £34,950,309 from the CRSTS 2026/27 allocation, breakdown of costs provided within the table below.

Expenditure Heading	2025/26	2026/27	TOTAL
Phase 1 & 2 Construction Works	£7,383,082	£2,297,962	**£9,681,044**
Phase 3 Construction Works	£7,950,955	5,966,310	**£13,917,265**
Other Physical Enabling Works	£8,800,000	£660,000	**£9,460,000**
Project Delivery Management	£1,060,000	£590,000	**£1,650,000**
Third Party Fees	£220,000	£22,000	**£242,000**
TOTAL	**£25,414,037**	**£9,536,272**	**£34,950,309**

Due to the level of eligible expenditure already incurred by the grant, TVCA will release a payment of £28,220,485.68 (twenty-eight million, two hundred and twenty thousand, four hundred and eighty five pounds and sixty eight pence) to STDC upon the Funding Agreement being fully executed by both parties.

The balance of the Grant, being £6,729,823.32 (six million, seven hundred and twenty nine thousand, eight hundred and twenty three pounds and thirty two pence., shall be released through standard quarterly payments in arrears, subject to submission and approval of eligible expenditure claims by the Grant Recipient, supported by appropriate evidence and in accordance with TVCA's claims and monitoring requirements.

The Chief Executive has agreed the funding agreement with TVCA and with the Director of Finance and Resources conflicted due to approving the TVCA decision, the deputy s73 officer has approved acceptance of grant funding as per the STDC constitution.

<table>
<tr><td colspan="3">FINANCIAL IMPLICATIONS:

The financial implications are set out above.</td></tr>
<tr><td colspan="3">LINKS AND IMPLICATIONS ON ANY EXTERNAL FUNDER CONDITIONS:

None</td></tr>
<tr><td colspan="3">PROCESS OF PARTNER CONSULTATION:

n/a</td></tr>
<tr><td colspan="3">ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

In previous report to STDC Board 30/7/2026</td></tr>
<tr><td colspan="3">ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS:

S73 Officer is conflicted and in eligible to take this decision as was involved in the TVCA grant award decision.</td></tr>
<tr><td>SIGNATURE:

CHIEF EXECUTIVE

DATE: 20/08/2026</td><td>SIGNATURE:

MONITORING OFFICER

DATE: 26/8/26</td><td>SIGNATURE:

Deputy s73 Officer

DATE: 31/07/2026</td></tr>
<tr><td colspan="3">DATE FUNDS CAN BE RELEASED:</td></tr>
</table>

Once fully complete and signed off please return to the Governance Team.

SOUTH TEES DEVELOPMENT CORPORATION

AGENDA ITEM 8

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF THE DIRECTOR OF LEGAL & GOVERNANCE (MONITORING OFFICER)

ACCESS TO INFORMATION GOVERNANCE POLICIES

SUMMARY

This report sets out the work undertaken to review and update the South Tees Development Corporation's (STDC) information governance policy framework and seeks the Board's approval of the revised policies. The updated policies strengthen the organisation's arrangements for data protection, records management, access to information and staff awareness, supporting lawful, consistent and accountable handling of information across the Development Corporation.

RECOMMENDATIONS

It is recommended that the STDC Board:

i. **Note** the work undertaken to review and update information governance policies and procedures
ii. **Approve** the following policies:
   - Appendix A – Data Protection Policy
   - Appendix B – Data Retention and Deletion Policy
   - Appendix C – Access to Information (FoI/EIR) Policy
   - Appendix D – Subject Access Request Policy
   - Appendix E – Group Staff Privacy Notice

DETAIL

Executive Summary

1. This report summarises the review and update of the Development Corporation's information governance policy framework, carried out in response to internal audit recommendations and identified governance improvement actions. The review covered key policies on data protection, records retention and deletion, access to information, subject access requests and staff privacy information. It ensures the

policies reflect current legislative requirements, including the Data (Use and Access) Act 2025, and are set out in a consistent format with clear version control.

2. The updated framework strengthens arrangements for lawful, transparent and accountable information handling. It also supports practical implementation through new and updated operational documents, including registers, templates and records for data protection impact assessments and data sharing agreements. These changes support the Development Corporation's strategic objectives by improving corporate governance, reducing legal and operational risk, promoting transparency and public trust, and giving staff clear, consistent guidance for managing information responsibly.

Information Governance Policy Review

3. A full review has been undertaken of the information governance policy framework including supporting tools and documents which will be used by the information governance team and the wider organisation to put the policies into effect. This review has included identifying gaps in the policy framework, reviewing policies for consistency and contemporaneity and updating the provisions to meet current legislative requirements.

4. The following policies have been reviewed, and summary of the changes is provided below:

    a. **Data Protection Policy** – updated to reflect current UK GDPR and Data Protection Act requirements, clarify roles and responsibilities, strengthen references to accountability, lawful processing, data protection impact assessments, data sharing, breach reporting and staff responsibilities.
    b. **Data Retention and Deletion Policy** – revised to provide clearer requirements for retaining, reviewing and securely deleting records, with improved alignment to the retention schedule, information asset management and records disposal processes.
    c. **Access to Information (FoI / EIR) Policy** – updated to clarify how Freedom of Information Act and Environmental Information Regulations requests are identified, logged, managed and responded to, including responsibilities, statutory timescales, exemptions and review arrangements.
    d. **Subject Access Request Policy** – revised to set out a clearer process for handling data subject access requests, including identity verification, scope clarification, statutory deadlines, exemptions, redaction and escalation to the Data Protection Officer where required.
    e. **Staff Privacy Notice** – updated to improve transparency for employees, workers and office holders about how their personal data is collected, used,

shared, retained and protected, including clearer information on lawful bases and individual rights.

5. In all cases, the policies have been updated to reflect the legislative requirements of the Data (Use and Access) Act 2025. The Act amends, but does not replace, the UK GDPR, Data Protection Act 2018 and Privacy and Electronic Communications Regulations. Relevant requirements include changes to the handling of subject access requests, including reasonable and proportionate searches and clearer timescale rules; revised provisions for automated decision-making with appropriate safeguards; updated requirements for handling data protection complaints; clarification of the use of personal data for research and statistical purposes; changes relating to recognised legitimate interests and international data transfers; and updates to cookie and similar technology rules. Additionally, all policies have been standardised in terms of template and language and now have consistent version control applied.

6. In addition to the policies listed in paragraph 4, a number of operational documents have been produced to support the practical application of the policies. These tools will be used by the information governance team and corporately where relevant. The operational documents include:

    a. The Appropriate Policy Document – sets out how the Development Corporation meets the legal requirements for processing special category and criminal offence data where an appropriate policy document is required.
    b. Register of Processing Activity – records the personal data processing activities undertaken by the Development Corporation, including the purposes, lawful bases, data categories and retention arrangements.
    c. Information Asset Register – identifies key information assets held by the organisation, their owners, sensitivity, location and controls to support effective information management and security.
    d. Record of Data Protection Impact Assessments – provides a central record of completed and in-progress assessments for processing activities likely to present higher data protection risks.
    e. Data Protection Impact Assessment template – provides a standard format for assessing privacy risks, identifying mitigations and recording decisions before new or changed processing begins.
    f. Record of Data Sharing Agreements – maintains a central record of agreements in place for sharing personal data with partner organisations or other third parties.
    g. Data Sharing Agreement template – provides a consistent template for setting out the purpose, legal basis, roles, responsibilities and security arrangements for data sharing.

Background

7. The Development Corporation must regularly review and update its information governance policies to ensure compliance with current legislation, statutory guidance and sector best practice. While they already had a number of these policies in place, several were overdue for review and some were missing. A number also required updating to reflect changes introduced by the Data (Use and Access) Act 2025.

FINANCIAL IMPLICATIONS

8. There are no direct financial implications arising from the adoption of these policies. The policies strengthen the Development Corporation's governance framework and help mitigate the risk of financial penalties, legal challenge and reputational damage arising from non-compliance with information governance legislation.

LEGAL IMPLICATIONS

9. The attached policies ensure that STDC complies with:
    - The UK GDPR regulations
    - Data Protection Act 2018
    - Data (Use and Access) Act 2025,
    - Freedom of Information Act 2000
    - Environmental Information Regulations (EIR) 2004
    - Provides clearer requirements for retaining, reviewing and securely deleting records;
    - The Privacy and Electronic Communications Regulations 2003

RISK ASSESSMENT

10. There is a risk that if we do not have compliant information governance policies and procedures in place we may fail to discharge our statutory duties in respect of data protection or risk the security of the personal data we hold. Putting in place a robust policy framework, along with mandatory staff awareness training, mitigates against those risks.

CONSULTATION & COMMUNICATION

11. Consultation has been undertaken with relevant internal teams. The STDC A&G Committee reviewed these policies at its meeting on 12 August 2026.

EQUALITY & DIVERSITY

12. There are no direct equality and diversity implications arising from these recommendations. However, strengthening our governance arrangements overall is likely to have positive impacts on people with protected characteristics.

SOUTH TEES
DEVELOPMENT
CORPORATION

Name of Contact Officer:	Andrew Perriman
Post Title:	Monitoring Officer
Telephone Number:	01325 792600
Email Address:	andrew.perriman@teesvalley-ca.gov.uk

TEESWORKS
The UK's largest
industrial zone

SOUTH TEES
DEVELOPMENT
CORPORATION

DATA PROTECTION POLICY

Version 0.1

Contents

Version Control

Version	Summary of Changes	Date	In Effect From
0.1		August 2026	September 2026

Date of next Review	September 2027

1. INTRODUCTION

1.1 This Data Protection Policy (the “**Policy**”) sets out how South Tees Development Corporation (“we, “our”, “us” and/or “STDC”) handles the personal information (“**personal data**”) of our customers, suppliers, employees, workers, contractors, website users and other third parties.

1.2 This Policy sets out the data protection principles and procedures STDC must follow to ensure personal data is collected, stored, used and shared in line with UK data protection legislation. It also explains the key rights that legislation gives to individuals, including employees, workers and contractors, and the right to access personal data held in our internal systems.

1.3 This Policy applies to all STDC employees (“**you**”, “**your**”). You must read, understand and follow this Policy when processing personal data on our behalf, and complete data protection training on its requirements. It explains what we expect from you to help STDC comply with UK data protection legislation. Compliance with this Policy is mandatory. You must also follow any related policies and procedures, which are provided to help you interpret and apply this Policy. Breaches of this Policy may result in disciplinary action.

1.4 If you have a specific role in processing personal data, such as obtaining consent, reporting a personal data breach or carrying out a data protection impact assessment (“DPIA”), you must also follow the relevant policies and privacy notices.

2. POLICY STATEMENT

2.1 STDC will ensure it upholds the rights and protects the interests of all those with whom they contact with by protecting personal data in accordance with the UK data protection legislation. This will be achieved by ensuring that data collection and processing comply with the seven principles of data protection.

2.2 STDC recognises that information relating to its activities and its working practices should be made as widely available as possible in the interests of freedom of information (see FOI section of the website). However, whilst operating this Policy, we must recognise that some information may be sensitive and/or confidential and its release may prejudice the activities of STDC and the privacy of its employees. There are exceptions to the UK data protection legislation including when an individual exercises their data protection rights. These can be found on the Information Commissioner’s Office (“**ICO**”) website here.

2.3 STDC is responsible for ensuring all STDC employees comply with this Policy and need to implement appropriate practices, processes, controls and training to ensure that compliance. STDC will ensure that all staff are trained to a high standard to enable them to carry out all their duties in line with the UK data protection legislation and this Policy. The data protection officer (service provided by Tees Valley Combined Authority data protection officer (the “**DPO**”)) and the legal team are responsible for overseeing this Policy and, as applicable, developing related policies and privacy notices. To get in contact with the DPO, please use the email:DPO@teesvalley-ca.gov.uk

2.4 Please contact the DPO with any questions about the operation of this Policy or the UK data protection legislation or if you have any concerns that this Policy is not being or has not been followed. You must always contact the DPO if you're unsure of any aspects of data protection, in particular you might contact the DPO if:

- if you are unsure of the lawful basis on which you are relying to process personal data;
- if you need to rely on consent or need to capture explicit consent;
- if you need to draft privacy notices;
- if you are unsure about the retention period for the personal data being processed;
- if you are unsure what security or other measures you need to implement to protect personal data;
- if there has been a personal data breach;
- if you are unsure on what basis to transfer personal data outside the UK;
- if you need any assistance dealing with any rights invoked by an individual;
- whenever you are engaging in a significant new, or change in, processing activity which is likely to require a DPIA or plan to use personal data for purposes other than for which it was collected;
- if you plan to undertake any activities involving automated processing including profiling or automated decision-making;
- if you need help complying with the UK data protection legislation when carrying out promotional activities; or
- if you need help with any contracts or other areas in relation to sharing personal data with third parties (including our vendors).

2.5 In accordance with the requirements of the Data (Use and Access) Act 2025, STDC will operate a formal complaints procedure for data protection complaints. This will be included in the corporate complaints policy.

3. REGULATION AND LEGISLATION

3.1 UK data protection legislation is in place to protect personal data organisations hold on staff and other individuals. In compliance, STDC must act in accordance with seven principles, which aims to ensure that personal data is:

- processed lawfully, fairly and in a transparent manner (lawfulness, fairness and transparency);
- collected only for specified, explicit and legitimate purposes (purpose limitation);
- adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed (data minimisation);
- accurate and, where necessary, kept up to date (accuracy);
- not kept in a form which permits identification of individuals for longer than is necessary for the purposes for which the data is processed (storage limitation);
- processed in an appropriate manner to maintain security using appropriate technical and organisational measures to protect against unauthorised or unlawful processing and against accidental loss, destruction or damage (security, integrity and confidentiality); and
- kept with appropriate measures and records in place to be able to demonstrate compliance (accountability).

3.2 Under the UK data protection legislation "**personal data**" means:

"Data relating to a living individual who is or can be identified either from the data or from the data in conjunction with other information that is in, or is likely to come into, the possession of the data controller".

3.3 For the majority of the information that we hold, STDC acts as the "**controller**", i.e. we process information on behalf of its employees and other individuals, and decide how best to process, store and keep that information secure. Our registration reference number is ZA760194.

3.4 Further details can be accessed at www.ico.org.uk

3.5 STDC may also instruct third parties to process data on their behalf. This is called a "processor". Where this is the case, STDC will have a contract with the third party which clearly sets out how we expect them to process the information.

4. LAWFULNESS, FAIRNESS AND TRANSPARENCY

4.1 Personal data must be processed lawfully, fairly and in a transparent manner in relation to the data subject.

4.2 You may only collect, process and share personal data fairly and lawfully and for specified purposes. The UK data protection legislation restricts STDC's actions regarding personal data to specific lawful purposes. These restrictions are not intended to prevent processing but ensure that we process personal data fairly and without adversely affecting the data subject.

4.3 The UK data protection legislation allows processing for specific purposes, known as "lawful basis". You must identify and document the lawful basis being relied on for each processing activity and record this in the record of processing activities. A list of the lawful bases for data processing can be found at A guide to lawful basis | ICO.

4.4 In using the lawful basis 'to perform a public task', individuals' rights to erasure and data portability do not apply. However, individuals do have a right to object.

4.5 In using the lawful basis 'to comply with our legal obligations' individuals' rights to erasure, data portability and to object do not apply.

5. CONSENT

5.1 Personal data may only be processed where at least one lawful basis under UK data protection legislation applies, including consent.

5.2 A data subject gives consent to the processing of their personal data by clearly agreeing, either through a statement or a positive action. Consent must involve an affirmative step, so silence, pre-ticked boxes and inactivity are unlikely to be valid. Where consent is included in a document covering other matters, it must be presented separately. Consent should give data subjects control, support trust and engagement, and strengthen STDC's reputation.

5.3 Where we rely on consent as the lawful basis for processing, we must record it against the data subject's record. If consent is the sole lawful basis, our ability to use that data for other purposes may be limited. If you want to use the data for a purpose other than the one for which it was originally collected, seek advice from the DPO.

5.4 Data subjects must be able to withdraw consent easily at any time, and any withdrawal must be acted on promptly. Consent may also need to be renewed if you intend to process personal data for a new and incompatible purpose that was not explained when consent was first obtained.

5.5 When processing special category data, we may sometimes rely on consent or explicit consent as the lawful basis. Where explicit consent is required, we must provide the data subject with our privacy notice so they can make a fully informed decision, and obtain explicit consent using a clear alternative method, such as an express verbal or written confirmation.

6. TRANSPARENCY (NOTIFYING DATA SUBJECTS)

6.1 UK data protection law requires STDC to give data subjects certain information, depending on whether we collect their personal data directly or obtain it from another source. This information must be provided in a privacy notice that is concise, transparent, easy to access and understand, and written in clear, plain language.

6.2 When we collect personal data directly from a data subject, including for HR or employment purposes, we must provide all information required by UK data protection law at the point the data is collected. This includes the identity of the DPO, and how and why we will use, share, protect and retain the personal data. For advice on transparency, contact the DPO for the relevant privacy notice.

6.3 When personal data is obtained indirectly, for example from a third party or a public source, we must provide the required information as soon as possible after receiving it. We must also confirm that the third party collected the data in line with UK data protection law and on a basis that allows our intended processing.

6.4 If you are collecting personal data from a data subject, directly or indirectly, then you must provide the data subject with a privacy notice in accordance with our related policies and privacy notices.

6.5 To help you meet your transparency obligation, remember to:

- document your decision that the processing is necessary for you to perform a task in the public interest or exercise your official authority
- identify the relevant task or authority and its basis in common law or statute; and
- include basic information about your purposes and lawful basis in your privacy notice;
- ensure that the privacy notice clearly explains how individuals can raise a data protection complaint.

6.6 When collecting personal data from individuals, you do not need to provide them with any information that they already have. When obtaining personal data from other sources, you do not need to provide individuals with privacy information if:

- the individual already has the information;
- providing the information to the individual would be impossible;
- providing the information to the individual would involve a disproportionate effort;
- providing the information to the individual would render impossible or seriously impair the achievement of the objectives of processing;
- you are required by law to obtain or disclose the personal data; or
- you are subject to an obligation of professional secrecy regulated by law that covers the personal data.

7. PURPOSE LIMITATION

7.1 Personal data must be collected only for specified, explicit and legitimate purposes. It must not be further processed in any manner incompatible with those purposes.

7.2 You cannot use personal data for new, different or incompatible purposes from that disclosed when it was first obtained unless you have informed the data subject of the new purposes and they have consented where necessary.

8. DATA MINIMISATION

8.1 Personal data must be adequate, relevant and limited to what is necessary for the purposes for which it is processed.

8.2 You may process personal data only where this is necessary to carry out your job duties. Do not process personal data for any purpose unrelated to those duties.

8.3 You may collect only the personal data needed for your job duties. Do not collect more than is necessary, and make sure any personal data collected is adequate and relevant for the intended purpose.

8.4 When personal data is no longer needed for the specified purpose, you must delete or anonymise it in line with the company's data retention guidelines.

9. ACCURACY

9.1 Personal data must be accurate and, where necessary, kept up to date. It must be corrected or deleted without delay when inaccurate.

9.2 You must ensure that the personal data we use and hold is accurate, complete, kept up to date and relevant to the purpose for which we collected it. You must check the accuracy of any personal data at the point of collection and at regular intervals afterwards. You must take all reasonable steps to destroy or amend inaccurate or out-of-date personal data.

9.3 The "**right to rectification**" gives individuals the right to have inaccurate personal data corrected. If an individual challenges the accuracy of their personal data, you should consider whether the personal data is accurate and, if it is not, you should delete or correct it.

9.4 Individuals don't have the right to erasure just because their personal data is inaccurate. However the accuracy principle requires you to take all reasonable steps to erase or rectify inaccurate personal data without delay, and it may be reasonable to erase the personal data in some cases. If an individual asks you to delete inaccurate personal data, it is good practice to consider this request.

10. STORAGE LIMITATION

10.1 Personal data must not be kept in an identifiable form for longer than necessary for the purposes for which it is processed.

10.2 All employees must comply with the Data Retention and Deletion Policy and the Record Retention Schedule, however there are exceptions to destruction schedules. If you believe, or the DPO tells you, that records may be relevant to current or anticipated litigation, a government investigation, an audit, a subject access request or another similar matter, you must preserve them and must not delete, dispose of, destroy or alter them, including emails and other electronic documents, until the DPO confirms they are no longer required. Preserving records includes suspending any relevant retention schedule requirements and maintaining the integrity of the records in whatever format they are held. If you think this exception may apply, or are unsure, contact the DPO. You may also be asked to suspend routine disposal procedures for other reasons, such as an organisational restructure or the replacement of IT systems.

10.3 The Data Retention and Deletion Policy ensures personal data is deleted at the appropriate time, unless the law requires it to be kept for a minimum period. All employees must follow this policy to avoid keeping personal data longer than necessary. Failure to comply may expose STDC to fines, reputational damage, and difficulties in obtaining evidence or operating effectively.

10.4 You must ensure data subjects are told, in any relevant privacy notice, how long their data will be kept or how that period will be decided.

10.5 You must not keep personal data in an identifiable form for longer than necessary for the legitimate business purposes for which it was collected, including legal, accounting and reporting requirements.

10.6 If personal data is not listed in the Record Retention Schedule, it will usually be treated as disposable information. If you think the schedule is missing something, or you are unsure, contact the DPO. You must take all reasonable steps to destroy or erase personal data from our systems when it is no longer required, in line with the Data Retention and Deletion Policy and the Record Retention Schedule. This includes requiring relevant third parties to delete the data where appropriate.

10.7 If you believe you or someone else may have breached the Data Retention and Deletion Policy, report it immediately to your line manager. If you are not comfortable doing so, or do not believe it has been dealt with properly, raise it with the DPO or use the whistleblowing procedure. Prompt reporting helps STDC identify possible breaches and take appropriate corrective action.

10.8 Under Article 17 of the UK GDPR individuals have the right to have personal data erased. This is also known as the ‘right to be forgotten’. The right only applies to data held at the time the request is received. It does not apply to data that may be created in the future. The right is not absolute and only applies in certain circumstances.

10.9 Individuals have the right to have their personal data erased if:

- the personal data is no longer necessary for the purpose which you originally collected or processed it for;
- you are relying on consent as your lawful basis for holding the data, and the individual withdraws their consent;
- you are relying on legitimate interests as your basis for processing, the individual objects to the processing of their data, and there is no overriding legitimate interest to continue this processing;
- you are processing the personal data for direct marketing purposes and the individual objects to that processing;
- you have processed the personal data unlawfully (i.e. in breach of the lawfulness requirement of the 1st principle);
- you have to do it to comply with a legal obligation; or
- you have processed the personal data to offer information society services to a child.

11. SECURITY, INTEGRITY AND CONFIDENTIALITY

11.1 Personal data must be secured by appropriate technical and organisational measures against unauthorised or unlawful processing, and against accidental loss, destruction or damage.

11.2 We will develop, implement and maintain safeguards that are appropriate to our size, operations, available resources, the volume of personal data we hold or process for others, and the risks involved. These safeguards may include encryption and pseudonymisation where appropriate. We will regularly review and test them to ensure our personal data processing remains secure. You are responsible for protecting the personal data we hold and must apply reasonable and appropriate measures to prevent unauthorised or unlawful processing, and accidental loss, damage or destruction. You must take particular care to protect special category data and criminal offence data from loss and from unauthorised access, use or disclosure.

11.3 You must follow all procedures and technologies we put in place to maintain the security of all personal data from the point of collection to the point of destruction. You may only transfer personal data to third-party service providers who agree to comply with the required policies and procedures and who agree to put adequate measures in place, as requested. Contracts with third-party service providers must include relevant data protection and data security clauses.

11.4 You must maintain data security by protecting the confidentiality, integrity and availability of the personal data, defined as follows:

- confidentiality: only people who have a need to know and are authorised to use the personal data can access it;
- integrity: personal data is accurate and suitable for the purpose for which it is processed; and
- availability: authorised users are able to access the personal data when they need it for authorised purposes.

11.5 You must comply with and not attempt to circumvent the administrative, physical and technical safeguards we implement and maintain in accordance with the UK data protection legislation and relevant standards to protect personal data.

12. TRANSFER LIMITATION

12.1 The UK data protection legislation restricts data transfers to countries outside the UK to ensure that the level of data protection afforded to individuals by the UK data protection legislation is not undermined. A transfer of personal data occurs when data originating in one country is transmitted, sent, viewed or accessed from another country.

12.2 You may only transfer personal data outside the UK if one of the following conditions applies:

- the UK has issued regulations confirming that the country to which we transfer the personal data ensures an adequate level of protection for the data subject's rights and freedoms;
- appropriate safeguards are in place;
- the data subject has provided explicit consent to the proposed transfer after being informed of any potential risks; or
- the transfer is necessary for one of the other reasons set out in the UK data protection legislation including;
    - the performance of a contract between us and the data subject;
    - reasons of public interest;
    - to establish, exercise or defend legal claims; and
    - to protect the vital interests of the data subject where the data subject is physically or legally incapable of giving consent.

12.3 You must have completed a risk assessment and have the express consent of the DPO before transferring personal data outside of the UK.

13. ACCOUNTABILITY

13.1 The data controller must implement appropriate technical and organisational measures in an effective manner to ensure compliance with the data protection principles. The controller is responsible for, and must be able to demonstrate, compliance with the data protection principles.

13.2 STDC must have adequate resources and controls in place to ensure and to document data protection compliance including:

- appointing a suitably qualified DPO (where necessary) and an executive accountable for data protection;
- implementing privacy by design when processing personal data and completing data protection impact assessments ("**DPIAs**") where processing presents a high risk to rights and freedoms of data subjects;
- integrating data protection into internal documents including this Policy, related policies or privacy notices;
- regularly training STDC employees on the UK data protection legislation, this Policy, related policies and privacy notices, and data protection matters including, for example, a data subject's rights, consent, lawful basis, DPIA and personal data breaches. STDC must maintain a record of training attendance by STDC personnel; and
- regularly testing the privacy measures implemented and conducting periodic reviews and audits to assess compliance, including using results of testing to demonstrate compliance improvement effort.

13.3 To help us meet our accountability obligation, you should remember to:

- document your decision that the processing is necessary for you to perform a task in the public interest or exercise your official authority;
- identify the relevant task or authority and its basis in common law or statute; and
- include basic information about your purposes and lawful basis in your privacy notice.

14. SPECIAL CATEGORY DATA

14.1 Special category data is personal data that needs more protection because it is sensitive.

14.2 The UK GDPR defines special category data as:

- personal data revealing racial or ethnic origin;
- personal data revealing political opinions;
- personal data revealing religious or philosophical beliefs;
- personal data revealing trade union membership;
- genetic data;
- biometric data (where used for identification purposes);
- data concerning health;
- data concerning a person's sex life; and
- data concerning a person's sexual orientation.

14.3 This does not include personal data about criminal allegations, proceedings or convictions, as separate rules apply.

14.4 When we process special category data, it is also necessary to identify a Schedule 1 Data Protection Act 2018 condition for the processing. In many cases you also need an appropriate policy document to meet a UK Schedule 1 condition for processing. Please see further information on the ICO website here and speak to the DPO.

14.5 If we process using the vital interest lawful basis (i.e. processing is necessary to protect the vital interests of the data subject (such as to maintain the health and safety of employees)), we do not need to meet the additional condition set out by UK data protection legislation or an appropriate policy document.

15. CRIMINAL OFFENCE DATA

15.1 Criminal offence data is personal data that needs more protection because it is sensitive.

15.2 The UK GDPR defines criminal offence data as:

- Criminal convictions; and
- Criminal offences.

15.3 When we process criminal offence data, as a public organization we do not need to identify a Schedule 1 Data Protection Act 2018 condition for the processing.

16. ROLES AND RESPONSIBILITIES

16.1 The table below summarizes the roles and responsibilities in relation to the Policy. It is important to note that the role of the DPO (service provided via TVCA) is to provide advice to the organization and to encourage effective processes.

Roles	Responsibility
Senior Leadership Team	Accountable for ensuring: • adequate resource is available in the organisation to deal with the requirements of data protection and its procedures; • this Policy is implemented effectively and adhered to; and • all staff are appropriately trained.
Data Protection Officer	Responsible for: • providing advice to the organisation; • encouraging effective implementation of the policy and its procedures; and • ensuring the processes are updated in accordance with UK data protection legislation.
All staff	Must have an awareness of this Policy and act in accordance with the procedures.

