

SOUTH TEES DEVELOPMENT CORPORATION (STDC) AUDIT & RISK COMMITTEE

These minutes are in draft form until approved at the next Committee meeting and are therefore subject to amendments.

Date: Wednesday 16th December 2020

Time: 9 am

Venue: Microsoft Teams Meeting

Attendees:		Apologies:
Chris White (Chair - CW)	Darlington Building Society	Julie Gilhespie – Group CEO
Paul Booth (PB)	STDC Board Member	
Cllr Peter Berry (CPB) (TVCA Representative)	Redcar & Cleveland Borough Council	
John Baker (JB)	Independent Member	
Jane Turner (JT)	Teesside University	
John McNicholas (JM)	STDC	
Gary MacDonald (GM)	STDC	
Mike Russell (MR)	STDC	
Natalie Robinson (NR)	STDC	
Nolan Gray (NG)	STDC	
Gareth Roberts (GR)	Mazars	
Cameron Waddell (CW)	Mazars	
Chris Potter (CP)	Tait Walker	
Phillip Church (PC)	RSM	
Peter Judge (PJ)	TVCA	
Sharon Jones (Secretariat)	TVCA	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	Welcome and introductions	The Chair welcomed everyone to the Meeting.		
2.	Apologies for Absence	