17. RECORDS

17.1 The UK data protection legislation requires us to keep full and accurate records of all our data processing activities.

17.2 **Record of processing activities and privacy notices**
In line with the UK data protection legislation, STDC has produced an internal record of processing activities and has used the information to produce and publish privacy notices, as appropriate and where the action does not fall within the published TVCA privacy notice. STDC must keep and maintain accurate records reflecting our processing including records of data subject's consents and procedures for obtaining consents.

17.3 These records should include, as a minimum:

- the name and contact details of STDC and the DPO; and
- clear descriptions of:
- the personal data types;
- the data subject types;
- the processing activities;
- the processing purposes;
- the third-party recipients of the personal data;
- the personal data storage locations;
- the personal data transfers;
- the personal data's retention period; and
- the security measures in place.

17.4 If personal data is stored outside the UK, the location must be checked against countries recognised as providing adequate protection under UK data protection law. If it is not, the matter must be referred to the DPO, who will consider what data is involved, how sensitive it is, and the associated risks.

17.5 The record of processing activities informs the risk register for STDC and is reviewed regularly. If any of your processing activities changes, you must inform the DPO who will update the record of processing activities accordingly.

17.6 **Data protection impact assessments (DPIAs**)
Organisations are required to implement privacy by design measures when processing personal data by implementing appropriate technical and organisational measures (like pseudonymisation) in an effective manner, to ensure compliance with the UK data protection principles. STDC must undertake DPIAs when undertaking any significant changes to the way it processes personal data or when it may be about to take on a new set of personal data. This ensures that it upholds the principles of 'privacy by design' and any new project considers and implements the principles of UK data protection legislation from the beginning. The approach should be proportionate and therefore the STDC will carry out DPIAs as and when required.

17.7 Note that in some circumstances the change may be assessed as so significant that it requires the approval of the ICO. The DPO will co-ordinate such discussions. You need to complete a data protection impact assessment (DPIA) for any type of processing which is likely to be high risk. You must therefore be aware of the risks of processing the special category data. Your DPIA must:

- describe the nature, scope, context and purposes of the processing;
- assess necessity, proportionality and compliance measures;
- identify and assess risks to individuals; and
- identify any additional measures to mitigate those risks.

17.8 To assess the level of risk, you must consider both the likelihood and the severity of any impact on individuals. High risk could result from either a high probability of some harm, or a lower possibility of serious harm.

17.9 The ICO requires you to complete a DPIA if you plan to:

- use innovative technology;
- use profiling or special category data to decide on access to services;
- profile individuals on a large scale;
- process biometric and/or genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with our privacy notice;
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach.

17.10 You should also think carefully about doing a DPIA for any other processing that is large scale, involves profiling or monitoring, decides on access to services or opportunities, or involves sensitive data or vulnerable individuals.

17.11 If you're conducting high risk processing, you must contact Senior Leadership Team and the DPO and inform them of this high risk processing to ensure all relevant parties understand what high risk processing the STDC are undertaking and to compile a fully complete DPIA fit for purpose in the event the ICO requests a copy as part of an investigation.

18. TRAINING

18.1 We are required to ensure all STDC employees have undergone adequate training to enable them to comply with UK data protection legislation. We must also regularly test our systems and processes to assess compliance.

18.2 You must complete all mandatory data privacy-related training, including periodic refresher training.

19. AUTOMATED PROCESSING (INCLUDING PROFILING) AND AUTOMATED DECISION-MAKING

19.1 Generally, automated decision-making ("**ADM**") is prohibited when a decision has a legal or similar significant effect on an individual unless:

a) a data subject has explicitly consented;
b) the processing is authorised by law; or
c) the processing is necessary for the performance of or entering into a contract.

19.2 If certain types of special categories of personal data or criminal convictions data are being processed, then grounds b) and c) will not be allowed. However, the special categories of personal data and criminal convictions data can be processed where it is necessary (unless less intrusive means can be used) for substantial public interest like fraud prevention.

19.3 If a decision is to be based solely on automated processing (including profiling), then the data subject must be informed when you first communicate with them of their right to object. This right must be explicitly brought to their attention and presented clearly and separately from other information. Further, suitable measures must be put in place to safeguard the data subject's rights and freedoms and legitimate interests.

19.4 We must also inform the data subject of the logic involved in the decision making or profiling, the significance and the envisaged consequences, and give the data subject the right to request human intervention, express their point of view or challenge the decision.

19.5 A DPIA must be carried out before any automated processing (including profiling) or ADM activities are undertaken.

20. PROMOTING OUR WORK AND SERVICES

20.1 We must be able to demonstrate that sending promotional messages to individuals is necessary for our task or function and proportionate to our aims. This doesn't mean that the processing must be absolutely essential but it must be more than just useful. It must be a proportionate way of achieving our task or function. We should consider whether we can reasonably achieve the same objective through means other than sending such communications directly to individuals. If the promotional message is necessary for your relevant function or task then it is not direct marketing.

20.2 Examples of messages which are promotional but may be necessary for delivering your tasks and functions could include those that promote:

- new public services;
- online portals;
- helplines; and
- guidance resources.

20.3 As long as these messages are necessary to perform underlying functions they will not be considered direct marketing.

20.4 It is likely that a promotional message will constitute direct marketing if we are unable to:

- identify a relevant task or function underlying the communication we want to send;
- demonstrate that sending promotional messages is necessary for your identified task of function.

20.5 Promotional messages likely to constitute direct marketing could include:

- fundraising; or
- advertising services offered on a quasi-commercial basis or for which there is a charge.

21. DIRECT MARKETING

21.1 As in other sectors, our marketing to individuals is subject to UK data protection legislation. However, most of the communications we send are unlikely to be direct marketing and therefore will not need to meet the specific marketing rules, because they are necessary to carry out our functions as an organisation.

21.2 Individuals have the right to object to direct marketing where we rely on the public task lawful basis, unless we can show compelling legitimate grounds for continuing to send those messages.

21.3 Further guidance on direct marketing in the public sector is available on the ICO website here.

22. SHARING PERSONAL DATA

22.1 Generally, we are not allowed to share personal data with third parties unless certain safeguards and contractual arrangements have been put in place.

22.2 You may only share the personal data we hold with another employee, agent or representative of our group (which includes our entities) if the recipient has a job-related need to know the information and the transfer complies with any applicable cross-border transfer restrictions.

22.3 You may only share the personal data we hold with third parties, such as our service providers, if:

- they have a need to know the information for the purposes of providing the contracted services;
- sharing the personal data complies with the privacy notice provided to the data subject and, if required, the data subject's consent has been obtained;
- the third party has agreed to comply with the required data security standards, policies and procedures, and put adequate security measures in place;
- the transfer complies with any applicable cross-border transfer restrictions; and

- a fully executed written contract that contains UK data protection legislation-approved third party clauses has been obtained.

22.4 Depending on the circumstances for data sharing, you may be required to complete a data sharing agreement with the third party.

23. DATA SUBJECT RIGHTS

23.1 Individuals have a number of rights under UK data protection legislation. The rights available in a particular case may depend on the lawful basis for the processing, the purpose for which the data is used, and any applicable exemptions. STDC will explain the rights that apply to each processing activity in the relevant privacy notice and will handle rights requests in accordance with the law and our internal procedures.

- the right to be informed about how their personal data is collected and used;
- the right of access to their personal data;
- the right to rectification of inaccurate or incomplete personal data;
- the right to erasure, where the legal conditions are met;
- the right to restrict processing in certain circumstances;
- the right to data portability in certain circumstances;
- the right to object to processing in certain circumstances, including some uses based on public task or legitimate interests;
- rights in relation to automated decision-making, including profiling, where those provisions apply; and
- where processing is based on consent, the right to withdraw consent at any time.

23.2 STDC will deal with data subject rights requests without undue delay and, where required by law, within one calendar month of receipt. That period may be extended where permitted by law, for example where a request is complex. Where we reasonably require proof of identity or clarification of the scope of a request in order to respond effectively, we may ask for that information and apply the relevant statutory time rules from the point the necessary information is received.

23.3 **Subject access requests and other rights requests**
Individuals may submit a subject access request or exercise any other data subject right by contacting the Data Protection Officer using the details below. When responding to a subject access request, STDC will make reasonable and proportionate searches for the personal data and other information that must be provided under the law.

Data Protection Officer
Teesside Airport Business Suite
Teesside International Airport
Darlington
DL2 1NJ

Or

DPO@teesvalley-ca.gov.uk

23.4 **Data protection complaints**
Individuals may make a complaint to STDC if they are concerned about how their personal data has been collected, used, shared, retained, secured or otherwise handled, or about how STDC has dealt with a data subject rights request. Complaints may be made using the contact details above or through any other route made available by STDC. STDC will acknowledge receipt of a data protection complaint within 30 days of receiving it and, without undue delay, take appropriate steps to investigate and respond, including making appropriate enquiries, keeping the complainant informed as necessary, and communicating the outcome. Data protection complaints will be managed in accordance with STDC's complaints process and any related internal procedures.

24. BREACH MANAGEMENT

24.1 UK data protection legislation requires us to have a documented process for managing personal data breaches. All breaches must be logged and, in some cases, reported to the ICO within 72 hours of STDC becoming aware of them. Having this process in place helps us understand the breach, limit any harm, gather evidence, resolve the issue and communicate appropriately.

24.2 Employees should notify the DPO immediately if a personal data breach has taken place.

25. MONITORING AND REVIEW

25.1 This Policy will be reviewed annually and updated as needed to reflect changes in UK data protection legislation.

25.2 The legal team is accountable for this Policy, and the DPO is responsible for providing advice on it and keeping it up to date.

25.3 This Policy may be audited in line with the internal audit plan. Data protection activities across STDC may also be reviewed or audited at any time to check compliance with this Policy.

25.4 STDC must regularly review the systems and processes it controls to ensure compliance with this Policy and confirm that appropriate governance controls and resources are in place for the proper use and protection of personal data.

SOUTH TEES DEVELOPMENT CORPORATION

DATA RETENTION AND DELETION POLICY

Version 0.1

Contents

Version Control

Version	**Summary of Changes**	**Date**	**In Effect From**
0.1		August 2026	September 2026

Date of next Review	September 2027

1. INTRODUCTION

1.1 South Tees Development Corporation (**STDC**) must retain certain information for set periods to meet legal and financial requirements. We also keep data that is needed to operate effectively and to ensure information is available when required. However, data should not be kept indefinitely, as unnecessary retention increases risk and cost.

1.2 This Data Retention and Deletion Policy (the **Policy**) explains STDC's requirements for retaining and disposing of data.

2. SCOPE OF POLICY

2.1 This Policy applies to all personal data that STDC holds or controls, including special category data. It covers physical records, such as paper documents, contracts, notebooks, letters and invoices, as well as electronic records, including emails, digital documents, audio and video recordings, and CCTV footage.

2.2 It also applies to personal data processed by third parties on behalf of STDC, such as cloud or off-site storage providers, and to STDC data held by employees on personal devices. The Policy sets retention periods, review timescales, disposal requirements, and arrangements for identifying data that may need to be kept permanently.

2.3 The retention and disposal arrangements for non-personal data are captured in the Information Asset Register.

3. POLICY STATEMENT

3.1 Through this Policy and its data retention practices, STDC aims to:

- comply with legal and regulatory requirements for retaining personal data;
- meet data protection obligations, including keeping personal data only for as long as necessary for the purpose for which it is processed (the storage limitation principle);
- handle, store and dispose of personal data responsibly and securely;
- create and retain personal data where needed to operate STDC effectively, but not without a valid business reason;
- assign appropriate resources, roles and responsibilities for data retention;
- regularly remind employees of their responsibilities under this Policy; and
- monitor and audit compliance with this Policy and update it when required.

4. ROLES AND RESPONSIBILITIES

4.1 **Responsibility of all employees**. STDC aims to comply with the laws, rules and regulations that apply to the organisation and with recognised good compliance practice.

4.2 **Data Protection Officer**. The Data Protection Officer (**DPO**) advises on and monitors compliance with UK data protection legislation. The DPO is also responsible for maintaining and monitoring retention requirements for personal data and for ensuring compliance with this Policy in relation to personal data.

4.3 The DPO and the **Senior Leadership Team** will also ensure:

- a systematic and planned approach to records management from creation to disposal;
- compliance with statutory requirements, supported by guidance, training, monitoring and policy updates;
- awareness of the importance of records management and the need for responsibility and accountability at all levels;
- appropriate archiving of important records; and
- improved coordination of record storage and retrieval systems.

5. TYPES OF DATA AND DATA CLASSIFICATIONS

5.1 **Disposable information**. Disposable information is data that may be deleted at the user's discretion once it has served a temporary purpose, and personal data that may be safely destroyed because it is not a formal or official record under this Policy and the Record Retention Schedule. Examples include:

- unannotated duplicates of original documents;
- draft letters, memoranda, reports, worksheets and informal notes that do not record significant steps or decisions in preparing an official record;
- books, periodicals, manuals, training binders and other printed materials obtained from outside STDC and kept mainly for reference;
- emails that are not formal or official records of matters listed in the Record Retention Schedule, which should be deleted as soon as practicable and no later than six months;
- duplicate emails, for example where only the final email in a chain needs to be kept because it contains the earlier responses, in line with the timescales above; and
- spam and junk mail, which should be deleted immediately.

5.2 **Personal data**. Personal data is information that identifies a living individual. UK data protection legislation requires STDC to keep personal data only for as long as necessary for the purpose for which it is processed (the storage limitation principle).

6. RETENTION PERIODS

6.1 **Formal or official records**. Data that falls within a category in the Record Retention Schedule must be kept for the period stated in that Schedule. Records must not be kept beyond that period unless there is a valid reason, such as a requirement to preserve documents for contemplated litigation or another special circumstance. If you are unsure whether a record should be retained, contact the DPO.

6.2 **Disposable information**. The Record Retention Schedule does not set retention periods for disposable information. This type of personal data should be kept only for as long as it is needed for organisational purposes and then securely disposed of when it is no longer required.

6.3 **Personal data**. As noted above, UK data protection legislation requires personal data to be kept no longer than necessary for the purpose for which it is processed. Where personal data is included in the Record Retention Schedule, STDC has considered the storage limitation principle alongside its need to retain that data.

7. STORAGE, BACK UP AND DISPOSAL OF PERSONAL DATA

7.1 **Storage**. Personal data must be stored safely, securely and in a way that allows appropriate access.

7.2 **Destruction**. STDC's DPO is responsible for identifying personal data that has reached the end of its retention period and for overseeing its destruction. Hard copy personal data should be shredded where possible. Destruction of electronic personal data must be coordinated with Xentrall.

7.3 Destruction of personal data must stop immediately if the DPO notifies staff that documents must be preserved for contemplated litigation (sometimes called a litigation hold). This may be required where STDC is involved in a legal claim or official investigation. Destruction may resume only when the DPO lifts that requirement.

8. WHERE TO GO FOR ADVICE AND QUESTIONS

8.1 Questions about the Policy. Any questions about this policy or the retention periods that apply to you should be raised with the DPO.

9. AUDIT AND REVIEW

9.1 **Audits**. STDC's DPO will periodically review this Policy and its procedures and may take external legal or audit advice where appropriate, to ensure compliance with relevant new or amended laws, regulations and guidance. STDC will also monitor compliance with this Policy through regular audits.

9.2 **Review**. The DPO will review this Policy and its implementation at least annually or sooner if significant changes occur.

10. RECORD RETENTION SCHEDULE

10.1 STDC sets retention and destruction schedules or procedures for specific categories of personal data as set out in the table below. This helps to ensure legal compliance, including with data protection obligations, and supports other aims such as protecting intellectual property and controlling costs. Where services are provided by Tees Valley Combined Authority, the data is controlled, stored and deleted by Tees Valley Combined Authority and therefore, where applicable, retention and deletion periods are in line with Tees Valley Combined Authority's Data Retention and Deletion Policy.

10.2

Type of Data	Retention Period	Reason/Comments
Employee personal data		
Recruitment records including the following personal data: • first name; • surname; • date of birth; • gender; • email address; • home address; • telephone number(s); • bank account; • job title; • special category data; • criminal offence data; and • electronic files, candidate assessment forms.	6 months	Recruitment.
Employee payslips including the following personal data: • first name; • surname; • bank account; • NI number; and • Payroll number.	7 years.	Taxation and payroll.
Emergency contact details including the following personal data: • first name; • surname; • email address; and • telephone number(s).	7 years.	Staff administration.
Employee and contractor records including the following personal data: • first name; • surname; • title;	7 years.	Staff administration.

Type of Data	Retention Period	Reason/Comments
• date of birth; • gender; • email address; • home address; • telephone number(s); • bank account; • job title; • NI number; • special category data; and • criminal offence data.		
Managing internal claims and litigation matters including the following personal data: • first name; • surname; • email address; • phone number; and • trade union membership.	7 years.	To comply with STDC's legal obligations.
Employee and contractor internal training including the following personal data: • first name; • surname; • email address; • job title; and • training profile.	7 years.	Staff administration.
Adult education records including the following personal data: • first name; • surname; • home address; and • ID number.	7 years.	To provide adult education through government run initiatives.
CCTV recordings capturing images of employees.	28 days.	To maintain the security of the South Tees Development Corporation area (Teesworks site) and premises.
Customer/individual personal data		

Type of Data	Retention Period	Reason/Comments
To manage litigation matters relating to individuals outside STDC collecting: • first name; • surname; • email address; and • phone number.	7 years.	Necessary to comply with a legal obligation.
To invite businesses to provide us with their services (Invitation to Treat), offering tenders to successful applicants collecting and continue our relationship with the successful applicant collecting a business' direct contact: • first name; • surname; • work email address; • work phone number; • job title; and • employment CV.	For unsuccessful applicants: 3 months. Successful applicants and contract decisions: 7 to 10 years after the termination of the tender.	This may include, but is not limited to, arrangements we have in place with the following parties for the performance of a public task: • Department of Education; • Department of Transport; • Department for Levelling Up, Housing and Communities; • other Government departments; and • other Local Authorities.
To carry out the general administration of STDC collecting: • first name; • surname; • email address; • postal address; and phone number.	A minimum of 6 months but may extend to a year if required.	This includes, but is not limited to: • responding to enquiries; and • forwarding matters onto the relevant STDC department.
To provide educational support to adults collecting; • first name; • surname; • date of birth; • postcode; • ID number; and • DBS documentation (if applicable).	7 years after the termination of the relevant agreement. DBS checks will be retained for 2 weeks.	This includes providing adult education through Government initiatives.
To contact businesses using direct contact details	The duration of the relevant agreement 7 years after the	To provide support to local businesses including but

Type of Data	Retention Period	Reason/Comments
of staff members of those businesses collecting: • first name; • surname; • work email address; • bank details; • job title; and • employee number.	Government initiative has ended (if applicable) or 8-10 years, or a period assigned to STDC, after the allocation of a funding agreement.	not limited to: • allocating funding in support of Government run initiatives; • providing consultancy and legal tenders; • providing business investment; • providing performance management for projects and programmes; • providing insurance and internal audits; and • general business support.
To run in-person events collecting: • first name; • surname; • email address; and • access requirements.	1 year.	To confirm how many individuals attend the events as well as ensuring the event caters for all access requirements.
To send out communications collecting: • first name; • surname; • email address; • phone number; and • job title.	Until the customer/individual unsubscribes or makes a request to stop receiving the communications.	The STDC sends out a communication every 2 years to update preferences. The communications include, but is not limited to, the following: • to promote STDC's work and services; • to promote free events in the local area run but third party organisers; and • to send out surveys as part of a Government initiative.
To collect personal data through recruitment portals accessed by schools, colleges and businesses collecting contact details from these organisations:	7 years after the termination of the relevant agreement.	STDC circulates recruitment opportunities between local businesses, schools and colleges.

Type of Data	Retention Period	Reason/Comments
• first name; • surname; and • work email address.		
CCTV recordings capturing images of customers and individuals.	30 days.	To maintain the security of Teesworks premises.
Collecting personal data through the use of cookies on our websites.	Please refer to the relevant cookie policy for these details.	

SOUTH TEES DEVELOPMENT CORPORATION

ACCESS TO INFORMATION POLICY

Freedom of Information Act 2000 & Environmental Information Regulations 2004

Version 0.1

Contents

Version Control

Version	**Summary of Changes**	**Date**	**In Effect From**
V0.1		August 2026	September 2026

Date of next Review	September 2027

1. Overview

1.1 This policy explains how South Tees Development Corporation (STDC) manages requests for recorded information under the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR). It sets out our approach to openness, proactive publication, request handling, internal review and continuous improvement.

1.2 We are committed to transparency and to making information available unless there is a lawful reason to withhold it. We will respond to requests promptly, provide reasonable advice and assistance, and apply exemptions and exceptions carefully and consistently.

1.3 We will:

- make information available proactively through our publication scheme, website and disclosure log where appropriate.
- recognise and handle valid requests consistently across the organisation.
- issue clear responses, including reasons where information is withheld.
- keep appropriate records to support accountability and compliance.

1.4 This policy applies to all recorded information held by STDC, regardless of format, including emails, correspondence, reports, meeting papers, databases, audio or visual material, and information held on our behalf by contractors or service providers where it is held for our purposes.

1.5 Requests for environmental information are handled under the EIR. Environmental information is defined broadly in regulation 2 of the EIR and includes information about the state of the environment, emissions, land use, plans and measures affecting the environment, and related economic analyses and health impacts.

2 Roles and responsibilities

2.1 **Monitoring Officer** - will act as the ‘qualified person’ for the purposes of providing an opinion in respect of S36 of the FOIA.

2.2 **Head of Governance / Data Protection Officer** – has overall accountability for compliance with access to information legislation, supported by legal and governance colleagues.

2.3 **Information Governance Team** – manages day-to-day request handling, advice and assistance, coordination of searches, drafting responses, maintaining records, supporting reviews and monitoring performance.

2.4 **All staff** – must recognise requests for information, preserve relevant records, carry out timely and proportionate searches when asked, and escalate requests, complaints or potential disclosure issues to the information governance team without delay.

2.5 **Third parties acting on our behalf** – where contracts involve information held for our purposes, contract managers must ensure appropriate cooperation, record retention and retrieval arrangements are in place.

3 Proactive publication

PUBLICATION SCHEME

3.1 We have adopted the Information Commissioner's model publication scheme and publish information routinely through our website and other channels where appropriate. The aim is to make information easy to find and reduce the need for formal requests.

3.2 Information published routinely may include organisational information, governance documents, decision-making information, policies, performance information, procurement and contract information, financial information, and registers or disclosures required by law or good practice.

3.3 Information that isn’t routinely published may be requested under the FOIA or EIR.

DISCLOSURE LOG

3.4 We will publish responses to requests for information in a disclosure log on our website, where it is lawful and appropriate. Personal data, commercially sensitive information and other information that should not be disclosed will be removed before publication.

3.5 Before making a request, applicants should check our website, publication scheme and disclosure log in case the information is already available.

3.6 Where a previous response answers a request, we may direct the applicant to that published information within the disclosure log.

4 Making and handling requests

4.1 Requests for information can arrive by email, letter, online form, social media or other written channels. A request does not have to mention FOIA or EIR to be treated as one.

4.2 A valid FOIA request must be in writing, include the applicant’s real name, provide an address for correspondence, and describe the information requested. Requests for environmental information under the EIR may be made verbally or in writing, although written requests are preferable for clarity and record-keeping.

Requests may be sent to:

Teesside Airport Business Suite,
Teesside International Airport
Darlington
DL2 1NJ

Email: STDCfoi@teesvalley-ca.gov.uk

4.3 The Information Governance Team will undertake an initial assessment of the request and determine whether it should be dealt with under the FOIA or EIR. The team will also identify queries that are not formal information requests and refer them to the relevant service area for a routine response.

4.4 The requester will be sent an acknowledgement email confirming that their request has been received and that we are dealing with it under the FOIA or EIR.

4.5 We will confirm whether we hold the requested information and, where required, provide copies of that information as soon as possible and usually within 20 working days of the request being received. Under the EIR, the response time may be extended to up to 40 working days where the request is complex and voluminous; if so, we will notify the applicant within the initial 20 working day period.

4.6 If a request is unclear or too broad, we will offer reasonable advice and assistance to help the applicant refine it. Where clarification is needed to identify the information requested or if a fee is applicable, we will pause the 20-working day period until the clarification is provided or the fee is paid.

4.7 We may need to consult internal teams, partner organisations or third parties before responding, particularly where disclosure may affect their interests. Consultation will not be used to delay responses unnecessarily.

4.8 If for some unforeseen circumstances we are unable to provide a response within 20 working days, we will contact the requester explaining the delay and providing a revised response deadline.

5 Refusing or withholding information

5.1 STDC is committed to openness and transparency and will disclose information unless a relevant FOIA exemption or EIR exception applies, or the information is not held. Where information is withheld in full or in part, we will confirm whether we hold information relevant to the request unless the law allows us not to do so.

5.2 If we withhold the information, we will provide a written refusal notice confirming the legal basis for refusing to provide the information and explaining why the exemption or exception applies, including the public interest considerations where relevant.

5.3 Some FOIA exemptions and most EIR exceptions require a public interest test. Under FOIA, we may need additional time to consider the balance of the public interest and will notify the applicant where this applies. There is no time extension for considering the public interest in respect of EIR requests.

5.4 If we intend to withhold information under Section 36 of the FOIA, we must obtain the opinion of the ‘qualified person’ confirming that the exemption applies. For the purpose of this policy the qualified person is the Monitoring Officer.

6 Cost, burden and unreasonable requests

FOIA COST LIMIT

6.1 Under FOIA, we may refuse a request if the cost of compliance would exceed the appropriate limit. For this organisation, the current limit is £450, calculated in accordance with the Freedom of Information (Appropriate Limit and Fees) Regulations 2004 .

6.2 Where possible, we will help applicants narrow or refine requests so that information can be provided within the cost limit.

EIR MANIFESTLY UNREASONABLE REQUESTS

6.3 Under the EIR, there is no fixed cost limit. However, a request may be refused if it is manifestly unreasonable, including because it would impose a disproportionate burden on the Development Corporation. We will apply this exception restrictively and with the presumption in favour of disclosure in mind.

6.4 Before refusing a request on cost or burden grounds, we will consider whether advice and assistance could help the applicant obtain the information in a more focused way.

VEXATIOUS AND REPEATED REQUESTS

6.5 Under FOIA, we may refuse vexatious requests and repeated requests where the statutory test is met. Under the EIR, the equivalent concept is usually addressed through the manifestly unreasonable exception.

6.6 Any decision to refuse a request on this basis will be evidence-based, proportionate and recorded appropriately.

6.7 We will not respond to requests that are designed to target, intimidate or harass any individual member or officer of STDC.

7 Fees and format of disclosure

7.1 Information published through our publication scheme will usually be free of charge unless a fee is stated. For individual requests, we may charge permitted fees or disbursements, for example for printing, photocopying or postage, and under the EIR where charges are lawful and reasonable.

7.2 Where a fee or charge is payable, we will explain the basis for it and provide details of how to make the payment.

7.3 We will provide digital information in a commonly used electronic format. If an applicant requests information in an alternative or specific format, we will take reasonable steps to provide the information in the requested format where the law requires or where it is practicable to do so. However, we cannot commit to reformatting or converting large amounts of information.

7.4 Digital information will normally be sent by email to the requester, or by secure digital transfer if the file is very large. We will not send information via social media channels.

7.5 Hard copy information may be posted to the requester or collected in person.

7.6 In some cases, it may not be possible to provide the applicant with a copy of the information, but we may be able to provide them with the facilities to inspect or view the requested information. We will contact the applicant to explain the options available to them.

8 Internal review and complaints

8.1 If an applicant is dissatisfied with how a request has been handled, they may ask for an internal review. Requests for internal review should be made promptly and ideally within 40 working days of the response.

8.2 Requests for internal review should be sent to the Information Governance Team at the postal or email address above, clearly marked as a request for internal review. We will ensure that internal reviews are completed by someone who was not involved in the original decision, and will usually reply within 20 working days, or within 40 working days in exceptional circumstances.

8.3 If the applicant remains dissatisfied after the internal review, they may complain to the Information Commissioner's Office.

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
SK9 5AF

Telephone: 0303 123 1113

Website: ico.org.uk

Appendix 1: FOIA exemptions

The exemptions below are included as a practical summary only. Requests must always be assessed against the legislation and current ICO guidance.

Common FOIA exemptions relevant to this Development Corporation include:

Section 21 – information reasonably accessible by other means.
Section 22 – information intended for future publication.
Section 36 – prejudice to the effective conduct of public affairs.
Section 38 – health and safety.
Section 39 – environmental information (handled under the EIR).
Section 40 – personal information.
Section 41 – information provided in confidence.
Section 42 – legal professional privilege.
Section 43 – commercial interests.
Section 44 – prohibitions on disclosure.

Appendix 2: EIR exceptions

The exceptions below are included as a practical summary only. Requests must always be assessed against the legislation and current ICO guidance.

Most EIR exceptions are subject to the public interest test and the presumption in favour of disclosure.

The most relevant EIR exceptions to this Development Corporation are:

Regulation 12(4)(a) – information not held.
Regulation 12(4)(b) – manifestly unreasonable requests.
Regulation 12(4)(d) – unfinished documents or incomplete data.
Regulation 12(4)(e) – internal communications.
Regulation 12(5)(a) to (g) – adverse effect exceptions, including international relations, justice, intellectual property, confidentiality of proceedings, commercial confidentiality, interests of the information provider, and protection of the environment.
Regulation 13 – personal data.

SOUTH TEES
DEVELOPMENT
CORPORATION

SUBJECT ACCESS REQUEST POLICY

Version 0.1

Contents

<u>Version Control</u>

Version	Summary of Changes	Date	In Effect From
0.1		August 2026	September 2026

Date of next Review	May 2027

1. INTRODUCTION

1.1 Individuals have a statutory right of access to information that South Tees Development Corporation (STDC) holds about them, including how STDC is processing their personal data, a copy of their personal data and the supplementary information required by data protection law. This policy explains how STDC recognises, records, considers and responds to subject access requests under the UK GDPR, the Data Protection Act 2018 and the Data (Use and Access) Act 2025.

2. KEY DEFINITIONS

2.1 For the purposes of this policy, **personal data** means information relating to an identified or identifiable living individual; a **requester** is the person making the subject access request or someone authorised to act for them; a **third party** is any other individual whose information may appear in the material; and an **exemption** is a legal basis that may limit disclosure in whole or in part.

3. PURPOSE AND SCOPE

3.1 This policy applies to all subject access requests received by STDC from residents, service users, employees, workers, former employees and other individuals whose personal data STDC holds, whether the information is held electronically or in paper form. When responding to a valid request, STDC will provide the requester with a copy of their personal data and, where required, the following supplementary information:

- the purposes of the processing;
- the categories of personal data concerned;
- the recipients or categories of recipient to whom the personal data has been or will be disclosed;
- how long the personal data will be kept, or the criteria used to decide this;
- the right to request rectification or erasure, to restrict processing, and where applicable to object to processing;
- the right to complain to the Information Commissioner’s Office (ICO);
- the source of the data, where it was not obtained from the requester;
- the existence of any automated decision-making, including profiling, and meaningful information about the logic involved and the likely consequences for the individual; and
- the safeguards applied where personal data is transferred outside the UK.

4. MAKING A SUBJECT ACCESS REQUEST

How to make a request

4.1 A subject access request does not need to use specific words or a particular form. A request can be made verbally or in writing, including by email, letter, online message or social media, and it can be made to any part of STDC.

4.2 To help STDC deal with requests more efficiently, they should be directed to the Data Protection Officer at:

Teesside Airport Business Suite,
Teesside International Airport
Darlington
DL2 1NJ

4.3 STDC may ask for evidence of identity where this is reasonable and proportionate. If a third party makes a request on someone else’s behalf, STDC may ask for written authority or other evidence that the third party is entitled to act for the individual.

4.4 STDC will only ask for the minimum identification information needed to confirm the requester’s identity and protect personal data from unauthorised disclosure. Acceptable identification documents are listed at Appendix B.

4.5 Where STDC already knows the requester’s identity, it will not ask for more information than is necessary.

How STDC handles a request

4.6 The Information Governance Team will record the request, acknowledge it where appropriate, assess whether any clarification is needed, and coordinate searches across relevant service areas.

4.7 STDC will respond without undue delay and, in most cases, within one calendar month of receiving the request or, where necessary, the information needed to confirm identity.

4.8 If STDC reasonably needs more information to locate the requested data, it may ask the requester to clarify the scope of the request. The time limit may be paused until that clarification is received.

4.9 STDC may extend the time limit by up to a further two months where a request is complex or where the requester has made a number of requests. If an extension is needed, STDC will tell the requester within the original one-month period and explain why.

4.10 Staff must recognise requests made in any format, including requests received through complaints, routine correspondence, telephone calls or social media, and pass them to the Information Governance Team without delay.

4.11 Relevant service areas must carry out reasonable and proportionate searches for the requester's personal data and return the results promptly to the Information Governance Team. The Information Governance Team will provide advice and guidance on how to undertake the search where needed.

4.12 The Information Governance Team will review the information identified, consider whether any exemptions apply, redact third-party or exempt information where necessary, and prepare the response.

4.13 STDC will keep an appropriate record of the request, the searches carried out, the decision-making process and the response issued, in line with its retention arrangements.

How the response will be provided

4.14 STDC will usually provide the response electronically via email, unless the requester asks for another format or method and it is reasonable and practical for STDC to provide the information in that manner. Information will be provided securely and will not be sent through social media channels. If the requester is collecting information in person, they will need to show ID.

4.15 Responses will be concise, intelligible and accessible. Where appropriate, STDC will consider reasonable adjustments and alternative formats, such as large print, audio or braille.

5. LIMITS AND EXEMPTIONS

5.1 STDC may refuse a request in whole or in part where an exemption applies, where the request is manifestly unfounded or excessive, or where disclosure would adversely affect the rights and freedoms of others.

- Each request will be assessed on its own facts.
- STDC will apply a high threshold before relying on the "manifestly unfounded or excessive" provisions.
- Any refusal or restriction must be supported by clear reasons and evidence.

5.2 A request may be manifestly unfounded where there is clear evidence that it is not a genuine exercise of the right of access, for example where it is used primarily to harass or disrupt. A request may be excessive where it is clearly unreasonable in the particular circumstances, taking account of factors such as overlap with previous requests and whether enough time has passed for the information to have changed.

5.3 Appendix A summarises some of the exemptions that may limit the right of access. Exemptions must be considered on a case-by-case basis.

5.4 If STDC refuses a request in whole or in part, it will tell the requester:

- why the request has been refused or restricted, unless the law allows STDC not to do so;
- their right to complain to the Information Commissioner's Office; and
- their right to seek a remedy through the courts.

6. COMPLAINTS

6.1 If a requester is unhappy with how STDC has handled their subject access request, they should complain to the Data Protection Officer in writing to:

Data Protection Officer
Teesside Airport Business Suite,
Teesside International Airport
Darlington
DL2 1NJ

Email: DPO@teesvalley-ca.gov.uk

6.2 The requester should explain what they believe has gone wrong, for example if information has been withheld or the response has not been provided within the time limit. STDC will acknowledge complaints within 30 days, investigate and provide a substantive response without undue delay. We will keep the requester informed where further enquiries are needed.

6.3 If a requester remains dissatisfied with the response, they may complain to the Information Commissioner's Office.

7. TRAINING, MONITORING AND AUDIT

7.1 All STDC staff must complete data protection and information security training and understand how to recognise and escalate subject access requests. Compliance with this policy, response times, complaints themes and learning points will be monitored by the Information Governance Team and reported to the Audit and Governance Committee quarterly.

8. POLICY REVIEW

8.1 This policy will be reviewed periodically and updated to reflect changes in legislation, ICO guidance and STDC practice.

APPENDIX A: EXEMPTIONS

The Data Protection Act 2018 and the UK GDPR include a number of exemptions and restrictions that may limit the right of access in particular circumstances.

STDC will consider any exemption on a case-by-case basis, will not apply exemptions routinely, and will document the reasons for any decision to withhold or redact information.

The categories of exemption most applicable to STDC are:

- crime and taxation information, where disclosure would be likely to prejudice those purposes;
- information protected by legal professional privilege;
- information whose disclosure is restricted by another enactment or a court order;
- confidential references given by STDC or received by STDC for employment, training or similar purposes;
- personal data relating to another person, where disclosure would be unreasonable without their consent;
- management information, negotiations with the requester, regulatory, legal or safeguarding information, where the relevant legal test is met; and
- any other exemption or restriction that applies to the particular facts of the request.

APPENDIX B: IDENTITY EVIDENCE

STDC will only ask for identity evidence where this is reasonable and proportionate. Where identity is already known, or can be confirmed by other means, further documents should not be requested.

If identity evidence is needed, STDC will normally ask for enough information to confirm the requester's name, current address and, where relevant, authority to act for another person. Copies are usually sufficient.

If a request is made on behalf of another person, STDC may also ask for written authority, a power of attorney, parental responsibility evidence or other proof that the requester is entitled to act for them.

Examples of acceptable identity evidence include:

- a current passport;
- a current photocard driving licence;
- a birth or adoption certificate, where photo identification is not available;
- a recent utility bill, council tax bill, bank statement or similar document showing the current address; and
- where footage or images are requested, evidence reasonably capable of confirming the requester's appearance.

STDC may ask for one or more of these documents, depending on the circumstances and the level of assurance reasonably required.

SOUTH TEES
DEVELOPMENT
CORPORATION

STAFF PRIVACY NOTICE

Version 0.1

Contents

Version Control

Version	Summary of Changes	Date	In Effect From
0.1		August 2026	September 2026

Date of next Review	September 2027

1. WHAT IS THE PURPOSE OF THIS DOCUMENT

1.1. South Tees Development Corporation (**STDC**) is committed to protecting the privacy and security of your personal information.

1.2. This privacy notice describes how we collect and use personal information about you during and after your working relationship with us, in accordance with the UK General Data Protection Regulation (**UK GDPR**).

1.3. It applies to all staff who work at STDC regardless of their role. This notice applies to current and former employees, workers, contractors and job applicants. This notice does not form part of any contract of employment or other contract to provide services. We may update this notice at any time.

1.4. STDC is a "**data controller**". This means that we are responsible for deciding how we hold and use personal information about you. We are required under data protection legislation to notify you of the information contained in this privacy notice.

1.5. It is important that you read this notice, together with any other privacy notice we may provide on specific occasions when we are collecting or processing personal information about you, so that you are aware of how and why we are using such information.

2. DATA PROTECTION PRINCIPLES

2.1 We will comply with data protection law. This says that the personal information we hold about you must be:

- Used lawfully, fairly and in a transparent way.
- Collected only for valid purposes that we have clearly explained to you and not used in any way that is incompatible with those purposes.
- Relevant to the purposes we have told you about and limited only to those purposes.
- Accurate and kept up to date.
- Kept only as long as necessary for the purposes we have told you about.
- Kept securely.

3. THE KIND OF INFORMATION WE HOLD ABOUT YOU

3.1 Personal data, or personal information, means any information about an individual from which that person can be identified. It does not include data where the identity has been removed (anonymous data).

3.2 There are "special categories" of more sensitive personal data which require a higher level of protection (explained in more detail below).

3.3 We will collect, store, and use the following categories of personal information about you:

- personal contact details such as name, title, addresses, telephone numbers, and personal email addresses;

- date of birth and place of birth;
- gender;
- marital status and dependants;
- next of kin and emergency contact information;
- national insurance number;
- bank account details, payroll records and tax status information;
- salary, annual leave, pension and benefits information;
- start date;
- location of employment or workplace;
- copy of driving licence (if relevant to your role);
- recruitment information (including copies of right to work documentation, references and other information included in a CV or cover letter or as part of the application process);
- employment records (including job titles, work history, working hours, training records and professional memberships (if relevant to your role));
- compensation history;
- performance and appraisal information, including any accident reports;
- disciplinary and grievance information;
- CCTV footage and other information obtained through electronic means such as swipecard records. Please see our CCTV policy for further information;
- information about your use of our information and communications systems;
- photographs.

3.4 We may also collect, store and use the following "special categories" of more sensitive personal information:

- information about your race or ethnicity, religious beliefs and sexual orientation;
- trade union membership;
- information about your health, including any medical condition, health and sickness records;
- genetic information and biometric data; and
- information about criminal convictions and offences.

4. HOW IS YOUR PERSONAL INFORMATION COLLECTED?

4.1 We collect personal information about employees, workers, contactors and job applicants through the application and recruitment process, either directly from you (as a candidate) or from an employment agency or background check provider such as the Disclosure and Barring Service. We may sometimes collect additional information from third parties including former employers, LinkedIn, credit reference agencies or other background check agencies such as recruitment agents.

4.2 We will collect additional personal information in the course of job-related activities throughout the period of you working for us.

5. HOW WILL WE USE INFORMATION ABOUT YOU?

5.1 We will only use your personal information when the law allows us to. We must identify at least one lawful basis under Article 6 of the UK GDPR for each processing activity, and where we process special category data or criminal offence data we must also identify an additional condition under data protection law.

5.2 The table below explains the main ways in which we use your personal information and the lawful basis we usually rely on. More than one lawful basis may apply to the same activity depending on the circumstances.

5.3 Where special category data or criminal offence data is involved, the Article 6 lawful basis set out below applies alongside an additional condition described in sections 9 to 12 of this notice.

6. SITUATIONS IN WHICH WE WILL USE YOUR PERSONAL INFORMATION

6.1 We need the categories of information listed above for a range of employment, workforce administration and public authority purposes. The table below sets out the main processing activities and the lawful basis we usually rely on.

6.2

Purpose	**Examples of personal data used**	**Usual Article 6 lawful basis**
Recruitment and selection	Application forms, CVs, references, interview notes, right to work documents, qualifications	Contract (to take steps at your request before entering into a contract) and legal obligation where checks are required by law
Right to work, identity and employment checks	Identity documents, immigration status information, qualifications, DBS information where relevant	Legal obligation and, where relevant to our statutory functions, public task
Issuing contracts and administering the working relationship	Contact details, job title, working hours, start date, contractual terms	Contract and, where relevant to our statutory functions as a public authority, public task
Payroll, tax, pension and benefits administration	Bank details, payroll records, tax status, salary, pension and benefits information	Contract and legal obligation
Workforce management and	Employment records, organisational data, contact details, work history,	Public task and legal obligation, and contract where processing is

Purpose	Examples of personal data used	Usual Article 6 lawful basis
business administration	accounting and audit records	necessary to administer the employment relationship
Performance management, appraisals, promotion and salary review	Performance records, appraisal notes, training records, compensation history	Contract, public task and, in limited cases outside our official public tasks, legitimate interests
Training, professional development and maintaining competence records	Training records, qualifications, professional memberships	Contract, legal obligation and public task
Disciplinary, grievance, investigation and legal claims handling	Complaint records, witness statements, correspondence, investigation material	Legal obligation, public task and where necessary for legal claims
Health, safety, absence management and fitness for work	Absence records, accident reports, occupational health information, health and sickness records	Legal obligation, contract and public task
Equality monitoring	Race or ethnicity, religion, sexual orientation, gender identity or other equality information you choose to provide	Public task and legal obligation
Security, access control, CCTV and protecting our premises, systems and information	CCTV footage, swipecard records, IT usage information, ID card details, photographs	Public task, legal obligation and, in limited cases outside our official public tasks, legitimate interests
Fraud prevention, network security and misuse investigations	System logs, access records, device and network information, investigation material	Public task, legal obligation and, in limited cases outside our official public tasks, legitimate interests

Purpose	Examples of personal data used	Usual Article 6 lawful basis
Ending the working relationship and post-employment administration	Leaver records, final payments, references, pension and benefit records	Contract, legal obligation and public task

6.3 The lawful basis that applies to a particular activity will depend on the purpose and context. Where we rely on public task, this is because the processing is necessary for our functions, powers or duties as a public organisation. Where we rely on legal obligation, this is because the processing is necessary for compliance with a legal requirement. Where we rely on contract, this is because the processing is necessary to enter into or perform the employment contract.

7. IF YOU FAIL TO PROVIDE PERSONAL INFORMATION

7.1 If you fail to provide certain information when requested, we may not be able to perform your employment contract (e.g. we may not be able to pay you), or we may be prevented from complying with our legal obligations (such as to ensure the health and safety of our workers).

7.2 If you are concerned about sharing personal information, please contact your line manager, HR or the Data Protection Officer to discuss your concerns.

8. CHANGE OF PURPOSE

8.1 We will only use your personal information for the purposes for which we collected it, unless we reasonably consider that we need to use it for another reason and that reason is compatible with the original purpose. If we need to use your personal information for an unrelated purpose, we will notify you and we will explain the legal basis which allows us to do so.

9. HOW WE USE PARTICULARLY SENSITIVE PERSONAL INFORMATION

9.1 Special category personal data requires additional protection. When we process this type of information, we will identify both an Article 6 lawful basis and an additional condition under Article 9 of the UK GDPR and, where required, Schedule 1 of the Data Protection Act 2018.

9.2 Some common reasons include:

- where processing is necessary for carrying out obligations or exercising rights in the field of employment, social security or social protection law;
- where processing is necessary for reasons of substantial public interest, such as equal opportunities monitoring, and is carried out with appropriate safeguards;
- where processing is necessary for the assessment of working capacity, occupational health or health management;
- where processing is necessary for the establishment, exercise or defence of legal

claims; and

- in limited circumstances, where you have given explicit consent or where another condition under data protection law applies.

9.3 Less commonly, we may process this type of information where it is needed in relation to legal claims or where it is needed to protect your interests (or someone else's interests) and you are not capable of giving your consent, or where you have already made the information public. We may also process such information about members or former members in the course of legitimate business activities with the appropriate safeguards.

10. OUR OBLIGATIONS AS AN EMPLOYER

10.1 We will use your particularly sensitive personal information in the following ways:

- we will use information relating to absence, which may include sickness absence or family related leaves, to comply with employment and other laws;
- we will use information about your physical or mental health, or disability status, to ensure your health and safety in the workplace and to assess your fitness to work, to provide appropriate workplace adjustments (e.g. when an employee is pregnant or disabled) to monitor and manage sickness absence and to administer benefits;
- if we reasonably believe that you or another person are at risk of harm and the processing is necessary to protect you or them from physical, mental or emotional harm or to protect physical, mental or emotional well-being; and
- we will use information about your race or national or ethnic origin, religious beliefs, sexual orientation and gender identity to ensure meaningful equal opportunity monitoring and reporting.

11. DO WE NEED YOUR CONSENT?

11.1 We do not need your consent if we use special categories of your personal information to carry out our legal obligations or exercise specific rights in the field of employment law. However, in limited circumstances, we may approach you for your written consent to allow us to process certain particularly sensitive data. If we do so, we will provide you with full details of the information that we would like and the reason we need it, so that you can carefully consider whether you wish to consent. You should be aware that it is not a condition of your employment contract with us that you agree to any request for consent from us. However, it may put us in a position of having to make a decision about your employment without the full picture/information.

12. INFORMATION ABOUT CRIMINAL CONVICTIONS

12.1 We will only process information relating to criminal convictions and offences where the law allows us to do so. Where we do so, we will identify an Article 6 lawful basis and an additional condition under the Data Protection Act 2018. This will usually be because the processing is necessary for employment purposes, safeguarding, preventing unlawful acts, or for establishing, exercising or defending legal claims, depending on the role and circumstances.

12.2 Less commonly, we may use information relating to criminal convictions where it is necessary in relation to legal claims, where it is necessary to protect your interests (or someone else's interests) and you are not capable of giving your consent, or where you have already made the information public.

12.3 We will only collect information about criminal convictions if it is appropriate given the nature of the role and where we are legally able to do so. Where appropriate, we will collect information about criminal convictions as part of the recruitment process or we may be notified of such information directly by you in the course of you working for us.

13. AUTOMATED DECISION MAKING

13.1 We do not envisage that any decisions will be taken about you using automated means, however we will notify you in writing if this position changes.

14. DATA SHARING

14.1 We may have to share your data with third parties, including third-party service providers and other entities in the group.

14.2 We require third parties to respect the security of your data and to treat it in accordance with the law.

14.3 We will not normally transfer your personal information outside the UK but if we do, you can expect a similar degree of protection in respect of your personal information.

14.4 **Why might you share my personal information with third parties?**
We will share your personal information with third parties where required by law, where it is necessary to administer the working relationship with you or where we are otherwise required under a public duty to do so.

14.5 **Which third-party service providers process my personal information?**
"Third parties" includes third-party service providers (including contractors and designated agents) and other entities within our group. The following activities are carried out by third-party service providers:

- payroll;
- pension administration;
- benefits provision and administration;
- IT services;
- training; and
- human resources management.
- The following third-party service providers process personal information about you for the following purposes:
- payroll is processed by Xentrall;
- pension administration is processed by the Local Government Pension Scheme and Aviva;
- training is processed by iHASCO services; and
- Human resources management is processed by Citrus.

14.6 **How secure is my information with third-party service providers?**
All our third-party service providers are required to take appropriate security measures to

protect your personal information in line with our policies. We do not allow our third-party service providers to use your personal data for their own purposes. We only permit them to process your personal data for specified purposes and in accordance with our instructions.

14.7 **What about other third parties?**
We may share your personal information with other third parties, for example in the context of the possible sale or restructuring of the business. We may also need to share your personal information with a regulator or to otherwise comply with the law.

15. DATA SECURITY

15.1 We have put in place measures to protect the security of your information, including asking our employees to comply with the Data Protection Policy. Full details of these measures are available upon request.

15.2 Third parties will only process your personal information on our instructions and where they have agreed to treat the information confidentially and to keep it secure.

15.3 We have put in place appropriate security measures to prevent your personal information from being accidentally lost, used or accessed in an unauthorised way, altered or disclosed. In addition, we limit access to your personal information to those employees, agents, contractors and other third parties who have a business need to know. They will only process your personal information on our instructions and they are subject to a duty of confidentiality.

15.4 We have put in place procedures to deal with any suspected data security breach and will notify you and any applicable regulator of a suspected breach where we are legally required to do so.

16. DATA RETENTION

16.1 We will only retain your personal information for as long as necessary to fulfil the purposes we collected it for, including for the purposes of satisfying any legal, accounting, or reporting requirements. Details of retention periods for different aspects of your personal information are available in our Data Retention and Deletion Policy.

16.2 Generally speaking, we retain payroll and all other employment information for six years from the termination of your employment. However, to determine the appropriate retention period for personal data, we consider the amount, nature, and sensitivity of the personal data, the potential risk of harm from unauthorised use or disclosure of your personal data, the purposes for which we process your personal data and whether we can achieve those purposes through other means, and the applicable legal requirements.

16.3 In some circumstances we may anonymise your personal information so that it can no longer be associated with you, in which case we may use such information without further notice to you. Once you are no longer an employee, worker or contractor of the company we will retain and securely destroy your personal information in accordance with the applicable laws and regulations.

17. RIGHTS OF ACCESS, CORRECTION, ERASURE AND RESTRICTION

17.1 **Your duty to inform us of changes**
It is important that the personal information we hold about you is accurate and current. Please keep us informed if your personal information changes during your working relationship with us.

17.2 **Your rights in connection with personal information**
Under certain circumstances, by law you have the right to:

- request access to your personal information (commonly known as a "data subject access request"). This enables you to receive a copy of the personal information we hold about you and to check that we are lawfully processing it;
- request correction of the personal information that we hold about you. This enables you to have any incomplete or inaccurate information we hold about you corrected;
- request erasure of your personal information. This enables you to ask us to delete or remove personal information where there is no good reason for us continuing to process it. You also have the right to ask us to delete or remove your personal information where you have exercised your right to object to processing (see below);
- object to processing of your personal information where we are relying on a legitimate interest (or those of a third party) other than the performance of our tasks as a Development Corporation and there is something about your particular situation which makes you want to object to processing on this ground. You also have the right to object where we are processing your personal information for direct marketing purposes;
- request the restriction of processing of your personal information. This enables you to ask us to suspend the processing of personal information about you, for example if you want us to establish its accuracy or the reason for processing it;
- request the transfer of your personal information to another party.

17.3 If you want to review, verify, correct or request erasure of your personal information, object to the processing of your personal data, or request that we transfer a copy of your personal information to another party, please contact the DPO at DPO@teesvalley-ca.gov.uk

17.4 **No fee usually required**
You will not have to pay a fee to access your personal information (or to exercise any of the other rights). However, we may charge a reasonable fee if your request for access is clearly unfounded or excessive. Alternatively, we may refuse to comply with the request in such circumstances.

17.5 **What we may need from you**
We may need to request specific information from you to help us confirm your identity and ensure your right to access the information (or to exercise any of your other rights). This is another appropriate security measure to ensure that personal information is not disclosed to any person who has no right to receive it.

17.6 **Right to withdraw consent**
In the limited circumstances where you may have provided your consent to the collection, processing and transfer of your personal information for a specific purpose, you have the right to withdraw your consent for that specific processing at any time. To withdraw your

consent, please contact the DPO at DPO@teesvalley-ca.gov.uk. Once we have received notification that you have withdrawn your consent, we will no longer process your information for the purpose or purposes you originally agreed to, unless we have another legitimate basis for doing so in law.

18. FREEDOM OF INFORMATION

18.1 Information can also be requested via a Freedom of Information ("**FOI**") request. We have adopted the model Publication Scheme, that commits STDC to making certain types of information available to the public as part of its normal business activities. This information is available on the STDC website.

19. DATA PROTECTION OFFICER

19.1 We have appointed a DPO to oversee compliance with this privacy notice. If you have any questions about this privacy notice or how we handle your personal information, please contact the DPO at DPO@teesvalley-ca.gov.uk . You have the right to make a complaint at any time to the Information Commissioner's Office (**ICO**), the UK supervisory authority for data protection issues.

20. CHANGES TO THIS PRIVACY NOTICE

20.1 We reserve the right to update this privacy notice at any time, and we will provide you with a new privacy notice when we make any substantial updates. We may also notify you in other ways from time to time about the processing of your personal information.

20.2 **If you have any questions about this privacy notice, please contact the DPO at DPO@teesvalley-ca.gov.uk**

SOUTH TEES DEVELOPMENT CORPORATION

AGENDA ITEM 9

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF THE DIRECTOR OF LEGAL & GOVERNANCE (MONITORING OFFICER)

ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY, ANTI-MONEY LAUNDERING POLICY AND RIPA SURVEILLANCE PROTOCOL

SUMMARY

The purpose of this report is to seek the approval of the South Tees Development Corporation (STDC) Board for the Anti-Fraud, Bribery and Corruption Policy, the Anti-Money Laundering Policy and the RIPA Surveillance Protocol and Guidance for Staff Undertaking Surveillance. These policies when taken together provide a strong framework for South Tees Development Corporation's approach to preventing and detecting fraud across its operational activities.

RECOMMENDATIONS

It is recommended that the STDC Board:

i. **Approve** the following policies:
   - Appendix A – Anti-Fraud, Bribery and Corruption Policy
   - Appendix B – Anti-Money Laundering Policy
   - Appendix C – RIPA Surveillance Protocol and Guidance for Staff Undertaking Surveillance
   - Appendix D – Appendices to the RIPA Surveillance Protocol (reporting forms)

DETAIL

Executive Summary

1. STDC is continuing to improve its governance arrangements by ensuring that it has a robust framework of compliant and modern policies and procedures in place. The Anti-Fraud, Bribery and Corruption Policy, the Anti-Money Laundering Policy and the RIPA Surveillance Protocol are interdependent and complimentary policies that have been reviewed and drafted simultaneously. STDC Audit & Governance Committee reviewed these policies at its meeting on 12 August and recommended that they be

approved by the Board.

2. The policies set out STDC's approach to the prevention and detection of fraud, bribery, corruption and money laundering. They provide clear reporting arrangements and detail how the organisation will respond to any suspected or known cases. The policies also designate a senior responsible officer for each process. The RIPA Surveillance Protocol completes these arrangements by providing guidance and guard rails for undertaking surveillance, should the Development Corporation ever need to deploy it.

3. There is a low risk of Fraud and Money Laundering at STDC, however the Development Corporation must remain vigilant and these policies will ensure that there are robust procedures in place should any instances arise.

Details of revisions to the policies

4. Anti-Fraud, Bribery and Corruption Policy

4.1 This policy has been updated to reflect the legislative changes enacted by the Economic Crime and Corporate Transparency Act 2023 and current best practice. Specific reference has also been included to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption in Local Government in 2015, which sets out the key principals that pubic authorities should follow to ensure the effective stewardship of public funds.

4.2 The responsibilities of the Head of Internal Audit have been clarified in the policy and the role of the STDC Audit & Governance Committee in relation to anti-fraud arrangements has been strengthened.

5 Anti-Money Laundering Policy

5.1 The anti-money laundering arrangements have now been drawn into a single policy document which complements the Anti-Fraud, Bribery and Corruption Policy and the operational arrangements contained in the Financial Regulations and Contract Procedure Rules. The policy designates the S73 Officer or role with similar responsibility: The Director of Finance and Resources (or Head of Finance) as the Money Laundering Reporting Officer (MLRO) and gives clear direction to members and staff on the way to report any suspicion or knowledge of money laundering.

5.2 Further work will be undertaken to ensure high levels of staff awareness, particularly in the Finance and Procurement teams and to embed the policy with financial operating procedures.

6 RIPA Surveillance Protocol

6.1 STDC did not previously have an adopted Regulation of Investigatory Powers Act (RIPA) policy or protocol as it has not needed to deploy those powers. However, it is good practice to have a protocol in place with named authorising officers should the authority ever need to carry out surveillance, either for its own purposes or acting on the instructions of a law enforcement agency.

6.2 This protocol sets out the approach that will be taken to surveillance activity by the organisation including the restrictions on how it can be used and what authority must be obtained before surveillance can commence. The protocol is supplemented by template authorisation forms which are included in the appendices to the protocol.

7 All policies have been reformatted, reworded to aid understanding and checked for legislative compliance and consistency with other STDC policies and procedures.

Background

8 It is a legal requirement for STDC to have reasonable policies and procedures in place to prevent fraud. The adoption of the updated Anti-Fraud, Bribery and Corruption Policy and the Anti-Money Laundering Policy meets this requirement and ensures that there are robust organisational governance arrangements in place to detect, prevent and respond to cases of fraud.

9 Whilst STDC does not currently undertake any surveillance using the Regulation of Investigatory Powers Act (RIPA), and has no immediate need to deploy these powers, it is still important that the organisation adopts a surveillance protocol that can be activated if the need arises or if STDC is instructed to undertake surveillance by a law enforcement agency. The adoption of the RIPA Surveillance Protocol ensures that STDC has an agreed approach and authorisation route if such a need does occur.

FINANCIAL IMPLICATIONS

10 There are no direct financial implications arising from this report. The adoption of these policies strengthens the Development Corporation's control framework and helps protect public funds by supporting the prevention, detection and response to fraud, bribery, corruption and money laundering.

LEGAL IMPLICATIONS

11 The attached policies will ensure that STDC is compliant with legislation and guidance including:
- Economic Crime and Corporate Transparency Act 2023

- The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption in Local government in 2015, which sets out the key principals that public authorities should follow to ensure the effective stewardship of public funds.
- Regulation of Investigatory Powers Act (RIPA) 2000
- Proceeds of Crime Act (POCA) 2002
- Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017

RISK ASSESSMENT

12 There is a risk of significant financial and reputational damage and criminal proceedings if fraud or money laundering occurred at STDC or if STDC failed to prevent fraud occurring. However, the inherent risk of this is low and the residual risk is lower still by having the mitigations of the policies and staff awareness in place.

PROCUREMENT

13 Contract Procedure Rules contain interdependencies with these policies. The Anti-Fraud and Anti-Money Laundering policies are particularly relevant to colleagues in finance and procurement and will need to be considered as part of any revisions to operating procedures in these teams.

CONSULTATION & COMMUNICATION

14 The STDC Audit & Governance Committee have reviewed these policies.

EQUALITY & DIVERSITY

15 There are no equality and diversity implications of adopting these policies.

HR & IT IMPLICATIONS

16 The deployment of these policies needs to be supported by awareness training or briefings for all staff.

Name of Contact Officer:	Andrew Perriman
Post Title:	Monitoring Officer
Telephone Number:	01325 792600
Email Address:	andrew.perriman@teesvalley-ca.gov.uk

SOUTH TEES
DEVELOPMENT
CORPORATION

ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

Version 0.1

Contents

Version Control

Version	**Summary of Changes**	**Date**	**In Effect From**
0.1		August 2026	September 2026

Date of next Review	September 2027

1. INTRODUCTION

1.1 South Tees Development Corporation (STDC) is committed to preventing fraud, bribery and corruption. This helps ensure that public funds are used for their intended purposes. Where fraud, bribery or corruption is identified, STDC will consider appropriate disciplinary, regulatory, civil and criminal action and, where possible, seek to recover any losses.

1.2 This policy applies to all projects administered by the STDC.

2 PURPOSE

2.1 The purpose of this policy is to:

- Improve awareness and understanding of the risks of fraud, bribery and corruption across STDC.
- Promote a culture where fraud, bribery and corruption are understood to be unacceptable and staff feel able to raise concerns.
- Set out STDC's responsibilities for deterring, preventing, detecting, reporting and investigating fraud, bribery and corruption.
- Ensure appropriate sanctions are considered following an investigation, which may include internal disciplinary action, civil recovery and/or criminal prosecution.
- Demonstrate how the organisation complies with the CIPFA best practice guidance Managing the Risk of Fraud and Corruption in Local Government (2015).

3 SCOPE

3.1 This policy applies to everyone working for, with, or on behalf of STDC. This includes Board, Executive and Non-Executive Members, employees, consultants, contractors, suppliers, service users, trainees, secondees, home-workers, casual and agency staff, interns, students, agents, sponsors, volunteers, funded organisations, partner organisations and any other internal or external stakeholders with a business relationship with STDC. These groups are collectively referred to as “staff” in this policy.

3.2 This policy should be read alongside STDC's supporting procedures, controls and related policies, including the Whistleblowing Policy, Code of Conduct, Gifts and Hospitality arrangements, Procurement Policy, Anti-Money Laundering Policy, disciplinary procedures and financial procedure rules.

3.3 Any breach of this policy, or failure to comply with related procedures, may lead to investigation and appropriate disciplinary, contractual, civil or criminal action.

4 POLICY PARTICULARS

4.1 STDC are responsible for protecting the public funds entrusted to it. Fraud against public funds is unacceptable. STDC is committed to reducing the risk of fraud, corruption and misappropriation by raising awareness, defining responsibilities clearly, maintaining robust reporting routes and supporting an effective anti-fraud approach.

4.2 Given STDC's functions and the low levels of fraud detected nationally in comparable areas, the current risk of fraud to the Development Corporation is considered low. This assessment should be kept under review.

4.3 This policy covers employee-related fraud, procurement fraud, grant fraud, false accounting, cyber-enabled fraud, conflicts of interest, gifts and hospitality risks, supplier due diligence, bribery, corruption and wider economic crime risks affecting public funds.

4.4 Fraud can cause financial loss, damage services, harm the Development Corporation's reputation and reduce public confidence in public bodies.

4.5 STDC will not tolerate impropriety by employees, members or third-party organisations. Following an investigation, the Development Corporation will consider appropriate sanctions, which may include disciplinary action, civil recovery and/or criminal prosecution.

5 DEFINITIONS

FRAUD

5.1 The Fraud Act 2006 came into force on 15 January 2007 and applies in England, Wales and Northern Ireland.

5.2 Fraud involves dishonestly making a false representation, failing to disclose information, or abusing a position, with the intention of making a gain or causing a loss. The gain or loss does not need to occur for fraud to have taken place. There must be knowledge that the representation was untrue or misleading.

5.3 **Fraud by failing to disclose information** – failing to disclose information when there is a legal duty to do so.

5.4 **Fraud by abuse of position** – occupying a position in which you are expected to safeguard, or not to act against, the financial interests of another person or organisation, and abusing that position.

5.5 Other fraud-related offences include possessing, making or supplying articles for use in fraud.

5.6 For the purposes of this policy, actions that could be seen to constitute fraud include, but are not limited to:

- Any dishonest or deceptive act;

- Making fraudulent statements, for example falsifying timesheets, travel and subsistence claims, sickness absence records or special leave records;
- Theft, destruction of property or data, or misappropriation of funds;
- Impropriety in the handling and reporting of money or financial transactions;
- Subletting;
- Profiteering because of inside knowledge of the company's activities;
- Disclosing confidential information;
- Obtaining goods, money or services by deception;
- Intimidation or exploitation;
- False accounting/invoicing and / or the destruction, removal or inappropriate use of records;
- Serious misuse of IT or communications systems.

BRIBERY AND CORRUPTION

5.7 Bribery and corruption involve offering, promising, giving, requesting, agreeing to receive or accepting a payment or other benefit to influence someone to act improperly or to gain an improper advantage.

Offences of bribing another person:

5.8 Under the Bribery Act 2010, a person (P) is guilty of an offence if either of the following applies:

- P offers, promises or gives a financial or other advantage to another person, and P intends the advantage to induce a person to perform improperly a relevant function or activity, or to reward a person for improper performance of such a function or activity.
- P offers, promises or gives a financial or other advantage to another person, and P knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

Offences relating to being bribed:

5.9 Under the Bribery Act 2010, a person (R) is guilty of an offence if any of the following applies:

- R requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly (whether by R or another person).
- R requests, agrees to receive or accepts a financial or other advantage, and the request, agreement or acceptance itself constitutes improper performance of a relevant function or activity.
- R requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance (whether by R or another person) of a relevant function or activity.
- In anticipation of or in consequence of R requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly by R or by another person at R's request or with R's assent or acquiescence.

Failure of a commercial organisation to prevent bribery (Section 7 of the Bribery Act 2010):

- A relevant commercial organisation (e.g. STDC) is guilty of an offence under this section if a person associated with the organisation bribes another person intending to obtain or retain business for the organisation, or to obtain or retain advantage in the conduct of business for the organisation.

5.10 However, it is a defence for the organisation to prove that it had adequate procedures in place designed to prevent persons associated with the organisation from undertaking such conduct.

5.11 The Economic Crime and Corporate Transparency Act 2023 introduced a corporate offence of failure to prevent fraud for large organisations. Where applicable, an organisation may be liable if an employee, agent, subsidiary or other associated person commits a specified fraud offence intending to benefit the organisation, or in certain circumstances a person to whom services are provided on its behalf, unless the organisation can show that it had reasonable fraud prevention procedures in place. STDC will assess whether it is within scope of this offence and will apply the principles of reasonable fraud prevention procedures as good practice.

6 RESPONSIBILITIES WITHIN THE ORGANISATION

6.1 Everyone has a role in identifying and managing fraud, bribery and corruption risks in their areas of work. This section explains the responsibilities of key individuals and groups within STDC.

6.2 **The Chief Executive** must ensure adequate policies and procedures are in place to protect the organisation.

6.3 **The Audit and Governance Committee** is responsible for seeking assurance that STDC has adequate arrangements in place to counter fraud, bribery and corruption.

6.4 **The Director of (Head of) Finance**, as Section 73 Officer, or similar, has overall responsibility for the funds entrusted to the organisation.

6.5 The Director of (Head of) Finance prepares and maintains financial procedures and systems. These apply separation of duties and internal checks to support effective financial control.

6.6 The Director of (Head of) Finance will co-ordinate any suspected cases of fraud, bribery and corruption.

6.7 Following initial enquiries, the Director of (Head of) Finance will inform appropriate senior managers of suspected fraud, bribery or corruption where necessary. This includes cases involving significant loss, serious control weaknesses or potential adverse publicity.

6.8 The Director of (Head of) Finance will consult Human Resources (HR) where a member of staff may need to be interviewed or considered for disciplinary action.

6.9 The Director of (Head of) Finance will not conduct any disciplinary investigation. Where appropriate, HR may arrange a separate investigation under the relevant HR procedure.

6.10 The **Head of Internal Audit** has a responsibility, under the Public Sector Internal Audit Standards, to review the organisation's arrangements for managing the risk of fraud, bribery and corruption, and evaluate their effectiveness in preventing and detecting fraud, bribery and corruption.

6.11 The role of Internal Audit in respect of fraud, bribery and corruption is to:

- Prepare and maintain a suite of relevant Counter-Fraud policies for the organisation;
- Promote an anti-fraud culture by raising awareness of fraud issues amongst officers and members;
- Facilitate the identification of fraud risks and the subsequent management of these through service delivery areas;
- Undertake proactive audit work to prevent and detect fraud, including the review of anti-fraud controls in each audit review (where relevant); and
- Undertake the investigation of fraud perpetrated against the organisation or emanating from within the organisation, where this is deemed appropriate, including the subsequent reporting of findings, conclusions and recommendations to senior management.

6.12 The **external auditor** has a responsibility, as part of their statutory duties, to ensure that the organisation has adequate arrangements in place for the prevention and detection of fraud, bribery and corruption.

6.13 **Human Resources (HR)** will liaise with managers from the outset where an employee is suspected of involvement in fraud, bribery or corruption. HR will advise on employment law, disciplinary procedures, complaints procedures and related process matters. Where external agencies are involved, HR will work with them as needed to support a coordinated approach.

6.14 HR will carry out appropriate pre-employment checks for all employees, including temporary, fixed-term and permanent employees. Checks may include identity, right to work in the UK, qualifications, professional memberships, references, employment history and, where relevant, DBS and health checks. Any discrepancies will be referred to the Chief Executive.

6.15 **Managers** are responsible for ensuring that policies, procedures and processes in their area are followed and kept under review. This includes carrying out risk assessments and managing identified risks.

6.16 Managers must ensure that staff understand fraud, bribery and corruption risks and the importance of protecting the organisation. Managers are also responsible for addressing non-compliance with policies and procedures through the appropriate process.

6.17 Any instance of actual or suspected fraud, bribery or corruption brought to the attention of a manager should be reported to the Director of (Head of) Finance immediately, unless that officer is implicated, in which case the matter should be raised in accordance with the

Whistleblowing Policy. Managers must not investigate suspected financial crimes themselves.

6.18 **All staff** must comply with STDC policies and procedures and apply good practice to help prevent fraud, bribery and corruption. This includes areas such as procurement, expenses and ethical business conduct.

6.19 Employees who are involved in, or manage, internal control systems should receive appropriate training and support to carry out their responsibilities.

6.20 Employees are expected to act in accordance with the standards laid down by their professional institutes, where applicable, and have a personal responsibility to ensure that they are familiar with them.

6.21 Employees have a duty to protect the organisation's assets, including information, goodwill and property. In addition to acting with honesty and integrity, employees should always:

- avoid acting in any way that might cause others to allege or suspect them of dishonesty;
- behave in a way that would not give cause for others to doubt that STDC employees deal fairly and impartially with official matters; and
- be alert to the possibility that others might be attempting to deceive.

6.22 All employees have a duty to ensure that public funds are safeguarded, whether they are involved with cash or payment systems, receipts or dealing with contractors or suppliers.

6.23 Depending on the circumstances, fraud and bribery may be treated as gross misconduct and may lead to summary dismissal. No disciplinary action will be taken before an investigation and disciplinary hearing have taken place. Disciplinary action may be taken alongside criminal proceedings where appropriate.

6.24 Employees must not request, receive or accept a bribe, or imply that they would consider doing so. This means employees must not accept, or agree to accept, a financial or other advantage from any former, current or future client, business partner, contractor, supplier or other person as an incentive or reward for acting improperly.

6.25 Standing Orders and Standing Financial Instructions require all staff and Non-Executive Directors to act in line with good practice. All STDC staff and Non-Executive Directors must declare and register any interests that may conflict with STDC's interests.

6.26 Any employee who suspects fraud, bribery or corruption should report it in line with the Whistleblowing Policy.

All employees will be asked to confirm that they are aware of this policy and the provisions contained within it as part of the annual appraisal process.

- **The Head of Information Security** (or equivalent) will contact the Director of (Head of) Finance immediately in all cases where there is suspicion that IT is being used for fraudulent purposes. This includes inappropriate internet, intranet, email, telephone or mobile device use and any offence under the Computer Misuse Act 1990. HR will be informed if there is a suspicion that an employee is involved.

7 EXTERNAL PARTIES

7.1 Organisations undertaking work on behalf of STDC are expected to maintain strong anti-fraud, anti-bribery and anti-corruption arrangements, with adequate controls in place when handling public funds, delivering services or dealing with customers on behalf of STDC. Contractors, sub-contractors, suppliers and other third parties acting for or on behalf of STDC are responsible, through tendering and contractual arrangements, for complying with all relevant legal and contractual requirements, including the Bribery Act 2010, fraud prevention requirements, procurement requirements, conflicts of interest provisions, due diligence obligations and information security requirements.

8 EXTERNAL COMMUNICATIONS

8.1 Employees, agency staff, contractors, suppliers and other individuals must not speak to the press, media or any third party about suspected fraud, bribery or corruption. Doing so may seriously damage an investigation or any later action. Anyone who wishes to raise a concern should discuss it with the Director of (Head of) Finance.

9 MANAGING THE RISK OF BRIBERY, FRAUD AND CORRUPTION

CIPFA CODE OF PRACTICE

9.1 CIPFA published the *Code of Practice on Managing the Risk of Fraud and Corruption in Local Government* in 2015. The Code is not mandatory, but it represents best practice, and compliance with the principles set out in the Code enables the organisation to demonstrate effective financial stewardship of public funds.

9.2 The principles are:

- Acknowledge the responsibility for countering fraud and corruption;
- Identify the fraud and corruption risks;
- Develop an appropriate counter fraud and corruption strategy;
- Provide resources to implement the strategy; and
- Take action in response to fraud and corruption.

9.3 The Head of Internal Audit undertakes a periodic self-assessment against the requirements of the Code of Practice. The outcomes of these assessments are presented to the Audit, Risk and Governance Board and Audit and Governance Committee, and any actions arising will be monitored through these fora. This process ensures that the implementation of this Policy is subject to regular monitoring, that the success of the Policy can be measured and that actions are clearly defined, with target dates of implementation and clear intended outcomes.

9.4 In demonstrating how the organisation meets the requirements of the Code of Practice, the key elements of the internal control framework are set out in the paragraphs that follow.

DETECTION

9.5 The Development Corporation will use all lawful, proportionate and cost-effective means to detect fraud, corruption and bribery, including working with other organisations in national data matching schemes, such as the National Fraud Initiative, and with relevant public bodies where appropriate. Any information sharing will be carried out lawfully and in accordance with data protection requirements.

9.6 The risk-based Internal Audit Plan will ensure that areas with a risk of fraud, bribery or corruption are reviewed periodically and proportionately, with priority given to higher-risk areas.

9.7 All stakeholders are expected to report suspected fraud, bribery or corruption promptly.

PREVENTION

9.8 There are a number of key requirements to support the prevention of fraud, corruption and bribery:

- Management is responsible for establishing and maintaining adequate internal controls to prevent fraud.
- The Senior Management Team is responsible for assessing the effectiveness of internal control systems in relation to fraud, corruption and bribery.
- Internal Audit coverage should be sufficient to provide annual assurance to the STDC Audit and Governance Committee and support managers by assessing controls in relation to the prevention of fraud, bribery and corruption.
- Staff awareness, training and communication will support effective controls, evidence preservation, prompt reporting and the prevention of fraud, bribery and corruption.

RESPONSE

9.9 Any instances of fraud, bribery or corruption will be dealt with through the following mechanisms:

- All instances of fraud must be reported to Internal Audit so they can support annual returns and provide evidence for the Annual Governance Statement.
- Investigations will be carried out by the most appropriate team. Fraud involving employees will be investigated under the Development Corporation’s disciplinary procedures by a nominated Investigation Manager, with support from Internal Audit where needed.
- The Development Corporation will comply with applicable legislation and guidance, including the Regulation of Investigatory Powers Act 2000 where relevant, the Proceeds of Crime Act 2002, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 where applicable, data protection legislation and any related lawful information-sharing requirements.
- Any decision to involve the Police in an investigation of fraud will be taken by the Director of (Head of) Finance in consultation with the Chief Executive and the Monitoring Officer, unless one of those officers is implicated, in which case the Whistleblowing Policy escalation route will apply.

- The Director of (Head of) Finance will notify the insurance team of any cases of fraud which may result in an insurance claim.

9.10 The outcome of any investigation will be reported as appropriate so that systems, controls and procedures can be reviewed, lessons can be learned, evidence can be preserved and further incidents can be deterred.

9.11 The Development Corporation will ensure that the investigation process is not misused. Malicious allegations by officers or members may be dealt with as a disciplinary matter.

9.12 Sanctions and recovery of proceeds may include action under the Proceeds of Crime Act 2002, civil law, disciplinary procedures, contractual remedies or pension-related recovery routes where applicable.

10 SANCTIONS AND REDRESS

10.1 This section explains the sanctions that may be applied and the redress that may be sought against individuals who commit fraud, bribery or corruption against STDC. It should be read alongside STDC's Disciplinary Policy and procedure.

10.2 The organisation may apply the following types of sanction:

- **Civil** – civil action may be taken to recover money and/or assets obtained through fraud, including interest and costs.
- **Criminal** – STDC may work with the Police and the Crown Prosecution Service to bring a case to court. If found guilty, an offender may receive a fine, community order, imprisonment and a criminal record.
- **Disciplinary** – disciplinary procedures may be started where an employee is suspected of involvement in fraud or other illegal activity.

10.3 STDC will seek financial redress wherever possible to recover losses from fraud, bribery or corruption. Redress may include confiscation under the Proceeds of Crime Act 2002, compensation orders, civil repayment orders or a local agreement between STDC and the offender. Recovered funds will be returned to STDC for their intended use.

11 REPORTING A SUSPICION OF BRIBERY, FRAUD OR CORRUPTION

11.1 If any person has concerns about fraud, bribery or corruption, they must inform the Director of (Head of) Finance immediately, unless that officer is implicated, in which case they should follow the Whistleblowing Policy procedures. If the Chief Executive or Monitoring Officer is implicated, the Whistleblowing Policy escalation route should also be followed. The individual should not contact the Police unless it is an emergency or there is an immediate risk of harm, loss or destruction of evidence.

11.2 All reports of fraud, bribery and corruption will be taken seriously and investigated proportionately. The Director of (Head of) Finance will make sufficient enquiries to establish whether there is any foundation to the suspicion that has been raised, unless that officer is implicated. If allegations are found to be malicious, they may be considered for further investigation to establish their source.

11.3 STDC wants employees to feel confident that they can report suspicions of fraud, bribery or corruption without fear of reprisal. STDC's Whistleblowing Policy should be read alongside this policy.

11.4 The Public Interest Disclosure Act 1998 protects workers who make a qualifying disclosure when they reasonably believe it is in the public interest to do so.

12 POLICY FRAMEWORK

12.1 The policy framework supporting the prevention of fraud, bribery and corruption includes:

- Code of Conduct, including Gifts and Hospitality, declarations of interest, confidential reporting and whistleblowing arrangements, and complaints procedures.
- Anti-Money Laundering Policy.
- RIPA Surveillance Protocol.
- Procurement Policy and supplier due diligence arrangements.
- Financial Procedure Rules.
- ICT and information security policies.
- Robust internal control systems, processes, segregation of duties and reliable record keeping.
- Effective Internal Audit and risk management arrangements.
- Effective recruitment, pre-employment checking and declaration processes.
- Disciplinary Policy and procedures.
- Induction, training, awareness raising and periodic review.

13 PROCESS FOR MONITORING COMPLIANCE AND EFFECTIVENESS

13.1 The Audit and Governance Committee will receive a quarterly report on how this policy has been applied, including monitoring information about reported fraud or potential fraud (where such reporting would not detrimentally impact an ongoing investigation). Internal and External Audit may also review this area as part of its wider assessment of the effectiveness of STDC's control environment.

SOUTH TEES DEVELOPMENT CORPORATION

ANTI-MONEY LAUNDERING POLICY

Version 0.1

Contents

Version Control

Version	Summary of Changes	Date	In Effect From
V0.1		August 2026	September 2026

Date of next Review	September 2028

1. Purpose

1.1. This policy sets out South Tees Development Corporation's (STDC) approach to preventing, identifying and reporting Money Laundering and terrorist financing risks. It explains the responsibilities of Members, Directors, employees and the Money Laundering Reporting Officer, and provides clear procedures for due diligence, internal reporting, escalation to the National Crime Agency and secure record keeping.

2. Policy Statement

2.1. STDC is committed to conducting its business with integrity and to maintaining proportionate controls to prevent Money Laundering, terrorist financing and related financial crime. STDC will apply a risk-based approach and will act in accordance with the principles and requirements of relevant UK legislation and guidance, including:

- Proceeds of Crime Act 2002;
- Terrorism Act 2000;
- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended;
- Criminal Finances Act 2017; and
- relevant guidance issued by competent authorities, including the National Crime Agency, HM Treasury, HMRC, the Financial Conduct Authority and applicable professional bodies.

2.2. STDC will monitor changes in legislation, regulation and guidance, including proposed amendments to the Anti-Money Laundering framework, and will update this policy where required.

2.3. STDC will maintain proportionate arrangements to identify and manage Money Laundering risks in services where risk may arise, including finance, procurement, treasury management, estates, grant funding, audit, legal, company formation or support activity, and any area handling significant payments or unusual transactions.

2.4. STDC will ensure that Members, Directors and employees who may encounter Money Laundering risks are made aware of this policy, understand their personal obligations, and receive proportionate training and guidance.

2.5. STDC expects Members, Directors and employees to report promptly any knowledge, suspicion or reasonable grounds for suspicion of Money Laundering or terrorist financing. Reports must be made confidentially to the MLRO and must not be discussed with any person who may be involved.

2.6. STDC will co-operate appropriately with law enforcement, regulators and other competent authorities while protecting confidentiality, legal privilege and the integrity of any investigation.

3. Scope

3.1. This policy applies to all STDC Members, Directors, employees, agency workers, consultants, contractors and any other person acting on behalf of STDC. It applies to all services and activities where Money Laundering, terrorist financing or the handling of criminal property could arise, whether the activity is regulated or non-regulated.

3.2. The policy should be read alongside STDC's anti-fraud, bribery and corruption, whistleblowing, procurement, financial regulations, data protection, information security and records management arrangements.

4. Policy Evaluation

4.1. This policy will be reviewed at least every two years, or sooner where there are significant changes in legislation, guidance, organisational structure, risk profile or control arrangements. The S73 Officer will oversee review and implementation, with assurance provided through the Audit and Governance Committee and formal approval by Board where required.

5. Responsibilities

5.1. The **S73 Officer** will act as STDC's **Money Laundering Reporting Officer (MLRO)**. The MLRO is responsible for receiving internal disclosures, assessing whether a Suspicious Activity Report should be submitted to the National Crime Agency, maintaining confidential records, advising on due diligence, and monitoring the effectiveness of this policy.

5.2. Contact details for the Money Laundering Reporting Officer:
Alan Layton
Alan.Layton@teesvalley-ca.gov.uk

5.3. **Directors and Heads of Service** are responsible for ensuring that relevant teams understand and apply this policy, complete proportionate due diligence, maintain appropriate records, escalate concerns promptly and operate effective controls within their service areas.

5.4. **All Members, Directors, employees and persons acting on behalf of STDC** are responsible for remaining alert to warning signs, reporting concerns without delay, following MLRO instructions, avoiding tipping off and maintaining confidentiality.

6. Anti-Money Laundering Procedures

INTRODUCTION

6.1. Money Laundering, terrorist financing and the handling of criminal property can expose individuals and the organisation to criminal liability, regulatory action, financial loss and reputational harm.

6.2. As a public body, STDC is not generally expected to be a primary target for Money Laundering. However, its functions, funding streams, financial transactions, procurement activity, grant administration, treasury activity and interactions with third parties mean that risks may still arise.

6.3. STDC will therefore adopt proportionate, risk-based controls to prevent the organisation from being used to launder criminal property or facilitate terrorist financing.

6.4. These procedures support STDC's wider counter-fraud and governance framework by setting out practical steps for identifying risk, completing due diligence, reporting concerns, responding to MLRO decisions and retaining records securely.

6.5. Employees who are members of professional bodies, including accountants, solicitors and auditors, must also comply with any professional obligations and guidance that apply to them. Where professional guidance appears to conflict with this policy, advice should be sought from the MLRO before action is taken.

WHAT IS MONEY LAUNDERING?

6.6. Money Laundering is the process by which criminal property is concealed, converted, transferred, used or integrated into apparently legitimate activity. Criminal property can include money, assets, goods, rights or any benefit derived from criminal conduct.

6.7. Money Laundering offences may arise even where the value is low, the transaction appears routine, or where the underlying criminal conduct took place elsewhere. The obligation to report is based on knowledge, suspicion or reasonable grounds for suspicion, not on a minimum financial threshold.

6.8. In practice, a concern may arise where a person or organisation seeks to transact with STDC using funds or assets that may be linked to fraud, bribery, corruption, tax evasion, theft, sanctions breaches, terrorist financing or other criminal activity.

WHAT LAWS EXIST TO CONTROL MONEY LAUNDERING?

6.9. The principal UK legislation relevant to this policy includes the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Criminal Finances Act 2017 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended. These laws place obligations on organisations and individuals to identify, prevent and report Money Laundering and terrorist financing risks.

6.10. The main Money Laundering offences under the Proceeds of Crime Act 2002 include:

- concealing, disguising, converting, transferring or removing criminal property;
- entering into or becoming concerned in an arrangement that facilitates the acquisition, retention, use or control of criminal property by another person;
- acquiring, using or possessing criminal property; and
- making a disclosure likely to prejudice an investigation or otherwise tipping off a person who is or may be under suspicion.

6.11. Additional offences may arise where a person fails to disclose knowledge or suspicion in circumstances where a duty to report applies, or where they disclose information in a way that may prejudice an investigation.

- **failure to disclose**: where a person has knowledge, suspicion or reasonable grounds for suspicion and does not report the matter promptly through the required route; and
- **tipping off**: where a person informs, alerts or otherwise acts in a way that may prejudice an investigation or warn the subject of a report.

6.12. Money Laundering offences may be committed by STDC, by individuals acting on behalf of STDC, or by third parties involved in STDC activity.

WHAT ARE STDC'S OBLIGATIONS?

6.13. Where STDC undertakes activity that falls within or is similar to regulated activity, it will apply proportionate Anti-Money Laundering controls. These include risk assessment, customer due diligence, enhanced due diligence where risk is higher, ongoing monitoring, reporting procedures, record keeping and staff awareness.

6.14. STDC will maintain arrangements to:

- appoint an MLRO to receive and assess internal disclosures;
- identify and assess Money Laundering and terrorist financing risks within relevant activities;
- complete proportionate due diligence before entering higher-risk relationships or transactions;
- apply enhanced due diligence where risk factors require it, including politically exposed persons, unusual transactions, complex ownership structures, high-risk jurisdictions or transactions without apparent economic purpose;
- maintain confidential reporting and escalation procedures;
- retain records securely for the required period; and
- provide proportionate training and awareness for relevant Members, Directors and employees.

6.15. Most STDC activity is not expected to fall within the regulated sector. However, Money Laundering risks may arise in areas such as treasury management, finance and accounting, audit, procurement, estates, grant funding, company-related support, investments and high-value or unusual transactions.

6.16. Where STDC enters into a higher-risk relationship or transaction with a third party, due diligence should be completed before the relationship or transaction proceeds. Enhanced due diligence must be considered where the transaction is unusually large, complex, urgent, lacks an obvious economic purpose, involves opaque ownership, involves a politically exposed person, or otherwise presents higher risk.

6.17. In those cases where the client is another public or statutory body the risk assessment indicates that no further due diligence about the status of the client is needed.

6.18. Where the third party is not a public or statutory body, or where a politically exposed person, complex ownership structure or other higher-risk factor is identified, due diligence must be formally recorded and retained.

WHAT ARE THE IMPLICATIONS FOR STDC OR THE INDIVIDUAL?

6.19. Every Member, Director and employee must remain alert to possible Money Laundering or terrorist financing and must report concerns promptly. Individuals should not investigate beyond what is necessary to understand and report the concern and must not take any step that could alert the person involved.

6.20. Failure to disclose a reportable suspicion, tipping off, dealing with criminal property or proceeding with a prohibited act without appropriate authority can result in criminal prosecution, disciplinary action, regulatory consequences and serious reputational damage.

6.21. There is no minimum value below which suspicion can be ignored. The key issue is whether the facts give rise to knowledge, suspicion or reasonable grounds for suspicion.

6.22. Penalties for money laundering offences can include imprisonment, unlimited fines and confiscation of criminal property. Regulatory penalties and disciplinary sanctions may also apply where controls are inadequate or procedures are not followed.

6.23. Civil penalties for non-compliance with the Money Laundering Regulations may include fines, restrictions and other supervisory action by the relevant supervisory authority.

HOW CAN MONEY LAUNDERING BE SPOTTED?

6.24. Money Laundering indicators vary by activity and context. The presence of one indicator does not automatically mean Money Laundering is taking place, but it should prompt further consideration and, where appropriate, a confidential report to the MLRO.

6.25. Examples of possible indicators include:

- transactions with no apparent lawful, commercial or economic purpose;
- requests that are unusual for the person, organisation, service area or type of transaction;
- unexplained urgency, secrecy, complexity or reluctance to provide information;
- payments from, or refunds to, third parties with no clear connection to the transaction;
- large cash payments, overpayments or repeated payments followed by refund requests;
- use of offshore structures, complex ownership arrangements or high-risk jurisdictions without clear justification;
- inconsistencies in identity, ownership, source of funds or authority to act;
- transactions involving politically exposed persons or close associates where risk is not adequately explained or mitigated;
- attempts to avoid due diligence, split transactions or bypass controls; and
- any behaviour that causes a reasonable concern that funds or assets may be linked to criminal conduct or terrorist financing.

WHAT IS THE CLIENT IDENTIFICATION PROCEDURE?

6.26. Customer or third-party due diligence should be completed before STDC enters into higher-risk relationships or transactions, and whenever there is suspicion of Money Laundering or terrorist financing, doubt about identity information, a significant change in circumstances, or another risk-based reason to refresh checks.

6.27. Due diligence should be proportionate to the risk and may include identifying and verifying the person or organisation, confirming authority to act, understanding the purpose and nature of the relationship or transaction, identifying beneficial ownership where relevant, and considering source of funds or source of wealth where risk is higher.

6.28. STDC should avoid accepting large cash payments. Cash payments exceeding £2,500 must not be accepted without referral to a senior manager and, where appropriate, advice from the MLRO.

6.29. Where a cash payment, overpayment or refund request appears unusual or suspicious, the transaction must be paused where possible and the concern reported to the MLRO without alerting the person involved.

6.30. If more than £2,500 is offered in cash, the person offering it should be advised that STDC does not normally accept large cash payments and that the matter must be referred internally before the transaction can proceed.

6.31. For individuals, evidence may include a passport, photo driving licence or other reliable government-issued identity document, supported by recent evidence of address such as:

- utility bill, excluding mobile phone bills;
- bank, building society or mortgage statement;
- credit card statement; or
- pension, benefit or other official document showing name and address.

6.32. Where photo identification is not available, advice should be sought from the MLRO on suitable alternative verification before the transaction proceeds.

6.33. For companies, STDC should verify the organisation's existence, registered details, directors, beneficial ownership or persons with significant control where relevant, and the authority of any representative acting on the company's behalf. Care should be taken where there are recent changes in directors, ownership, registered office or trading pattern.

6.34. For sole traders, partnerships, charities, trusts or other organisations, STDC should verify the individuals involved, their authority to act and the organisation's structure, purpose and relationship to the proposed transaction.

6.35. Where there is uncertainty about the appropriate level of due diligence, the service area must seek guidance from the MLRO before proceeding.

6.36. Records of due diligence, supporting evidence, risk assessments, decisions and relevant transaction information must be retained securely for at least five years after the end of the relationship or completion of the transaction, unless a longer retention period is required by law or STDC's records management arrangements.

6.37. Due diligence records and any Money Laundering concerns must be stored securely and access must be restricted to those with a legitimate need to know. Internal disclosure records must be held confidentially by the MLRO.

WHAT SHOULD I DO OR NOT DO IF I SUSPECT A CASE OF MONEY LAUNDERING?

6.38. Any Member, Director or employee who knows, suspects or has reasonable grounds to suspect Money Laundering or terrorist financing must report the concern to the MLRO as soon as possible, using the Money Laundering Report Form at Appendix 1. Reports should be made promptly, normally on the same working day, and must not be delayed while further enquiries are made.

6.39. Where an employee is concerned that proceeding with a transaction may involve dealing with criminal property or otherwise committing a prohibited act, the report must clearly state whether a decision is required before the transaction proceeds and identify any operational deadline.

6.40. Concerns raised by members of the public, suppliers, partners or other third parties must also be reported to the MLRO where they suggest possible criminal activity, Money Laundering or terrorist financing involving a STDC relationship, transaction or service.

6.41. Once a report has been made, the employee must follow the MLRO's instructions. The employee must not undertake their own investigation, contact the person involved for further explanation, proceed with a transaction contrary to MLRO instruction, or share the report with anyone who does not have a legitimate need to know.

6.42. No Member, Director or employee must disclose, suggest or imply to the person involved, or to any unauthorised person, that a Money Laundering concern has been raised, a report has been made, or an investigation may take place. Doing so may constitute tipping off and may be a criminal offence.

6.43. No reference to an internal report, SAR or MLRO assessment should be placed on a client, supplier, grant or transaction file that may be accessible to the subject of the concern. The MLRO will maintain confidential records separately

WHAT WILL THE MONEY LAUNDERING REPORTING OFFICER DO WITH A DISCLOSURE?

6.44. On receipt of an internal disclosure, the MLRO will record the date and time received, acknowledge receipt where appropriate, consider whether any immediate action is required and advise the reporting employee of any restrictions on further activity or communication.

6.45. The MLRO will assess the disclosure and any relevant information available to STDC to determine whether there is knowledge, suspicion or reasonable grounds for suspicion of

Money Laundering or terrorist financing. Any enquiries must be proportionate and conducted in a way that avoids tipping off. Relevant information may include:

- the purpose, value, timing and pattern of the transaction;
- the length, nature and risk profile of the relationship;
- linked transactions, repeated payments, overpayments or refund requests;
- identity, beneficial ownership and authority evidence held by STDC;
- source of funds or source of wealth information where available; and
- any relevant legal, procurement, finance, audit or service area information.

6.46. The MLRO may ask the reporting employee or relevant service area for further factual information, provided this can be done without alerting the person involved or prejudicing any investigation.

6.47. After assessment, the MLRO will decide whether:

- there is knowledge, suspicion or reasonable grounds for suspicion of Money Laundering or terrorist financing;
- a Suspicious Activity Report should be submitted to the National Crime Agency;
- a defence against Money Laundering or other consent is required before a transaction proceeds;
- the transaction or relationship should be paused, declined, terminated or allowed to continue; and
- any additional internal control, record keeping, legal or governance action is required.

6.48. Where the MLRO concludes that a SAR is required, the report must be submitted to the National Crime Agency as soon as practicable. The MLRO must ensure that the SAR is accurate, concise and includes the reasons for suspicion, relevant subject details, transaction information and any request for a defence against Money Laundering where needed.

6.49. Where the MLRO decides not to submit a SAR, or considers there is a reasonable excuse for non-disclosure, the reasons must be documented clearly and retained confidentially. The MLRO must also record any decision on whether the relevant transaction may proceed.

6.50. Where legal professional privilege or other legal sensitivity may apply, the MLRO must seek advice from the Monitoring Officer and any other appropriate legal adviser before deciding whether disclosure to the National Crime Agency is required.

7. Training, Awareness and Monitoring

7.1. STDC will provide proportionate training and awareness to Members, Directors and employees whose roles may expose them to Money Laundering or terrorist financing risks. Training should cover warning signs, due diligence requirements, internal reporting, confidentiality, tipping off and the role of the MLRO.

7.2. Service areas should review local processes to ensure that relevant risks are identified, controls are operating effectively, due diligence is retained and concerns are escalated promptly.

7.3. The MLRO will monitor disclosures, themes, training needs and control issues and will provide assurance reporting through appropriate governance routes while maintaining the confidentiality of individual reports.

Appendix 1: Money Laundering Report Form

This form should be completed by any Member, Director or employee who knows or suspects, or has reasonable grounds to know or suspect, that money laundering or terrorist financing may be taking place. The completed form must be sent promptly and confidentially to the Money Laundering Reporting Officer (MLRO): Alan Layton, Alan.Layton@teesvalley-ca.gov.uk. Do not discuss the content of this report with any person who may be involved, as this may constitute tipping off.

Part A: To be completed by the employee making the disclosure

Name of employee:	
Job title and service area:	
Contact telephone number:	
Date report completed:	
Is the matter urgent?	Yes / No
Is consent required to proceed with a transaction?	Yes / No. If yes, state deadline:

Part B: Details of the suspected money laundering activity

Name of person or organisation involved:	
Address or contact details, if known:	
Nature of relationship with STDC:	
Date and time concern arose:	
Describe the activity, transaction or behaviour causing concern:	
Reasons for suspicion:	

Value, timing and method of any transaction, if known:	
Documents or evidence available:	

Part C: Declaration by employee

I confirm that the information provided in this report is true and accurate to the best of my knowledge and that I have not discussed this matter with any person who may be involved in the suspected activity.	
Signed:	
Date:	

SOUTH TEES DEVELOPMENT CORPORATION

RIPA SURVEILLANCE PROTOCOL

Version 0.1

Contents

Version Control

Version	Summary of Changes	Date	In Effect From
V0.1		August 2026	September 2026

Date of next Review	September 2027

1. Purpose

1.1. This Protocol provides a framework for the conduct of covert surveillance by the South Tees Development Corporation (STDC) in a manner that will ensure all legal obligations are met, particularly in relation to the Regulation of Investigatory Powers Act 2000 (RIPA).

1.2. The legal basis for processing any data gathered via surveillance arises from the employee's contract of employment and surveillance will only be undertaken when STDC believes that it is necessary in the public interest to protect funds and assets or in the investigation of possible criminal activity.

2. Definitions

2.1. Surveillance is defined as including:

- The targeted observation or listening to individual persons, their movements, their conversations or their other activities; or
- The recording of anything observed or listened to in the course of surveillance; and
- Surveillance by or with the assistance of a surveillance device.

2.2. Surveillance should not be confused with routine employee monitoring in the day-to-day course of business which STDC undertakes having due regard to the Officer Code of Conduct.

2.3. Monitoring is a routine and non-targeted management function that can be used for reasons such as establishing that quality of work meets required standards; safe working practices are being followed; and / or policies are being complied with. It generally involves reviewing pre-existing recorded, captured or reported material.

2.4. Surveillance will only be undertaken in response to a specific allegation or concern, which would typically relate to a suspicion of fraud, irregularity or non-compliance with policy or procedure. Any enquiries of this nature will be undertaken in accordance with the Investigation Protocol and in compliance with the Guidance for Officers Undertaking Surveillance (see section 6).

3. Policy Statement

3.1. STDC supports the objectives of the Human Rights Act (HRA) 1998, the Data Protection Act 2018 and the General Data Protection Regulations, the Regulation of Investigatory Powers Act (RIPA) 2000, the Protection of Freedoms Act 2012 and the Employee Practices Code.

3.2. Please refer to the legislation at www.legislation.gov.uk for the full details of the provisions of the relevant Acts of Parliament.

3.3. The following guiding principles shall form the basis of any covert surveillance activity undertaken by STDC:

- Covert surveillance shall only be undertaken where it is deemed necessary to achieve the desired aims;

- Covert surveillance shall only be undertaken where it is considered proportionate to do so;
- Covert surveillance shall only be undertaken in a manner that it is proportionate;
- Adequate regard shall be had to individuals' rights and freedoms, including those who are not the target of the covert surveillance;
- All authorisations to carry out covert surveillance shall be granted by designated Authorising Officers specified in section 6 of this protocol; and
- Any member of staff who is subject to disciplinary action as a result of covert surveillance has the right to view the original copies of authorisation forms and appropriate related documentation.

4. Scope

4.1. The protocol applies to all employees.

5. Responsibilities

5.1. The **Chief Executive** and all **Directors** will fulfil the role of Authorising Officers.

5.2. The **Head of Governance** is responsible for deploying this Protocol across STDC.

5.3. The **Monitoring Officer** is responsible for oversight; ensuring that the use of surveillance by STDC is consistent with the Surveillance Protocol.

5.4. The **Head of People** is responsible for ensuring that surveillance undertaken to facilitate disciplinary investigations is carried out in accordance with internal policies and procedures.

5.5. **Officers** involved in any part of the surveillance process are responsible for ensuring that this Protocol is complied with.

6. Guidance for Officers Undertaking Surveillance

REGULATION OF INVESTIGATORY POWERS ACT (RIPA) AND THE HUMAN RIGHTS ACT (HRA)

6.1. STDC is not detailed as a relevant public authority within the Regulation of Investigatory Powers Act (RIPA). Even so, when undertaking surveillance, STDC will follow the best practice principles contained in RIPA and all surveillance will be subject to a formal authorisation process before it is undertaken to consider necessity and proportionality.

6.2. It is the responsibility of all public bodies to comply fully with the requirements of the Human Rights Act (HRA). In respect of surveillance work the following human rights principles must be complied with:

- the proposed action must be lawful;
- the proposed action must be proportionate;
- the proposed action must be necessary (having considered alternatives); and
- the proposed action must be non-discriminatory.

TYPES OF SURVEILLANCE

6.3. **Covert Surveillance**

6.3.1. Surveillance is covert if it is carried out in a manner that is calculated to ensure that the person(s) who are subject to surveillance are unaware that it is or may be taking place. Covert surveillance can be undertaken in two ways:

- Directed surveillance; and
- Intrusive surveillance - which may make use of Covert Human Intelligence Sources (CHIS).

6.4. **Directed Surveillance**

6.4.1. Surveillance is directed if it is undertaken:

- for the purpose of a specific investigation or specific operation in such a manner as is likely to result in the obtaining of private information about a person (whether or not that person is specifically targeted for purposes of an investigation);
- is covert;
- is not intrusive surveillance (see definition below - officers / those acting on STDC's behalf must not carry out any intrusive surveillance); and
- is not carried out in an immediate response to events, e.g. spotting something suspicious and continuing to observe it.

6.4.2. The key issue in directed surveillance is the targeting of an individual; which is likely to result in the acquiring of private information. This includes any information relating to private and family life, home and correspondence, and includes activities of a professional or business nature. The fact that covert surveillance occurs in a public place or on business premises does not mean that it cannot result in the obtaining of private information about a person. Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about him/her and others with whom he/she comes into contact, or associates with.

6.4.3. Similarly, although overt CCTV cameras do not normally require authorisation, if the camera is tasked for a specific purpose, which involves prolonged surveillance on a particular person, authorisation will be required. The way a person runs his/her business may also reveal information about his or her private life and the private lives of others. There are separate protocols to observe in respect of CCTV.

6.5. **Intrusive Surveillance**

6.5.1. Intrusive Surveillance can only be carried out by the police and other law enforcement agencies.

6.5.2. Surveillance is intrusive if it:

- is covert;

- is carried out in relation to anything taking place on any residential premises or in any private vehicle (or on certain premises where legal consultations with professional legal advisors are taking place); and
- involves the presence of an individual in the premises or in the vehicle or is carried out by a surveillance device in the premises / vehicle, e.g. cameras, sound recording device etc.

6.5.3. However, surveillance carried out in relation to residential premises by use of a device, e.g., a camera, which is not in or on the premises is not intrusive (although it will be directed) unless it is of the same quality of information as would be obtained if the equipment was in the premises / vehicle.

USE OF A COVERT HUMAN INTELLIGENCE SOURCE (CHIS)

6.6. A person is a covert human intelligence source (CHIS) if he / she establishes or maintains a personal or other relationship with a person for the covert purpose of using the relationship to obtain information.

6.7. In circumstances where members of the public volunteer information to STDC as a good citizen or contact a hotline set up to receive information this does not constitute a CHIS.

6.8. Employees must not ask members of the public who volunteer information to gather further information on its behalf, as this may result in forming a relationship with the subject and therefore becoming a CHIS.

6.9. It is most unlikely that it would ever be appropriate for STDC to utilise a CHIS. If there is a reasonable belief that a CHIS is necessary, an Application for Directed Surveillance should not be made. The Monitoring Officer and Head Governance should be contacted to discuss how the investigation should be continued.

SOCIAL MEDIA

6.10. In some investigations, social media sites can form a useful source of intelligence. Usually, a review of open-source sites will not require authorisation. However, if reviews are carried out in respect of the same individual with some regularity, this may amount to directed surveillance and authorisation should be obtained.

6.11. If it is necessary and proportionate for STDC to breach privacy controls, covertly (e.g., by becoming an account holder's "friend" using a false identity), to conduct an investigation, then a directed surveillance authorisation will be required.

6.12. Surveillance of social media should never involve more than merely reading a site's contents.

APPLICATION FOR DIRECTED SURVEILLANCE

6.13. The use of directed surveillance must be documented and authorised by a designated Authorising officer prior to any surveillance taking place.

6.14. Authorising officers are:

- Chief Executive;
- Directors

6.15. If the directed surveillance is of an employee, the Head of People must be consulted prior to an application being submitted.

6.16. Applications must include a unique reference number that will be provided on request by the Monitoring Officer.

6.17. An application for authorisation of directed surveillance must be made in writing using the application form (Appendix A) and must detail:

- the grounds on which the action is necessary;
- an account of the investigation / operation;
- the action to be authorised (i.e., observation / following, and reference to any premises / vehicles involved and whether private / public, residential / business); the duration of the surveillance;
- full description of the work to be carried out (including locations of areas from which observations are to be conducted e.g. street names etc. and whether photography equipment or binoculars are to be used);
- the person(s) to be subject to the action;
- the information which is sought from the action;
- the potential for collateral intrusion and a plan to minimise this potential (i.e. the potential impact on other people not involved in the action);
- why the action is proportionate to what it seeks to achieve (there must be a clear indication of what alternative methods were considered for obtaining the information required and why these were rejected). It may be useful to state that this is the only way the evidence can be gathered; and
- the likelihood of acquiring any confidential / religious material (medical records, financial records, legal documents, communications subject to legal privilege etc.).

6.18. Surveillance activity must be proportionate to the offence under investigation. For example, suspected theft from the workplace may merit surveillance at work but not at the person's home. The length of the investigation also needs to be proportionate.

6.19. In assessing whether or not the proposed surveillance is proportionate, consideration should be given to other appropriate means of gathering the information. The least intrusive method would be considered proportionate by a court.

6.20. Account must be taken of the risk of intrusion into the privacy of persons other than the specified subject of the surveillance (collateral intrusion). Measures must be taken wherever practicable to avoid or minimise collateral intrusion and the matter may be an aspect of determining proportionality.

6.21. Confidential information consists of communications subject to legal privilege, communications between a Member of Parliament and another person on constituency matters, confidential personal information i.e., information relating to the physical or mental health or spiritual counselling of a person (whether living or dead) who can be identified from it, or confidential journalistic material.

6.22. If there is a reasonable belief that surveillance would result in the acquisition of confidential information an Application for Directed Surveillance should not be made. The Monitoring Officer should be contacted to discuss how the investigation should be continued.

6.23. Where surveillance is reactive (i.e. an immediate response to an immediate situation) oral permission for the surveillance must be sought from an Authorising Officer and this must be documented within 3 days of the surveillance commencing.

6.24. The Authorising Officer must consider whether the proposed surveillance is lawful, proportionate, necessary and non-discriminatory. If the proposed surveillance cannot be embraced within these criteria it should not be undertaken.

TIME LIMITS

6.25. An authorisation for directed surveillance (applications or renewals) cannot exceed one month from the date on which it takes effect. The duration applied for should be a realistic estimate of how long it will take to obtain the information which is sought from the action.

REVIEWS

6.26. Reviews of directed surveillance should be undertaken following any significant occurrence or within two weeks of the authorisation commencing. Details of the review should be recorded on the review form (Appendix B).

RENEWAL

6.27. If surveillance is necessary beyond the initial authorised period, a renewal application form (Appendix C) must be submitted to an authorised officer.

CANCELLATION

6.28. If the conditions for surveillance being carried out are no longer satisfied, and the authorisation period has not ended, a cancellation form (Appendix D) must be completed and all those involved in the surveillance should receive notification of the cancellation, which must be confirmed in writing at the earliest opportunity.

RECORDS

6.29. Copies of all applications, reviews, renewals and cancellations will be held by the Monitoring Officer.

6.30. When an investigation has been completed all records / logs maintained by the investigating officer(s) in respect of surveillance activity should be delivered to the Monitoring Officer.

6.31. All application, review, renewal and cancellation forms and surveillance records will be kept for six years from the end of the authorisation period and then destroyed.

MONITORING AND REVIEW

6.32. The Monitoring Officer will review the authorisations held on the central file on an annual basis to ensure that the use of surveillance is consistent with the Surveillance Policy and that applications, renewals and cancellations are being correctly completed.

RECORD KEEPING

6.33. Any surveillance should have a dedicated log-sheet for officer's use. The log-sheet should be kept in chronological order detailing who is on the surveillance, where it is and what happens. Where notes cannot be written up at the time of surveillance, this should be completed as soon as possible afterwards.

6.34. All alterations in the log sheet should be crossed through and initialled and then the corrected material written to the side in the normal manner. Correction fluid should not be used at any time. Completion of the log should ensure that no empty lines are left where additional information could be added later. These logs could be used in the event of criminal prosecution and should be kept correctly, signed as true statements, and held securely at all times.

6.35. In all cases there is a duty of care to those surveilled. All details and approvals must be kept strictly confidential. The privacy of individuals must not be put at risk and unnecessary information should not be documented, i.e. if the observed person was incidentally observed in a private context such as an extra-marital affair.

6.36. Where photographs or videos are taken, a photographic log needs to be maintained. Technology is available to alter photographs, and the logs are important to prove that the integrity of original material has been maintained.

APPENDIX A – Application for Directed Surveillance

APPENDIX B – Review of Directed Surveillance

APPENDIX C – Application for Renewal of Directed Surveillance

APPENDIX D – Cancellation of Directed Surveillance

APPENDIX A

Application for Directed Surveillance

Public Authority *(including full address)*	South Tees Development Corporation Teesside Airport Business Suite | Teesside International Airport St George Way, Darlington DL2 1NJ

Details of Application
Describe the purpose of the specific operation or investigation
Describe in detail the surveillance operation to be authorised and expected duration, including any premises, vehicles or equipment (e.g. camera, binoculars) that may be used.
The identities, where known, of those to be subject of the directed surveillance
• Name: • Address: • Date of Birth: • Other information as appropriate:
Explain the information that it is desired to obtain as a result of the directed surveillance
Explain why this directed surveillance is necessary
Explain why the evidence cannot be obtained by any other means

Supply details of any potential collateral intrusion and why the intrusion is unavoidable
Describe precautions you will take to minimise collateral intrusion
Explain why this directed surveillance is proportionate to what it seeks to achieve and why any collateral intrusion outweighed by the need for surveillance in operational terms
Confirm that there is a reasonable belief that surveillance will not result in the acquisition of confidential information

Applicant's Details	
Name:	
Position:	
Tel No:	
Date:	
Signature:	

Authorisation of Application
Authorising Officer's Statement
I hereby authorise directed surveillance defined as follows: [*Why is the surveillance necessary, whom is the surveillance directed against, Where and When will it take place, What surveillance activity/equipment is sanctioned, How is it to be achieved?]*
Explain why you believe the directed surveillance is necessary

Explain why you believe the directed surveillance to be proportionate to what is sought to be achieved by carrying it out

Authorising Officer's Details	
Name:	
Position:	
Telephone Number:	
Date:	
Signature:	
Expiry date and time: *The maximum period that can be authorised is one month*	

APPENDIX B

Review of Directed Surveillance

Public Authority *(including full address)*	South Tees Development Corporation Teesside Airport Business Suite | Teesside International Airport St George Way, Darlington DL2 1NJ

Unique Reference Number *(obtained from the Monitoring Officer)*	

Details of Review
Review number and dates of any previous reviews
Summary of the investigation/operation to date, including what private information has been obtained and the value of the information so far obtained
Detail the reasons why it is necessary to continue with the directed surveillance
Explain how the proposed activity is still proportionate to what it seeks to achieve
Detail any incidents of collateral intrusion and the likelihood of any further incidents of collateral intrusions occurring
Confirm that there is a continued belief that surveillance will not result in the acquisition of confidential information

Applicant's Details	
Name:	
Position:	
Telephone Number:	
Date:	
Signature:	

Authorisation	
Authorising Officer's Statement	
I hereby agree that the directed surveillance investigation/operation as detailed above [should/should not] continue [until its next review/renewal] [it should be cancelled immediately	
Authorising Officer's Details	
Name:	
Position:	
Telephone Number:	
Date:	
Signature:	
Date of next review:	

APPENDIX C

Application for Renewal of Directed Surveillance

Public Authority *(including full address)*	South Tees Development Corporation Teesside Airport Business Suite | Teesside International Airport St George Way, Darlington DL2 1NJ

Unique Reference Number *(obtained from the Monitoring Officer)*	

Details of Renewal Application
Renewal numbers and dates of any previous renewals
Detail any significant changes to the information as listed in the original authorisation as it applies at the time of the renewal
Detail the reasons why it is necessary to continue with the directed surveillance
Detail why the directed surveillance is still proportionate to what it seeks to achieve
Indicate the content and value to the investigation or operation of the information so far obtained by the directed surveillance
Give details of the results of the regular reviews of the investigation or operation

Applicant's Details	
Name:	
Position:	
Telephone Number:	
Date:	
Signature:	

Authorisation of Application
Authorising Officer's Comments
Authorising Officer's Statement
I hereby authorise the renewal of the directed surveillance operation as detailed above. The renewal of this authorisation will last for one month unless renewed in writing. This authorisation will be reviewed frequently to assess the need for the authorisation to continue.

Authorising Officer's Details	
Name:	
Position:	
Telephone Number:	
Date:	
Signature:	
Expiry Date and Time: *The maximum period that can be authorised is one month*	

APPENDIX D

Cancellation of Directed Surveillance

Public Authority *(including full address)*	South Tees Development Corporation Teesside Airport Business Suite | Teesside International Airport St George Way, Darlington DL2 1NJ

Unique Reference Number *(obtained from the Monitoring Officer)*	

Details of Cancellation	
Explain the reason(s) for the cancellation of the authorisation	
Explain the value of surveillance in the operation	
Applicant's Details	
Name:	
Position:	
Telephone Number:	
Date:	
Signature:	

Authorisation of Cancellation	
Authorising Officer's Statement	
I, hereby authorise the cancellation of the directed surveillance operation as detailed above.	
Authorising Officer's Details	
Name:	
Position:	
Telephone Number:	
Date:	
Signature:	
Date and time when surveillance to cease:	

SOUTH TEES
DEVELOPMENT
CORPORATION

AGENDA ITEM 10

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF THE DIRECTOR OF LEGAL & GOVERNANCE (MONITORING OFFICER)

WHISTLEBLOWING POLICY

SUMMARY

The purpose of this report is to present to the STDC Board for consideration and approval the updated Whistleblowing Policy, this is consistent with approved policies across the wider group.

RECOMMENDATIONS

It is recommended that the STDC Board:

i. **Approve** the updated Whistleblowing Policy.

DETAIL

Executive Summary

1. Policies should be subjected to regular review in order to make any necessary good practice or legislative amendments that may be required.

2. Whistleblowing is when an individual reports any wrongdoing that is in the public interest.

3. Whistleblowing that members, staff, contractors and members of the public raise, can help identify issues early, facilitate good practice, and reduce the risk of harm to an organisation or the people it serves.

Whistleblowing Policy

4. A review of the Policy was undertaken by considering the following:

   (a) Changes brought into effect on April 6th, 2026, by the Employment Rights Act 2025

On the 6th April 2026 the Employment Rights Act 2025 amended the Employment Rights Act 1996 to make clear that workers who 'blow the whistle' on sexual harassment can benefit from whistleblowing protections against detriment (adverse treatment) and unfair dismissal.

It does this by adding sexual harassment to the list of wrongdoings under section 43B of the Employment Rights Act 1996 that can form the subject-matter of a whistleblowing disclosure (legally known as a 'protected disclosure').

This amendment will provide clarity for workers and employers, and it is hoped that its introduction may also encourage more workers to speak up about sexual harassment in the public interest by using whistleblowing routes.

Prior to the enactment of this amendment a worker would have had to claim that their disclosure about sexual harassment fell under one of the existing categories of wrongdoing, such as a danger to health and safety. The amendment now provides explicitly that a disclosure about sexual harassment can be a protected whistleblowing disclosure.

Sexual harassment has been added to the STDC Whistleblowing Policy to make this change explicit at 3.3(m) of the policy.

Background

5. The Whistleblowing Policy is due for review.

6. The Monitoring Officer is the designated Officer with lead responsibility for Whistleblowing matters.

FINANCIAL IMPLICATIONS

7. There are no financial implications arising from the recommendations to this report.

LEGAL IMPLICATIONS

8. As an employer, having whistleblowing policies and procedures helps to create a transparent working environment and demonstrates STDC's commitment to handling wrongdoing in the workplace.

9. Information that Members, staff, contractors and members of the public raise can help identify issues early, facilitate good practice, and reduce the risk of harm to an organisation or the people it serves.

10. Whistleblowing is when an individual reports any wrongdoing that is in the public interest.

11. The Employment Rights Act 1996 protects workers in Great Britain who ‘blow the whistle’ from being treated unfairly and from dismissal, if certain conditions in the Act are met.

RISK ASSESSMENT

12. The risk level is considered low as the policy will meet legislative requirements.

CONSULTATION & COMMUNICATION

13. This policy was considered by the STDC Audit & Governance Committee on 12 August 2026.

EQUALITY & DIVERSITY

14. The Whistleblowing Policy reflects legislation and ensures that those raising whistleblowing concerns are protected.

Name of Contact Officer: Andrew Perriman
Post Title: Director of Legal & Governance (Monitoring Officer)
Telephone Number: 01325 792600
Email Address: andrew.perriman@teesvalley-ca.gov.uk

SOUTH TEES
DEVELOPMENT
CORPORATION

Whistleblowing Policy
V2.0

Contents

Version Control

Version	Summary of Changes	Date	In Effect From
V1.0	Updated Policy to reflect changes to legislation.	May 2026	
V2.0	Updated further	July 2026	

Date of next Review	July 2029 (or sooner if new legislation)

Whistleblowing Policy

This policy enables employees, elected members, contractors, members of the public to voice confidentially serious concerns over alleged malpractice and alleged wrongdoing within the Development Corporation.

1. INTRODUCTION

1.1 Employees/Officers are sometimes the first to realise that there may be something seriously wrong. Whilst we would always encourage staff to speak openly to their manager or colleagues about any concerns, we also recognise, but they may not want to express any concerns in this way because they feel that speaking up would be disloyal to their colleagues or to the Development Corporation; or they may fear harassment, victimisation or other reprisals. In these circumstances it may be easier to ignore the concern rather than report what may be just a suspicion of malpractice.

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

1.3 The Whistleblowing Policy complies with the Public Interest Disclosure Act (updated 2020) protects workers from detrimental treatment or victimisation from their employer if, in the public interest, they blow the whistle on wrongdoing.

1.4 The STDC Whistleblowing policy applies to all, employees, any contractors working for the Development Corporation on Development Corporation premises, Elected Members and members of the public. It also covers suppliers and those providing services under a contract with the Development Corporation in their own premises. It also allows for the reporting of any concerns about wrongdoing that they may have.

1.5 The Development Corporation will take all whistleblowing concerns seriously and any evidence of active discouragement to raise concerns may be considered a disciplinary offence.

2. AIMS AND SCOPE OF THIS POLICY

2.1 This policy aims to:

(a) provide avenues for you to raise concerns and receive feedback on any action taken;

(b) allow you to take the matter further if you are dissatisfied with the Development Corporation's response to the concerns expressed; and

(c) reassure you that you will be protected from possible reprisals, victimisation or suffering a detriment in your employment, in accordance with the Public Interest Disclosure Act (1998)

2.2 Complaints systems are in place to provide a mechanism for individuals to complain about the standard of service, action or lack of action by the Development Corporation or its employees, which affect our services to the public. If you are an employee there are procedures in place to enable you to lodge a grievance relating to your own employment. The Whistleblowing Policy is intended to cover concerns that fall outside the scope of these procedures e.g. malpractice or wrongdoing.

2.3 Thus any serious concern that you may have regarding possible malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Development Corporation (although complaints about Members' conduct will need to be forwarded to the Development Corporation's Monitoring Officer as part of the Code of Conduct procedure) or others acting on behalf of the Development Corporation, can and should be reported under this policy. Employees and Officers are expected to report malpractice and wrongdoing and may be liable to disciplinary action if they knowingly and deliberately do not disclose information relating to malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Development Corporation or others acting on behalf of the Development Corporation.

2.4 The Nominated Whistleblowing Officer for the Development Corporation is the Monitoring Officer. Their contact details can be found here:

Post: The Monitoring Officer
STDC
Teesside Airport Business Suite
Teesside International Airport
St George Way,
Darlington, DL2 1NJ

Email: monitoringofficer@teesvalley-ca.gov.uk

Website : www.teesvalley-ca.gov.uk

3. WHAT IS MALPRACTICE OR WRONGDOING?

3.1 Malpractice and wrongdoing may be about something which:-

- is unlawful; or
- against the Development Corporation's Procedure Rules or policies; or

- is not in accordance with established standards of practice; or
- amounts to improper conduct by an Officer or a Member.

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

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

(a) any unlawful act or omission, whether criminal or a breach of civil law

(b) maladministration, as defined by the Local Government Ombudsman

(c) breach of any statutory code of practice

(d) breach of, or failure to implement or comply with any policy determined by the Development Corporation

(e) failure to comply with appropriate professional standards or other established standards of practice

(f) corruption or fraud

(g) actions which are likely to cause physical danger to any person, or give rise to a risk of significant damage to property

(h) failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income, to the Development Corporation or would otherwise seriously prejudice the Development Corporation

(i) abuse of power, or the use of the Development Corporation's powers and authority for any unauthorised or ulterior purpose

(j) unfair discrimination in the Development Corporation's employment or services

(k) dangerous procedures risking health and safety

(l) damage to the environment

(m) sexual harassment

(n) other unethical conduct.

4. SAFEGUARDS

HARASSMENT OR VICTIMISATION

4.1 If you have concerns that you may suffer a detriment by raising a whistleblowing complaint you are encouraged to seek support from HR, a Trade Union or an appropriate workplace support service.

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

4.3 If you have concerns that you may suffer a detriment by raising a whistleblowing complaint you are encouraged to seek support from the Monitoring Officer and staff are advised to contact HR, a Trade Union or an appropriate workplace support service.

4.4 The organisation will take all reports of detriment seriously and will carry out a prompt, fair, and impartial investigation. Where appropriate, measures may be put in place to protect the individual while the matter is being investigated.

The Monitoring Officer is the lead for Whistleblowing matters, however, if a disclosure were made in respect of the Monitoring Officer, then the investigation would be undertaken by another Local Authority or an Independent Person.

4.5 Where detriment is confirmed, the organisation will take appropriate action to address the situation and prevent recurrence. This may include disciplinary action against those causing this. This does not however necessarily mean that if you are already the subject of disciplinary procedures that those procedures will be halted as a result of a concern being raised under this policy.

CONFIDENTIALITY

4.6 It will be possible to follow up and to verify complaints if complainants are prepared to give their names. However, the Development Corporation will protect those who do not want their names to be disclosed and will review all Whistleblowing matters whether they are anonymous or signed.

DELIBERATELY FALSE OR MALICIOUS ALLEGATIONS

4.7 The Development Corporation will view very seriously any deliberately false or malicious allegations it receives, and will regard the making of any deliberately false or malicious allegations by any employee as a serious disciplinary offence which could result in dismissal.

4.8 If you make an allegation in good faith but it is not confirmed by the investigation, no action will be taken against you.

4.9 The Development Corporation will try to ensure that the negative impact of either a malicious or unfounded allegation about any employee is minimised.

5. HOW DO I RAISE A CONCERN?

5.1 If you suspect wrongdoing in the workplace:

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

5.2 As a first step, you should normally raise concerns with your immediate manager or supervisor. However, the most appropriate person to contact will depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. For example, if you believe that senior management is involved in the matter of concern, or the normal channels of communication are inappropriate for some reason, as an employee of the Development Corporation you should approach the nominated officer for this policy who is the Development Corporation's Monitoring Officer. The contact details for the Monitoring Officer can be found here:

Email: monitoringofficer@teesvalley-ca.gov.uk

Post: The Monitoring Officer
STDC
Teesside Airport Business Suite
Teesside International Airport
St George Way,
Darlington, DL2 1NJ

5.3 Concerns may be raised verbally but are better raised in writing. You are invited to set out the background and history of the concern giving relevant names, dates and places where possible, and the reason why you are particularly concerned about the situation. If you do not feel able to put your concern in writing, you can telephone or meet the appropriate Officer.

5.4 Although you are not expected to prove the truth of an allegation that is made, it will be necessary for you to demonstrate to the person contacted that there are sufficient grounds for concern.

5.5 Advice and guidance on how matters of concern may be pursued can be obtained from the Development Corporation's Monitoring Officer.

5.6 Alternatively, you may wish to seek advice from your trade union, professional association or an organisation such as the Citizens Advice Bureau.

5.7 Elected members who wish to raise a concern should do so by contacting the Development Corporation's Monitoring Officer.

5.8 Members of the public who wish to raise a concern should do so by contacting the Development Corporation's Monitoring Officer.

6. HOW THE DEVELOPMENT CORPORATION WILL RESPOND

- The action taken by the Development Corporation will depend on the nature of the concern. Where appropriate, the matters raised will be considered by the Monitoring Officer who may require an independent investigation

- The Monitoring Officer may refer to the disclosure(s) and allegations to:
  - Internal Audit
  - the External Auditor
  - the Police

6.1 Within 14 calendar days of a concern being raised under this procedure the Monitoring Officer will write to you:

6.1.1 acknowledging that the concern has been received;

6.1.2 indicating how it is proposed to deal with the matter;

6.1.3 giving an estimate (so far as reasonably practicable) as to how long it will take to provide a final response;

6.1.4 telling you whether any initial enquiries have been made; and

6.1.5 telling you whether further investigations will take place and if not, why not.

6.2 The amount of contact between you and the Monitoring Officer will depend on the nature of the matters raised and the clarity of information provided. If necessary, further information will be sought from you.

6.3 Where any meeting is arranged, you have the right, if you so wish, to be accompanied by a trade union or professional association representative or a friend who is not involved in the area of work to which the concern relates.

6.4 The Development Corporation will take appropriate steps to minimise any difficulties you may experience as a result of raising a concern.

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

7. HOW CAN I TAKE THE MATTER FURTHER?

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

1. *the External Auditor*
2. *relevant professional bodies or regulatory organisations*
3. *the Police*
4. *the Local Government Ombudsman*
5. *'Protect' an independent whistleblowing charity*
6. *an independent legal adviser within the meaning of the Public Interest Disclosure Act 1998*
7. *a regulatory body designated for the purposes of the Public Interest Disclosure Act*

7.2 If you do wish to take the matter outside the Development Corporation, you must first ensure that you do not disclose confidential information. In addition, if you wish to secure the protections afforded by the Public Interest Disclosure Act (1998), you must ensure that your disclosure is protected within the meaning of the Act and that it complies with a set of specific conditions which vary according to whom the disclosure is made.

8. RESPONSIBILITY FOR THE POLICY

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

SOUTH TEES
DEVELOPMENT
CORPORATION

AGENDA ITEM 11

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF THE CHIEF EXECUTIVE OFFICER

LAND ARRANGEMENTS FOR TEESWORKS HIGHWAYS INTERVENTION SCHEMES

SUMMARY

This report asks the Board to approve targeted land arrangements needed to deliver identified highway access schemes across the Teesworks site. The approvals would suspend, and later surrender, Teesworks Limited's existing options over the relevant land, and would allow STDL to enter into long-term lease arrangements with Teesworks Estate Management Company (TEMCo) once the works are complete. The purpose is to remove a legal constraint to delivery, support compliance with grant funding requirements and programme milestones, and establish clear long-term arrangements for the management, operation and maintenance of the completed highway infrastructure.

The proposal is necessary to enable the delivery of these highway interventions in accordance with the relevant grant funding agreements and programme milestones. Certain land parcels required for the schemes remain subject to option agreements in favour of Teesworks Limited, which now need to be suspended whilst the works are undertaken and then formally surrendered once the works are complete, to allow the necessary land and infrastructure arrangements to progress.

Following the ultimate surrender of the relevant options, STDL, as landowner, will grant long-term leases over the completed highway infrastructure land to Teesworks Estate Management Company (TEMCo). This will establish a clear long-term arrangement for the management, operation and maintenance of common infrastructure and estate assets across the Teesworks site.

The approvals requested are intended to create a pathway to allow the works to be undertaken without threat of the land being acquired by Teesworks Limited, thus removing the constraints that the options create; allowing the relevant highway schemes to proceed, and put in place the long-term lease arrangements needed for future management and maintenance of the completed infrastructure.

The decision sought from the Board is a targeted land and governance approval. It does not approve new programme-level transport schemes or remove TVCA's role as accountable

body for that funding associated with the highway intervention schemes, or commit STDC to unfunded expenditure. Its purpose is to ensure that, where TVCA approvals and grant funding agreements permit delivery, the land arrangements required for STDC and its subsidiary companies to progress the relevant schemes can be completed.

RECOMMENDATIONS

It is recommended that the STDC Board:

i. **Approves** the suspension and subsequent surrender of Teesworks Limited's existing options over the areas required for the identified highway schemes.
ii. **Approves** STDL entering into long-term leases with Teesworks Estate Management Company (TEMCo) for the relevant land following completion of the option surrenders.
iii. **Delegates** authority to the Chief Executive, in consultation with the Monitoring Officer and Interim Group Director of Finance and Resources, to finalise and execute all necessary legal documentation to give effect to the approvals above, subject to the relevant TVCA approvals, grant funding agreements, legal advice, Subsidy Control advice and STDC constitutional requirements being satisfied.
iv. **Notes** that the suspension and subsequent surrender of the relevant Teesworks Limited's options is necessary to enable the identified highway schemes to proceed and to support drawdown and expenditure of the associated grant funding in accordance with the relevant grant funding agreements and programme milestones.

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 a paper in relation to programme-level transport funding. As confirmed at the March 2026 Board meeting and reflected in the July 2026 update on the Teesworks Integrated Transport Improvement Programme, this funding is not held by STDC, has not been transferred to STDC and remains subject to Tees Valley Combined Authority (TVCA) governance, assurance, business case approval and grant funding agreement 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. The Board will recall that STDC's potential role is limited to delivery of specific schemes where TVCA determines that STDC is best placed to deliver, where the

scheme falls within STDC's competency and site responsibilities, and where appropriate scheme-specific grant funding agreements are approved and executed.

4. For context, 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.

5. A programme of highway intervention schemes is being delivered across the Teesworks site to improve access, connectivity and supporting infrastructure. The schemes form part of the wider regeneration programme and are being funded through external grant agreements, with delivery subject to specified programme milestones and completion dates.

6. Certain parcels of land required for the schemes listed above remain subject to existing option agreements in favour of Teesworks Limited. While those options were appropriate when originally granted, they now create a legal constraint to progressing the highway works and completing the land arrangements required to satisfy the relevant grant funding conditions.

7. Appropriately dealing with the option agreement is therefore essential to enable the schemes to proceed, support compliant expenditure of the associated grant funding, and allow STDC to comply with applicable Subsidy Control legislation and associated advice. Unless Teesworks Limited's ability to draw down the relevant land under its options is suitably constrained, the necessary land arrangements cannot be completed, creating a risk to delivery of the funded schemes and associated programme milestones.

8. The agreement reached in principle with Teesworks Limited would prohibit it from exercising its relevant option rights during the works, mitigating the risk of the land being acquired after significant public sector investment has been made. The site entrances are of significant strategic value to the Teesworks estate and form critical gateways to the wider project. It is therefore important that, once approved, the works are delivered in the correct and most appropriate manner.

9. It is therefore proposed that the suspension of the relevant options should remain linked to the progression and completion of the approved works. Where there is a material issue with delivery, any further rights or remedies available to Teesworks Limited will be clearly defined within the legal documentation and subject to appropriate notice, engagement between the parties and a reasonable opportunity to

resolve the matter. This would provide appropriate protection for the strategic importance of the site entrances, while ensuring the delivery arrangements remain proportionate, practical and capable of being managed through the agreed governance, funding and legal processes.

10. Once the works have been successfully completed by STDC, STDL – as freehold landowner – will grant long-term leases over the completed highway intervention scheme land to Teesworks Estate Management Company (TEMCo), and Teesworks Limited will at that point surrender the relevant options insofar as they relate to the land associated with the delivery of the highway intervention schemes.

11. TEMCo has recently been established to hold, manage and maintain common infrastructure and estate assets across the Teesworks site. The proposed long-term leases will provide a clear and appropriate structure for the ongoing operation and maintenance of the completed highway infrastructure.

12. The proposal will therefore:
    - Enable the grant-funded highway schemes to proceed;
    - Support compliance with grant funding requirements and programme milestones;
    - Ensure the necessary land arrangements are in place to support compliance with Subsidy Control legislation and associated advice;
    - Remove legal constraints that could delay delivery and grant expenditure; and
    - Establish clear long-term arrangements for the management and maintenance of the highway infrastructure through TEMCo.

13. Subject to Board approval, officers will progress the option suspension and surrender documentation and the associated long-term lease arrangements in parallel, with completion managed to align with the relevant programme and grant funding requirements.

FINANCIAL IMPLICATIONS

14. The grant approval process is ongoing and remains subject to the relevant TVCA approvals, assurance processes and governance requirements. No STDC financial commitment will be made unless the relevant approvals, delegations, funding agreements, financial controls and monitoring arrangements are in place.

15. The proposed land transactions are necessary to enable the highway schemes to proceed and to support the future drawdown and compliant expenditure of any grant funding approved through the relevant TVCA governance processes.

16. Failure to complete the required land transactions could delay delivery, potentially putting the grant funding at risk and resulting in additional project costs.

17. The long-term costs and responsibilities for the operation and maintenance of the infrastructure will transfer to TEMCo in accordance with the proposed lease arrangements, the approved TEMCo business model and any estate-wide service charge arrangements approved through the relevant governance processes.

LEGAL IMPLICATIONS

18. Legal documentation will be required to formally suspend and surrender the existing option agreements insofar as they apply to the land required to deliver the highway intervention schemes, grant the long-term leases from STDL to TEMCo, and ensure the transactions comply with the relevant grant funding agreements, Subsidy Control legislation, land ownership requirements and statutory obligations.

19. STDC's legal advisers will prepare and complete the necessary documentation. Delegated authority is sought for the Chief Executive, in consultation with the Monitoring Officer and Interim Group Director of Finance and Resources, to finalise and execute the documentation once the legal, financial, funding and Subsidy Control positions have been confirmed.

20. Approval of this proposal will allow officers to remove the existing land-option constraint, complete the required legal documentation and align the land arrangements with the relevant funding, programme and estate management requirements.

RISK ASSESSMENT

21. There is a risk that delay in securing Board approval and completing the required legal documentation could impact the delivery timetable for the highway schemes, affect compliance with grant funding conditions and programme milestones, or place associated funding at risk. This will be mitigated through timely Board approval, prompt progression of the legal documentation and continued alignment with the relevant grant agreements and TVCA governance requirements.

22. There is a risk that delays in completing the required land arrangements could affect compliance with grant funding conditions and programme milestones. The proposed transactions will be progressed in accordance with the relevant grant agreements and TVCA approval and governance requirements.

23. There is a risk that the existing option arrangements could create a constraint in demonstrating compliance with applicable Subsidy Control legislation and associated advice. Suspension and subsequent surrender of the relevant options is intended to address that constraint, with the transactions progressed only in accordance with legal and Subsidy Control advice.

24. There is a risk that the existing option rights could prevent the necessary land arrangements being completed and delay the highway works. Suspending and then surrendering the options will remove that legal constraint and enable the relevant schemes to proceed in accordance with the approved programme, subject to the required funding and delivery approvals.

25. There is a risk that any step-in or related remedy provisions could create uncertainty if not clearly defined in the legal documentation. This will be mitigated by ensuring that any such provisions are proportionate, linked to material delivery issues, subject to appropriate notice and engagement between the parties, and limited to reasonable and properly evidenced costs directly related to the relevant issue.

26. There is a risk of uncertainty regarding responsibility for the completed highway infrastructure. This will be mitigated through the proposed long-term leases to TEMCo, with responsibilities for ongoing operation, maintenance, estate management and cost recovery clearly established through the lease arrangements and associated governance documents.

27. There is a risk that failure to complete the land transactions within the required timescales could place the associated grant funding at risk and potentially result in additional project costs. Timely completion of the proposed arrangements will support grant drawdown and compliant expenditure against the relevant programme milestones.

CONSULTATION & COMMUNICATION

28. The relevant land, legal, funding and delivery arrangements will continue to be progressed with the parties required to implement the transaction, including STDL, Teesworks Limited, TEMCo, legal advisers and relevant funding and delivery stakeholders.

29. Communications should clearly explain that the Board decision is required to the suspension and subsequent surrender of the relevant options and facilitate the grant of long-term leases to TEMCo, enabling delivery and future management of the highway infrastructure.

30. Any external communications should remain factual and consistent with the approved arrangements. They should make clear that the decision relates to land-option surrender and long-term lease arrangements, not the approval of programme-level transport funding, and should avoid creating unnecessary uncertainty around delivery of the highways intervention programme or the long-term management of the Teesworks estate.

EQUALITY & DIVERSITY

31. No adverse equality impacts have been identified in relation to the proposed land transactions.

32. The highway schemes are intended to improve access, connectivity and supporting infrastructure across the Teesworks site and will be delivered in accordance with relevant statutory, funding, legal and project requirements.

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

SOUTH TEES
DEVELOPMENT
CORPORATION

AGENDA ITEM 12

REPORT TO THE STDC BOARD

10 SEPTEMBER 2026

REPORT OF THE INTERIM GROUP DIRECTOR OF FINANCE & RESOURCES

SOUTH TEES DEVELOPMENT CORPORATION LOAN AGREEMENTS

SUMMARY

This report asks the South Tees Development Corporation Board to approve the formalisation of loan agreements between TVCA and STDC, following TVCA Cabinet approval of the proposed arrangements on 31 July 2026. Subject to Board approval, officers will finalise and execute agreements that document repayment obligations, monitoring arrangements, information rights and safeguards for existing advances and future borrowing within the approved STDC loan facility.

The report sets out the proposed repayment principles, monitoring arrangements and controls for existing advances and future borrowing within the approved £350m loan facility available to STDC from TVCA.

The recommendations are supported by independent financial modelling advice from the TVCA treasury advisers (Arlingclose), including reconciliation of the £421m loan position and stress-test outputs on key downside scenarios.

RECOMMENDATIONS

It is recommended that the STDC Board:

i. **Note** that Tees Valley Combined Authority (TVCA) has advanced funding to South Tees Development Corporation (STDC) totalling circa £421million as at 31 March 2026.
ii. **Note** that TVCA has obtained independent financial modelling advice from its treasury advisers (Arlingclose), including stress-test outputs on key downside scenarios. This advice provides confidence that under the current MTFP assumptions and with the proposed repayment mechanism, STDC's debt is sustainable and it can afford to repay its debt in full within the remaining period of the business rates retention arrangements, while maintaining financial resilience, even within a stressed scenario.
iii. **Approve** the formalisation of loan agreements governing all existing loans advanced by TVCA to STDC on the basis set out in this report and recommended by Arlingclose. This provides a bespoke payment mechanism to ensure the repayment of all loans to STDC that are due to be repaid by the end of the business rates retention agreement in 2046, and includes future loans envisaged in the STDC MTFP.

iv. **Note** the loan agreements will include a review mechanism, requiring TVCA and STDC to review the repayment profile, affordability assumptions, cashflow position, reserves position and relevant income forecasts at least once each financial year.
v. **Delegate** authority to the Director of Finance & Resources (Section 73 Officer), in consultation with the Monitoring Officer and Chief Executive, to finalise and execute the detailed terms of the loan agreements, provided that the final agreements are materially consistent with the repayment principles, interest methodology, monitoring arrangements, early warning triggers, information rights, lender protections and affordability safeguards set out in this report.
vi. **Delegate** authority to the Director of Finance & Resources (Section 73 Officer), in consultation with the Monitoring Officer and Chief Executive, to approve future loan advances to STDC within the already approved £350 million loan facility, subject to compliance with the agreed loan framework set out in this report, confirmation of affordability and updated cashflow assessment.

DETAIL

Background to Lending

1. This report seeks approval to formalise historic and future loan arrangements between Tees Valley Combined Authority ("TVCA") and South Tees Development Corporation ("STDC").

2. The original business case, approved by government, was predicated on an agreement with government whereby business rates generated over a 25-year period (with 19 years remaining) are retained locally to fund the cost of upfront borrowing. The level of borrowing is consistent with the original business case agreed by government. The model relied on upfront public sector investment to acquire, remediate and service the site, with repayment supported over time through income generated by retained business rates within the Special Economic Area and associated project-specific income streams.

3. Since its establishment, TVCA has advanced funding to STDC to facilitate the acquisition, remediation and redevelopment of the former SSI steelworks site, now known as Teesworks, and to deliver associated infrastructure projects.

4. At 31 March 2026, the cumulative value of loans advanced by TVCA to STDC amounted to circa £421m, broadly for four different purposes. Formal loan agreements have not previously been completed for the borrowing arrangements, but interest terms were informally agreed with both parties. These interest arrangements have been reflected now in prior years' accounts and in both parties' Medium Term Financial Plans approved by their respective governing bodies in March 2026.

5. The £421m position has been reconciled through the Arlingclose work and reflects the aggregate outstanding position across the loan categories set out in this report. This

reconciled position provides the financial baseline for the proposed loan agreements and the repayment modelling for consideration by the Board.

6. In terms of repayment of the principal, two of the loan types have been subject to an informal annuity-based repayment schedule with final cash payments being made in August 2026 for any prior year principal repayments required. However, this informal repayment arrangement has not been subject to a formal agreement. The other two loan types have not been subject to a principal repayment plan, either informally or formally.

7. Formalising the loan agreements will strengthen governance, accounting clarity and financial risk management for both organisations. The proposed agreements will document repayment obligations, interest arrangements, monitoring requirements, information rights, default provisions and lender protections.

8. There are four loan types that have been advanced. The first loan type was for the acquisition of the SSI site, for which £46.5m was advanced between 31 March 2019 and 31 March 2022 and for which an annuity repayment schedule has been put in place. As this loan was advanced prior to Cabinet approval of the £350m facility then this loan is not deemed to form part of the £350m loan facility.

9. The second loan type is for the construction of the Quay for which £112m was advanced by the UK Infrastructure Bank (UKIB) to TVCA to on-lend to STDC. This has been subject to principal repayments from STDC, mirroring the same principal repayments that TVCA make to UKIB. Again, no formal loan agreement between TVCA and STDC has been put in place.

10. The Quay Operating Agreement has an Annual Cap mechanism, which means that recovery in any individual year is capped; However, the agreement includes a carry-forward mechanism under which unrecovered amounts can be recovered in subsequent years through an uplift to the Annual Cap, supporting recovery across the life of the agreement.

11. The third loan type has been advanced for general site enabling works for costs directly incurred by STDC in relation to site preparation and infrastructure. As at 31 March 2026, £235m has been advanced for this purpose. No repayments have been made to date, and there is currently no repayment plan in place.

12. The fourth type of loan is for private sector forward funding agreement works where the costs are the responsibility of the private sector counterparty, but STDC has carried out the works on its behalf. As at 31 March 2026, TVCA had advanced £27m in this respect. The main difference between this loan type and the general site enabling works is that STDC will be reimbursed by the private sector counterparty, with the loan providing a temporary funding source for STDC. At 31 March 2026, STDC had received £20m back from one private sector counterparty with a further £7m repaid in July 2026.

13. Loans will be repaid from available revenue resources and capital receipts, however the generation of income for repayment does differ between loans. For both the site acquisition loan (type 1) and General Site enabling works loan (type 3) repayments, it was envisaged that these would be repaid from business rates income streams. For the Quay loan (type 2), repayments are closely linked to income payable to STDC under the Quay Operating Agreement, with annual payments structured to mirror the interest and principal repayments made by TVCA to UKIB. While the Operating Agreement does not provide for a guaranteed minimum payment in every individual year, it contains protections which support full recovery over the life of the agreement. In particular, the Annual Cap mechanism allows unrecovered sums to be carried forward and recovered in subsequent years through an uplift to the cap, providing a contractual route to catch up any shortfall from earlier years.

14. As no loan repayments had been made, both organisations' MTFPs in March 2026 assumed an annuity-based repayment schedule commencing in 2026/27 and ending co-terminus with the end of the business rates retention agreement. These repayment terms have now been incorporated into the proposed loan agreements. The updated modelling reflects the full value of sums advanced by TVCA to STDC, including the £27m private sector forward funding receipts, and applies those resources within the overall repayment framework. Any requirement for a materially different treatment of those receipts, including immediate full repayment outside the modelled profile, would require revised affordability modelling and may undermine the sustainability of the proposed repayment framework.

15. As part of the work to support the proposed loan agreements, STDC has undertaken work to restate its prior year financial statements and confirm its opening revenue and capital reserves position. The updated position indicates an improvement to STDC's opening revenue reserves position and therefore provides assurance on the affordability of the proposals for the Board.

STDC Income Profile

16. The income profile is underpinned by a strong and increasingly mature occupier base, with revenues supported by operational assets, committed investment, high-quality counterparties, government-backed support mechanisms and long-term contractual arrangements. These investments provide a robust foundation for the future business rates base and associated commercial income streams.

<u>SeAH Wind</u>

17. SeAH is now operational on site, representing a £1.2 billion investment supported by the South Korean Government, UK Export Finance, and a parent company guarantee. This represents a significant strategic commitment from both the public and private sectors

and provides a strong foundation for the associated business rates contribution and wider economic activity generated from the site.

Steel River Quay

18. Steel River Quay is also operational. The asset benefits from secure demand from the offshore wind sector, supported by the UK Government's offshore wind deployment ambitions and the wider transition to renewable energy. This provides confidence in the long-term utilisation of the asset and its contribution to the wider commercial and business rates income profile.

Net Zero Teesside (NZT)

19. NZT is under construction and represents a c.£4 billion investment. The project benefits from substantial sponsor strength through BP and Equinor, alongside government-backed Contract for Difference support and the wider policy commitment to carbon capture, utilisation, and storage (CCUS). As one of the UK's leading industrial decarbonisation projects, it represents a transformational investment in the region's future economic base and provides a significant foundation for future income growth.

Tees Valley Energy Recovery Facility (TVERF)

20. The TVERF is under construction and represents a c.£2 billion investment. The facility is supported by long-term contractual arrangements with multiple local authorities, with Viridor acting as operator under a long-term public-private partnership structure. The project provides secure, long-term operational activity and further strengthens the diversity and resilience of the future business rates contribution.

21. Taken collectively, these investments provide a diversified and resilient foundation for the retained income assumptions. The future business rates and commercial income profile is not reliant on speculative development or a single occupier, but is supported by operational assets, committed capital investment, infrastructure projects already progressing through delivery, credible institutional and government-backed counterparties, and the wider fiscal benefits associated with the Teesside Freeport.

22. These characteristics provide confidence that the retained income assumptions are underpinned by real, committed economic activity across a maturing industrial estate, providing a strong basis for the long-term financial sustainability of STDC.

Quay income

23. The quay facility benefits from a long-term operating agreement under which income may be received from the quay operator and utilised to support debt repayment

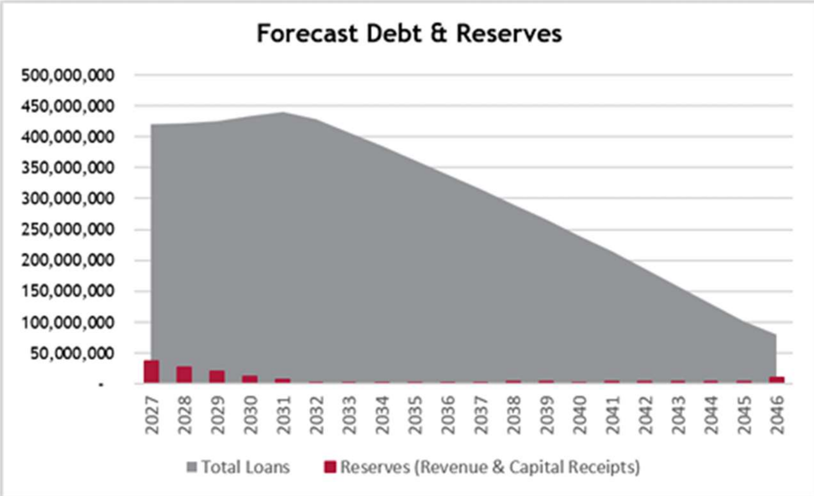
obligations. Although income is not guaranteed in any individual year, the agreement includes a carry-forward mechanism under which unrecovered amounts can be reflected through future uplift to the Annual Cap, supporting recovery across the life of the agreement.

24. Quay income has been assessed against the capacity and operating assumptions underpinning the commercial agreement. Capacity is primarily determined by berth availability, cargo type, vessel scheduling and operational requirements rather than a fixed tonnage limit. Based on the information reviewed by officers, there is sufficient assurance for TVCA's lending purposes that the quay has practical capacity to support the tonnage and income assumptions required to meet the commercial operating agreement terms.

Independent Financial Modelling Advice

25. TVCA's treasury advisors (Arlingclose) have undertaken independent financial modelling to evidence that with the right repayment profile STDC's debt is sustainable and it can afford to repay its debt in full under the current MTFP (see report at **Appendix A**). This report considered a range of repayment profile options; straight-line repayment; annuity repayment; and a bespoke approach. These options were assessed against the STDC MTFP. The report recommends a bespoke repayment approach via a standard surplus sweep mechanism. The recommended approach seeks to ensure that TVCA's debt is repaid as quickly as possible while maintaining an affordable MTFP and a prudent level of reserves for STDC. It also provides flexibility for STDC to use surpluses from improved performance for additional debt repayment.

26. The recommended option incorporates a mixed use of capital receipts, predominantly the £27m repaid by private sector counterparties, and revenue resources by way of a voluntary revenue provision (VRP), based on projected annual surpluses. This is covered in more detail in the report at **Appendix A**. The graph below taken from the Arlingclose report illustrates the debt repayment profile that the recommended approach delivers.



27. The Arlingclose work provides confidence that, under the current MTFP assumptions and with the proposed repayment mechanism, STDC can repay the relevant TVCA loans within the remaining period of the business rates retention arrangements, while maintaining financial resilience, even under a stressed scenario. This confidence is conditional on delivery of forecast income, active monitoring of the repayment profile and the inclusion of mechanisms to reduce or pause annual repayments where payment would otherwise create financial difficulty for STDC, together with the ability to overpay when excess resources are available.

Stress Testing

28. The retained income assumptions are considered prudent and robust and have been previously validated by Knight Frank. However, TVCA officers requested Arlingclose undertake further stress testing to provide confidence to TVCA Cabinet and STDC Board.

29. The Arlingclose report therefore includes stress testing of key downside scenarios, relating to delayed timing and reduced quantum of income. Assuming an aggressive repayment schedule, the stress test shows that STDC could still afford to repay all of its debt even if only 84.6% of its current expected income materialises.

Recommended Approach

30. The Board is asked to approve the recommended approach as set out in the Arlingclose report at **Appendix A**. This is on the basis that the Arlingclose work provides confidence that, under the current MTFP assumptions and with the proposed repayment mechanism, STDC can repay the relevant TVCA loans, including the future loans envisaged in the STDC MTFP for which there is sufficient headroom in the £350m

agreed loan facility, within the remaining period of the business rates retention arrangements, while maintaining financial resilience.

31. Furthermore, the loan agreements will include a review mechanism requiring TVCA and STDC to review the repayment profile, affordability assumptions, cashflow position, reserves position and relevant income forecasts at least once each financial year. The review will enable the Section 73 Officer to assess whether the repayment schedule remains affordable and aligned with the agreed repayment principles, and whether any adjustment, suspension or acceleration of repayments is required. Any changes will be reported through the appropriate governance route.

32. The repayment framework is therefore designed to balance TVCA's fiduciary responsibility to recover funding advanced to STDC with the need to protect STDC's ability to continue delivering the regeneration programme. It provides a structured and monitored route to repayment that accelerates recovery when financial performance is stronger and allows appropriate flexibility where cashflow is constrained.

Conclusions

33. The proposed arrangements provide a transparent and structured framework for the repayment of the STDC loan portfolio. The key financial risks are understood, have been tested through the updated treasury modelling and will be managed through formal loan terms, annual review, regular reporting and defined escalation routes.

34. The Arlingclose independent advice demonstrates that, under the current MTFP assumptions and proposed repayment framework, the site acquisition, general site enabling works and forward funding loans can be repaid within the remaining period of the business rates retention agreement, even within a stressed scenario.

35. From a Section 73 Officer perspective, the recommendations transition TVCA and STDC from historic informal arrangements to a documented, monitored and enforceable loan framework. The recommendations are subject to the final agreements remaining materially consistent with the repayment principles, affordability safeguards and governance controls set out in this report.

36. The Quay loan follows a separate repayment profile aligned to TVCA's underlying borrowing from UKIB. The updated modelling and officer review of the Operating Agreement provide sufficient assurance that the Quay repayment assumptions are reasonable, subject to continued monitoring and annual review.

Engagement

37. The Board was briefed on the proposals on 4 August 2026.

38. If the STDC Board agrees the recommendations, officers will finalise and execute the loan agreements on the basis set out in this report, subject to the delegated authority and safeguards described above.

FINANCIAL IMPLICATIONS

39. The financial implications are considered throughout the report.

LEGAL IMPLICATIONS

40. The Combined Authority has powers to provide loans and other financial assistance, subject to Cabinet approval. It is noted that this report seeks to formalise those financial advances already provided.

41. The implementation of formal agreements will provide legal certainty regarding:
- Repayment obligations;
- Interest arrangements;
- Events of default;
- Information rights;
- Monitoring requirements; and
- Lender protections.

RISK ASSESSMENT

42. Risks from a STDC perspective will be closely monitored and reported as appropriate through the Board as part of the regular quarterly reporting on financial performance. A summary of the key risks is provided below:

Risk	**Suggested mitigation**
Business rates income delayed or lower than forecast	Quarterly monitoring against the MTFP, sensitivity analysis, annual review and reporting mechanism within the loan agreements, repayment review mechanism and escalation to STDC Board and TVCA Cabinet.
Quay income below assumed level	Separate monitoring of Quay income, annual reassessment of Quay repayment affordability, review of the Annual Cap carry-forward mechanism, and distinction from business rates-backed loans.
Repayment profile becomes unaffordable	Ability to reduce, pause or accelerate repayments subject to defined triggers, the annual review mechanism, S73 Officer review and Board reporting.
Absence of historic documentation	Formal execution of comprehensive agreements, lender protections and legal review.

Risk	Suggested mitigation
Future advances increase exposure	Future advances subject to approved capital programme, affordability assessment, compliance with on-lending policy (to be developed) and S73 Officer approval.
Reputational risk	The business case, approved by government was predicated on an agreement with government whereby business rates generated over a 25-year period (with 19 years remaining) are retained locally to fund the cost of upfront borrowing. The level of borrowing is consistent with the original business case agreed by government and is now being formalised and appropriately governed.

CONSULTATION & COMMUNICATION

43. The proposals have been considered by TVCA Cabinet and the STDC Board has been briefed on the proposed arrangements. Relevant finance, legal and governance officers have been engaged in developing the loan framework and proposed recommendations.

44. Following approval, officers will finalise and execute the loan agreements and reflect the agreed arrangements through the established financial monitoring and governance reporting processes.

EQUALITY & DIVERSITY

45. The recommendations relate to the formalisation and governance of loan arrangements between TVCA and STDC. No direct equality or diversity impacts have been identified as arising from the recommendations in this report.

APPENDICES

Appendix A Arlingclose – South Tees Development Corporation – Debt Repayment Project Report

Name of Contact Officer: Alan Layton
Post Title: Interim Group Director of Finance & Resources
Telephone Number: 01325 792600
Email Address: alan.layton@teesvalley-ca.gov.uk

Arlingclose Ltd:

Independent treasury management services

South Tees Development Corporation - Debt Repayment Project

Tees Valley Combined Authority

July 2026

The Clement Rooms
217 Strand, London WC2R 1AT
Tel +44(0)8448 808 200
www.arlingclose.com

Registered Office Barclays Bank Chambers Stratford-upon-Avon CV37 6AH
Registered in England No 2853836
Authorised and Regulated by the Financial Conduct Authority No 417722
Arlingclose Limited provides independent advice

This document and any attachments are intended for the officers and members of Tees Valley Combined Authority & South Tees Development Corporation only. The document If for the use by the named recipients only.

This report has been produced using information available at the time of writing and Arlingclose cannot guarantee that forward-looking projections and statements will be accurate in fact. This report has been produced using disclosures and data provided by Tees Valley Combined Authority and Arlingclose can make no assurances as to the accuracy of third party information.

Contents

South Tees Development Corporation – Debt Repayment Project

1.0 Introduction & Background

1.1 The South Tees Development Corporation (STDC) is a Mayoral Development Corporation, controlled by Tees Valley Combined Authority (TVCA).

1.2 At the end of the 2026 financial year, STDC owed TVCA £420.6m, spread across eight separate loan facilities, advanced for various redevelopment projects.

1.3 When the loans were advanced to STDC, loan documentation and agreements were light touch and informal, reflecting the fact that both organisations were members of the same group. As such, no formal repayment mechanism was laid out for most of the loans.

1.4 As part of a recent wider review of STDC, it has been decided to formalise the loan agreements, with STDC and TVCA intending to agree a clear repayment mechanism.

1.5 STDC's current Medium Term Financial Plan does not include any provision within its budget to set aside money from the revenue budget to repay debt, although cashflow projections do include repayment of principal for the Quay redevelopment loan and the IP loan. There is currently no explicit plan for repaying all the funds advanced to STDC by TVCA.

1.6 The Medium Term Financial Plan does however include a budget to service the interest costs associated with the debt, as well as the interest costs associated with loan facilities to fund the next three years of capital expenditure.

1.7 STDC receives the majority of its income from a business rate retention agreement which ends in 2046, as well as the interest on funding advanced to a partner in the Quay Project.

1.8 With the exception of the Quay loan, the loans currently have no agreed repayment schedule between lender and borrower. Two other loans, the NZT1 and NZT2 originally had proposed repayment plans in place, but principal repayments were not made due to concerns around affordability.

1.9 As a Mayoral Development Corporation, STDC is not required to follow the English Minimum Revenue Provision Guidance. This gives it more flexibility when designing a debt repayment policy than it would if it were required to follow the English Guidance.

1.10 STDC and TVCA are undertaking a project to agree a clear method of repayment to be built into new loan agreements, with an associated debt repayment policy to generate the cash to fund the repayments.

1.11 Arlingclose has been engaged to model a debt repayment approach and associated STDC policy that will repay the loans to TVCA over a period commensurate with STDC's current funding streams, specifically the remaining 19 years of the business rates retention agreement, which will be affordable by STDC.

1.12 Please note that legal and tax considerations are outside the scope of this report. Arlingclose recommends TVCA and STDC engage specialist advice on these areas before agreeing any change in policy and repayment profile.

1.13 This report has been produced with figures provided to us by the TVCA and STDC finance teams, Arlingclose received STDC's Medium term Financial Plan model, and reserves information.

1.14 Arlingclose is TVCA's retained treasury management advisor.

2.0 Current Medium Term Financial Plan

2.1 At the end of the 2025/26 financial year, STDC had the following loans outstanding, all provided by TVCA:

- TVCA Investment Programme – £46.8m – 3.5% – annuity repayment profile
- G1 - £79.4m – 4% - no repayment profile
- G2 - £73.6m – 4.67% - no repayment profile
- HLP - £6.8m – 4.63% - no repayment profile
- NZT1 - £14.3m – 5% - repayment suspended
- NZT2 - £12.3m – 4.75% - repayment suspended
- New Loans 2025 - £47.1m – 5% - no repayment profile
- New Loans 2026 - £27.7m – 5% - no repayment profile
- Quay Loan - £112.3m – 1.99% - annuity repayment profile

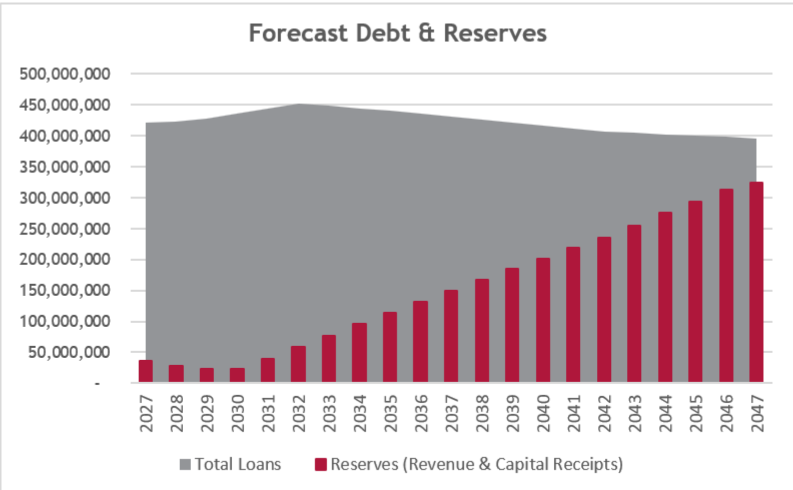
2.2 In addition, STDC's current capital programme has £53.5m of further capital expenditure funded by borrowing over the next five years.

2.3 Arlingclose has been informed by TVCA finance staff that STDC currently has £15.9m of revenue reserves. STDC also has received £20.0m up to March 2026 from BP.

2.4 Please note Arlingclose has produced this work based on information provided, specifically the Medium term Financial Plan model, and reserves information.

2.5 Arlingclose has recalculated elements of STDC's current long-term projections. We have assumed that new debt will attract an interest rate of 5% and not assumed any steps or interest free periods. TVCA and STDC are currently undertaking a programme of identifying revenue and capital reserves split. As both can be used for debt repayment, Arlingclose have not distinguished between the two.

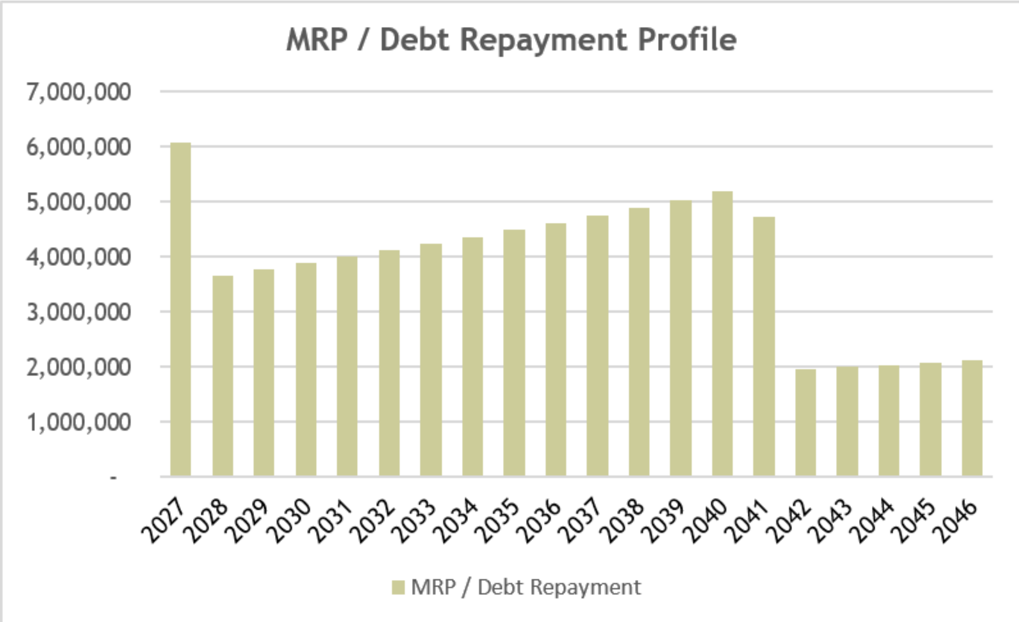
2.6 The recalculations forecast total debt will peak at £438.0m in 2032, before falling to £410.3m by 2046 thanks to the planned repayments on the Quay loan:



2.7 Conversely, as no debt repayment provision is being budgeted for, the projected reserves position including both revenue reserves and capital receipts is robust. These show an increase from £15.9m of revenue reserves at the end of the 2026 financial year, to £322.8m in 2046 when the business rates retention agreement is planned to end.

2.8 With only the Quay and IP loans with any planned repayments, planned revenue provision/debt repayment is extremely low. In the 2026/27 year payments are £6m, including the catch up payments for the IP loan. These then fall to between £3.5m and £5m, before falling to around £2m once the IP loan is repaid.

2.9 The Quay loan repayments are matched to the underlying loan that TVCA received from the National Wealth Fund (then UK Infrastructure bank) to fund the loan to STDC. The graph below shows the Quay and IP loans only:



2.10 Unsurprisingly, with no material debt repayment planned, Arlingclose's modelling shows that interest costs of all loans will rise to £16.9m and stay over £16m for the MTFP period:

Year	Interest Costs
2027	15,881,784
2028	16,096,241
2029	16,419,941
2030	16,923,531
2031	17,424,747
2032	17,923,503
2033	17,803,727
2034	17,680,239
2035	17,552,918
2036	17,421,640
2037	17,286,277
2038	17,146,695
2039	17,002,758
2040	16,854,324
2041	16,701,245
2042	16,564,309
2043	16,525,314
2044	16,485,539
2045	16,444,969
2046	16,403,587

2.11 As total outstanding debt is greater than total forecast reserves, the current MTFP gives the impression that STDC will not be able to repay its loans in full to TVCA at the end of the Business Rates retention period.

2.12 However, the current modelling has over £327m of interest costs included in the revenue projections. As the MTFP was agreed on the understanding that a revenue provision for the repayment of debt would be put in place to fund an agreed debt repayment schedule, and a new approach which lowers interest costs via repayment and redirects interest cost savings to debt repayment, covered below, will allow a fully repaid debt portfolio.

2.13 The analysis demonstrates that a bullet repayment approach (where all outstanding principle is repaid at the end of the business rates retention period) may not be feasible, unless STDC undertook an aggressive treasury investment strategy with its reserves to generate a return that would cover the £67m gap.

2.14 An aggressive treasury investment strategy however would come with significantly enhanced credit and other treasury risks.

3.0 Recommended Repayment Profile

3.1 Using the current reserves position and the MTFP documents provided by STDC and TVCA, Arlingclose has modelled an approach for the TVCA loans and a revenue debt repayment provision policy to match the agreed repayments.

3.2 Arlingclose's analysis assumes that TVCA allows STDC to retain the £20m of capital receipts, and this is used in early years to fund the repayment of debt. Although the £20m being repaid up front was considered in the modelling, as faster repayment means lower total interest costs, this was discounted to enable STDC to retain its financial resilience.

3.3 Column F below shows the total recommended annual debt repayments from STDC to TVCA. It is important to note that the Quay loan, which is currently matched to the National Wealth Fund Loan taken out by TVCA continues to have its repayments linked to those of TVCA.

3.4 For individual loans repayment, see Appendix A.

A	B	c	D	E	F
Year	Reserves GF	Retained Capital Receipts	Total Resources	Opening Total Loans	Total Repayment
2027	- 15,938,000	- 20,000,000	- 35,938,000	420,620,794	6,963,272
2028	- 13,773,819	- 13,036,728	- 26,810,547	421,763,585	4,596,296
2029	- 10,776,024	- 8,440,433	- 19,216,457	425,762,378	4,747,685
2030	- 7,506,474	- 3,692,748	- 11,199,222	433,272,952	4,904,553
2031	- 7,211,005		- 7,211,005	440,646,646	23,925,096
2032	- 2,500,624		- 2,500,624	429,020,288	21,633,591
2033	- 2,499,927		- 2,499,927	407,386,697	22,410,214
2034	- 2,183,338		- 2,183,338	384,976,483	22,591,225
2035	- 2,342,566		- 2,342,566	362,385,258	23,137,875
2036	- 2,500,126		- 2,500,126	339,247,382	23,973,426
2037	- 2,409,168		- 2,409,168	315,273,957	24,175,149
2038	- 2,682,762		- 2,682,762	291,098,808	25,219,441
2039	- 2,586,705		- 2,586,705	265,879,368	25,813,587
2040	- 2,500,847		- 2,500,847	240,065,780	26,326,251
2041	- 2,598,166		- 2,598,166	213,739,530	27,159,623
2042	- 2,586,610		- 2,586,610	186,579,907	28,015,979
2043	- 2,585,535		- 2,585,535	158,563,928	28,780,238
2044	- 2,591,169		- 2,591,169	129,783,690	29,023,409
2045	- 2,815,213		- 2,815,213	100,760,281	21,697,531
2046	- 10,079,857		- 10,079,857	79,062,750	2,121,075

3.5 This analysis assumes that STDC meets the income targets in the MTFP. To prevent STDC from getting into financial difficulty if there are periods of underperformance, Arlingclose suggests that the scheduled repayments are able to be reduced or paused if payment would cause financial difficulties to STDC.

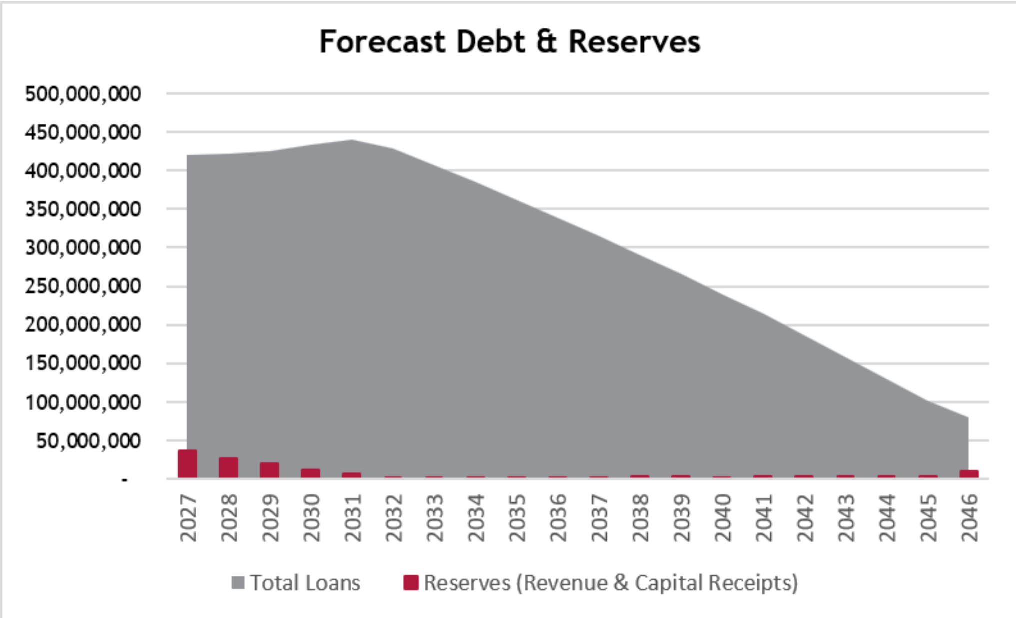
3.6 There are a number of ways to agree this, but the simplest is likely a sweep agreement. These payments can be subject to a cap, with any surpluses over a certain level being retained. The subsidiary, in this case STDC, has the option of making over payments whenever it wishes without penalty.

3.7 This has several significant advantages in general, and for STDC and TVCA specifically. Firstly, it means that TVCA are repaid as quickly as possible as all surpluses over an agreed level are paid over to it. Any unexpected improvements in STDC's financial position will lead to an immediate repayment to TVCA.

3.8 It also ensures STDC will never go into a negative reserve position or be unable to make agreed payments, as all payments are contingent on an overall positive cashflow. Although STDC could in principle increase spend as to lower cashflow, in practice it cannot enter into new projects without the agreement of TVCA, so this will act as a natural break.

3.9 This approach is not outlined in the English MRP guidance. However, as STDC is not required to follow the MRP guidance this is not a regulatory issue, though it would be best practice to fully explain in both documentation and to auditors why this approach has been chosen.

3.10 Based on the current MTFP, the interest cost savings of this approach would be significant, meaning that debt repayment could be accelerated:



3.11 Arlingclose's recommendation for the repayment profile is therefore:

- TVCA Investment Programme – £46.8m – 3.5% – 16 year annuity repayment profile
- G1 - £79.4m – 4% - bespoke profile, see appendix 1
- G2 - £73.6m – 4.67% - bespoke profile, see appendix 1
- HLP - £6.8m – 4.63% - bespoke profile, see appendix 1
- NZT1 - £14.3m – 5% - 19 year annuity repayment profile
- NZT2 - £12.3m – 4.75% - 19 year annuity repayment profile
- New Loans 2025 - £47.1m – 5% - bespoke profile, see appendix 1
- New Loans 2026 - £27.7m – 5% - bespoke profile, see appendix 1

- Quay Loan - £112.3m – 1.99% - annuity repayment profile, matched to TVCA NWF funding

3.12 This approach also significantly reduces interest costs, though the benefit is used to accelerate debt repayment:

Year	Interest Costs
2027	15,853,909
2028	16,025,283
2029	16,303,795
2030	16,759,990
2031	17,211,494
2032	16,903,791
2033	16,073,407
2034	15,145,558
2035	14,211,074
2036	13,255,332
2037	12,266,781
2038	11,270,778
2039	10,220,221
2040	9,098,214
2041	7,890,029
2042	6,643,133
2043	5,357,444
2044	3,980,771
2045	2,593,245
2046	1,573,349

Stress Testing

3.13 Arlingclose has also stress tested the income assumptions for the debt repayments.

3.14 Assuming an aggressive repayment schedule once the business rates retention begins to flow, which would reduce the interest costs quickly, STDC could still afford to repay all of its debt even if only 84.6% of its current expected income materialises:

Year	Total Resources	Opening Total Loans	Total		Total Repayment
2027	- 35,938,000	420,620,794	2,164,181		6,963,272
2028	- 26,810,547	421,657,522	2,997,795		4,596,296
2029	- 19,216,457	425,061,227	3,269,550		4,747,685
2030	- 11,199,222	432,313,542	- 784,709		9,284,709
2031	- 2,699,222	435,028,833	- 16,267,754		16,267,754
2032	- 2,699,222	418,761,079	- 18,433,269		18,433,269
2033	- 2,699,222	400,327,810	- 18,927,891		18,927,891
2034	- 2,699,222	381,399,919	- 19,602,615		19,602,615
2035	- 2,699,222	361,797,304	- 20,182,912		20,182,912
2036	- 2,699,222	341,614,392	- 20,801,193		20,801,193
2037	- 2,699,222	320,813,199	- 21,406,072		21,406,072
2038	- 2,699,222	299,407,127	- 22,102,843		22,102,843
2039	- 2,699,222	277,304,284	- 22,747,586		22,747,586
2040	- 2,699,222	254,556,698	- 23,479,736		23,479,736
2041	- 2,699,222	231,076,962	- 24,248,363		24,248,363
2042	- 2,699,222	206,828,599	- 25,142,289		25,142,289
2043	- 2,699,222	181,686,310	- 25,959,617		25,959,617
2044	- 2,699,222	155,726,693	- 26,463,442		26,463,442
2045	- 2,699,222	129,263,251	- 26,228,782		26,228,782
2046	- 2,699,222	103,034,469	- 26,093,469		26,093,469
2047	- 2,699,222	76,941,000			

3.15 The results are particularly sensitive to the timing of business rates and Quay-related income, the availability of the £20 million capital receipts and the cost of future borrowing. The repayment profile should therefore be reviewed annually against the latest MTFP and revised where there are material changes in these assumptions

4.0 Conclusions

4.1 This report and associated modelling has demonstrated, with the right repayment profile STDC's debt is sustainable and it can afford to repay its debt in full, under the current MTFP, and that the loan repayments are affordable within a stressed scenario.

4.2 Introducing a clear repayment mechanism will provide TVCA with a route to recovering the funds advanced to STDC. This should also reduce long-term interest costs, which are currently significant.

4.3 Arlingclose recommends that TVCA and STDC agree the suggested debt repayment profile, structured with the ability to reduce payments if required. A standard mechanism for this would be a surplus sweep.

4.4 This should be supported by clear loan documentation, an agreed definition of surplus, an appropriate minimum working capital or reserves threshold, and a regular review process to ensure the repayment mechanism remains aligned with STDC's financial position and TVCA's objectives.

4.5 Standard annuity and straight-line repayment approaches provide structured and predictable repayment profiles, and are consistent with common public and private sector and loan repayment.

4.6 However, as demonstrated in appendix B and C, both approaches create material affordability challenges in the early years and result in negative reserve positions under the modelling. In Arlingclose's view, this makes either approach difficult to justify as the primary repayment mechanism without further changes to STDC's wider financial plan.

4.7 A bespoke mechanism provides the strongest overall balance between affordability and debt reduction. It allows STDC to make repayments when cash is available, avoids the need to budget for fixed repayments that cannot be supported by the forecast revenue position.

4.8 Importantly, a surplus sweep will not cause STDC to move into a negative reserve position. It also enables TVCA to benefit directly from any improvement in STDC's financial performance, as STDC would have the option to use surpluses for debt repayment.

4.9 Arlingclose recommends TVCA and STDC consider the legal and tax implications for any approach put in place. Subject to this, Arlingclose's view is that a cash sweep, potentially combined with the existing annuity profile for the Quay Loan, provides the most practical and financially sustainable route to reducing STDC's debt to TVCA while avoiding an unrealistic call on STDC's early-year resources.

4.10 Arlingclose welcomes the opportunity to discuss the contents of this report with officers and elected representatives of TVCA.

Arlingclose Ltd
July 2026

5.0 Appendix A - Detailed Loan schedules

TVCA IP			
3.50%	O/B	Repayment	Interest
2027	46,865,383	4,624,907	1,640,288
2028	42,240,476	2,185,729	1,478,417
2029	40,054,747	2,262,230	1,401,916
2030	37,792,518	2,341,408	1,322,738
2031	35,451,110	2,423,357	1,240,789
2032	33,027,753	2,508,174	1,155,971
2033	30,519,578	2,595,961	1,068,185
2034	27,923,618	2,686,819	977,327
2035	25,236,799	2,780,858	883,288
2036	22,455,941	2,878,188	785,958
2037	19,577,753	2,978,924	685,221
2038	16,598,829	3,083,187	580,959
2039	13,515,642	3,191,098	473,047
2040	10,324,543	3,302,787	361,359
2041	7,021,757	3,418,384	245,761
2042	3,603,372	3,603,372	126,118

G1			
4.00%	O/B	Repayment	Interest
2027	79,450,094		3,178,004
2028	79,450,094		3,178,004
2029	79,450,094		3,178,004
2030	79,450,094		3,178,004
2031	79,450,094	18,857,981	3,178,004
2032	60,592,112	16,398,000	2,423,684
2033	44,194,112	7,000,000	1,767,764
2034	37,194,112	7,000,000	1,487,764
2035	30,194,112	7,359,000	1,207,764
2036	22,835,112	8,000,000	913,404
2037	14,835,112	8,000,000	593,404
2038	6,835,112	6,835,112	273,404

G2			
4.67%	O/B	Repayment	Interest
2027	73,593,327		3,436,808
2028	73,593,327		3,436,808
2029	73,593,327		3,436,808
2030	73,593,327		3,436,808
2031	73,593,327		3,436,808
2032	73,593,327		3,436,808
2033	73,593,327	10,000,000	3,436,808
2034	63,593,327	10,000,000	2,969,808
2035	53,593,327	10,000,000	2,502,808
2036	43,593,327	10,000,000	2,035,808
2037	33,593,327	10,000,000	1,568,808
2038	23,593,327	12,000,000	1,101,808
2039	11,593,327	11,593,327	541,408

HLP			
4.63%	O/B	Repayment	Interest
2027	6,800,000		314,840
2028	6,800,000		314,840
2029	6,800,000		314,840
2030	6,800,000		314,840
2031	6,800,000		314,840
2032	6,800,000		314,840
2033	6,800,000		314,840
2034	6,800,000		314,840
2035	6,800,000		314,840
2036	6,800,000		314,840
2037	6,800,000		314,840
2038	6,800,000		314,840
2039	6,800,000	6,800,000	314,840

NZT1			
5.00%	O/B	Repayment	Interest
2027	14,295,753	468,115	714,788
2028	13,827,638	491,520	691,382
2029	13,336,118	516,096	666,806
2030	12,820,022	541,901	641,001
2031	12,278,121	568,996	613,906
2032	11,709,124	597,446	585,456
2033	11,111,678	627,318	555,584
2034	10,484,360	658,684	524,218
2035	9,825,676	691,618	491,284
2036	9,134,057	726,199	456,703
2037	8,407,858	762,509	420,393
2038	7,645,349	800,635	382,267
2039	6,844,714	840,667	342,236
2040	6,004,047	882,700	300,202
2041	5,121,348	926,835	256,067
2042	4,194,513	973,177	209,726
2043	3,221,336	1,021,835	161,067
2044	2,199,501	1,072,927	109,975
2045	1,126,574	1,126,574	56,329

NZT2			
4.75%	O/B	Repayment	Interest
2027	12,340,823	414,252	586,189
2028	11,926,571	433,929	566,512
2029	11,492,641	454,541	545,900
2030	11,038,100	476,132	524,310
2031	10,561,968	498,748	501,693
2032	10,063,220	522,439	478,003
2033	9,540,781	547,254	453,187
2034	8,993,527	573,249	427,193
2035	8,420,278	600,478	399,963
2036	7,819,799	629,001	371,440
2037	7,190,798	658,879	341,563
2038	6,531,919	690,175	310,266
2039	5,841,744	722,959	277,483
2040	5,118,785	757,299	243,142
2041	4,361,486	793,271	207,171
2042	3,568,215	830,951	169,490
2043	2,737,264	870,422	130,020
2044	1,866,842	911,767	88,675
2045	955,076	955,076	45,366

New Loans 2025			
5.00%	O/B	Repayment	Interest
2027	47,167,926		2,358,396
2028	47,167,926		2,358,396
2029	47,167,926		2,358,396
2030	47,167,926		2,358,396
2031	47,167,926		2,358,396
2032	47,167,926		2,358,396
2033	47,167,926		2,358,396
2034	47,167,926		2,358,396
2035	47,167,926		2,358,396
2036	47,167,926		2,358,396
2037	47,167,926		2,358,396
2038	47,167,926		2,358,396
2039	47,167,926	819,000	2,358,396
2040	46,348,926	19,500,000	2,317,446
2041	26,848,926	20,100,000	1,342,446
2042	6,748,926	6,748,926	337,446

New Loans 2026			
5.00%	O/B	Repayment	Interest
2027	27,789,239		1,389,462
2028	27,789,239		1,389,462
2029	27,789,239		1,389,462
2030	27,789,239		1,389,462
2031	27,789,239		1,389,462
2032	27,789,239		1,389,462
2033	27,789,239		1,389,462
2034	27,789,239		1,389,462
2035	27,789,239		1,389,462
2036	27,789,239		1,389,462
2037	27,789,239		1,389,462
2038	27,789,239		1,389,462
2039	27,789,239		1,389,462
2040	27,789,239		1,389,462
2041	27,789,239		1,389,462
2042	27,789,239	13,900,000	1,389,462
2043	13,889,239	13,889,239	694,462

New Cap Ex				
5.00%	O/B	New Spend	Repayment	Interest
2027		- 8,106,063		-
2028	8,106,063	- 8,595,089		405,303
2029	16,701,152	- 12,258,258		835,058
2030	28,959,410	- 12,278,248		1,447,970
2031	41,237,657	- 12,298,737		2,061,883
2032	53,536,395			2,676,820
2033	53,536,395			2,676,820
2034	53,536,395			2,676,820
2035	53,536,395			2,676,820
2036	53,536,395			2,676,820
2037	53,536,395			2,676,820
2038	53,536,395			2,676,820
2039	53,536,395			2,676,820
2040	53,536,395			2,676,820
2041	53,536,395			2,676,820
2042	53,536,395			2,676,820
2043	53,536,395		11,000,000	2,676,820
2044	42,536,395		25,000,000	2,126,820
2045	17,536,395		17,536,395	876,820

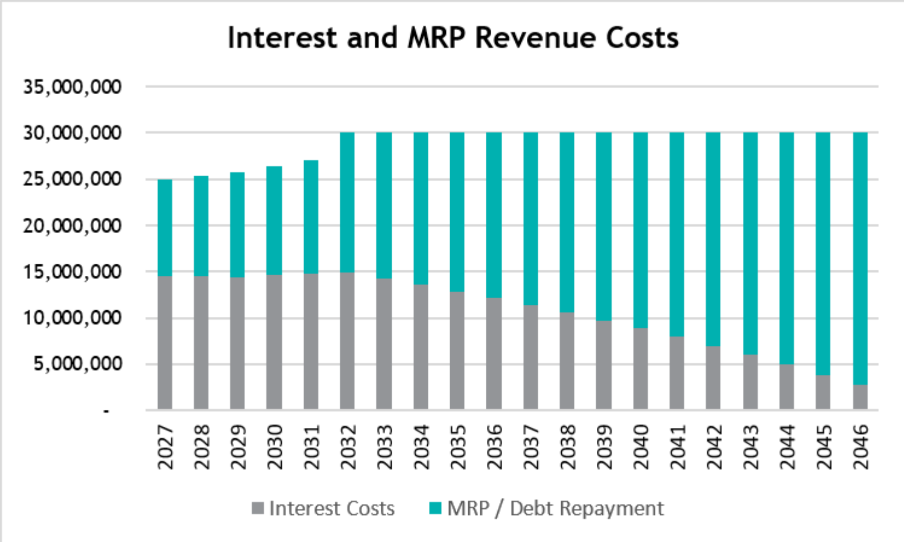
Quay			
1.99%	O/B	Repayment	Interest
2027	112,318,249	1,455,998	2,235,133
2028	110,862,251	1,485,117	2,206,159
2029	109,377,134	1,514,818	2,176,605
2030	107,862,317	1,545,112	2,146,460
2031	106,317,204	1,576,013	2,115,712
2032	104,741,191	1,607,532	2,084,350
2033	103,133,660	1,639,681	2,052,360
2034	101,493,979	1,672,473	2,019,730
2035	99,821,506	1,705,921	1,986,448
2036	98,115,586	1,740,037	1,952,500
2037	96,375,548	1,774,836	1,917,873
2038	94,600,712	1,810,331	1,882,554
2039	92,790,381	1,846,536	1,846,529
2040	90,943,845	1,883,465	1,809,783
2041	89,060,380	1,921,132	1,772,302
2042	87,139,248	1,959,553	1,734,071
2043	85,179,695	1,998,742	1,695,076
2044	83,180,952	2,038,715	1,655,301
2045	81,142,237	2,079,487	1,614,731
2046	79,062,750	2,121,075	1,573,349
2047	76,941,675	2,163,494	1,531,139
2048	74,778,181	2,206,762	1,488,086
2049	72,571,419	2,250,895	1,444,171
2050	70,320,524	2,295,911	1,399,378
2051	68,024,613	2,341,827	1,353,690
2052	65,682,786	2,388,661	1,307,087
2053	63,294,125	2,436,432	1,259,553
2054	60,857,694	2,485,158	1,211,068

6.0 Appendix B - Rejected Approach - Annuity Repayment Approach

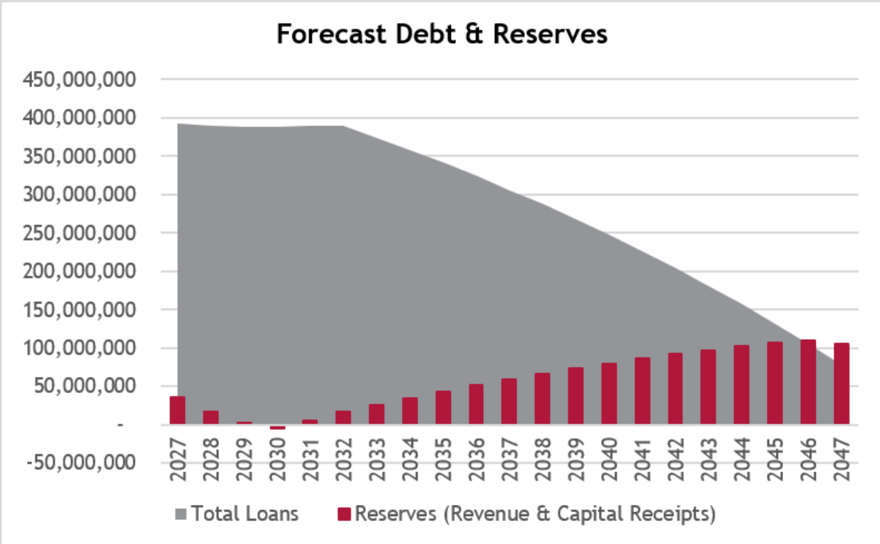
5.1 The first approach modelled was for STDC and TVCA to agree an annuity repayment profile for the outstanding and future loan facilities, and for STDC to put in place a matching revenue provision policy to fund the repayments.

5.2 Although STDC is not required to follow the English MRP Guidance, this is a standard approach described by the guidance. It is also a common repayment profile for loans in both the public and private sectors.

5.3 This has a benefit of a constant charge to revenue for the loans, as the principal repayments increase over time, while the interest charge decreases, meaning the overall charge stays broadly constant, assuming the interest rate used for the revenue provision calculation is the same as the interest rate on the loans:



5.4 However, this has the drawback of being unaffordable in the early years. Although debt levels stabilise as MRP is roughly equal to new loans drawn for capital spend, the revenue budget cannot afford the early years MRP charges, meaning reserves go negative in early years before recovering from 2033 onwards:



5.5 Although there is no legal or accounting reason that STDC cannot have negative reserves, it is unlikely that this would be reputationally desirable for either TVCA or STDC. There is guidance on reserve levels for public sector organisations that TVCA and STDC will wish to follow, given significant external scrutiny of TVCA , negative reserves are likely to lead to further engagement from external parties.

5.6 Though this is likely to make a simple annuity approach not viable, it does lead to significantly lower interest costs:

Year	Interest Costs
2027	14,457,036
2028	14,441,660
2029	14,432,868
2030	14,588,581
2031	14,725,820
2032	14,843,752
2033	14,201,471
2034	13,530,823
2035	12,830,522
2036	12,099,218
2037	11,335,501
2038	10,537,895
2039	9,704,856
2040	8,834,768
2041	7,925,940
2042	6,976,602
2043	5,984,904
2044	4,948,908
2045	3,866,586
2046	2,735,816

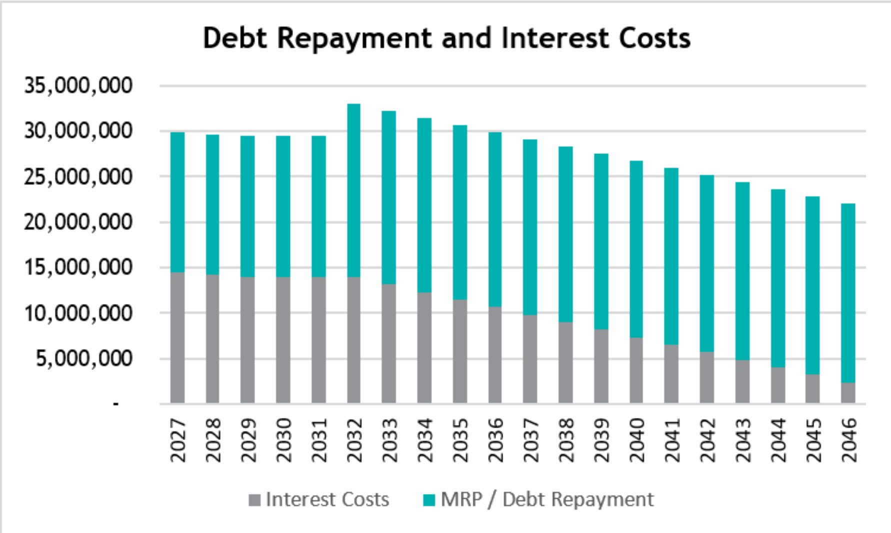
7.0 Appendix C – Rejected Approach – Straight Line Repayment Approach

6.1 The second approach is for STDC to put in place a straight line repayment profile for its loans and the associated MRP required to fund the repayments. The straight line approach involves making equal payments of principal each year.

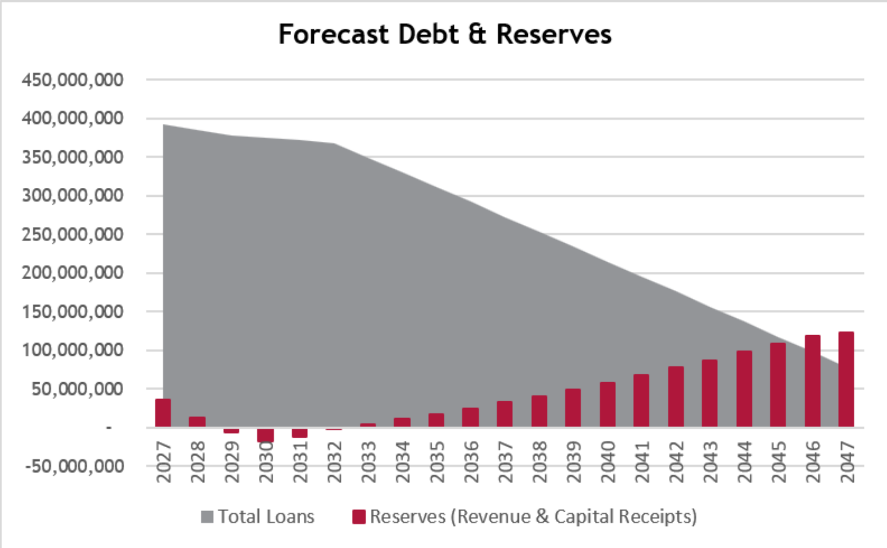
6.2 As with the annuity approach, an equal instalment of principal is a standard approach recommended by the English MRP guidance and also a common repayment profile for loans in both the public and private sectors.

6.3 Please note this modelling assumes that the Quay loan remains on an annuity approach, as this matches the TVCA's loan repayments to the National Wealth Fund, and is in line with current cashflow assumptions.

6.4 In contrast to the annuity approach, as repayments are equalised, the total charge to revenue begins higher and then falls over time as repayments are static but interest costs fall:



6.5 As with the annuity approach, this also is unaffordable in the early years. Although debt levels fall as MRP is higher than new loans drawn for capital spend, the revenue budget cannot afford the early years' MRP charges, meaning reserves initially become negative before recovering from 2036 onwards:



6.6 This negative reserves position has the same concerns as with the annuity method.

6.7 Though this is likely to make the straight line approach also not viable, it again leads to lower interest costs:

Year	Interest Costs
2027	14,457,036
2028	14,223,431
2029	14,013,699
2030	13,986,533
2031	13,959,765
2032	13,933,406
2033	13,113,028
2034	12,292,010
2035	11,470,340
2036	10,648,005
2037	9,824,990
2038	9,001,283
2039	8,176,869
2040	7,351,735
2041	6,525,867
2042	5,699,248
2043	4,871,865
2044	4,043,702
2045	3,214,744
2046	2,384,974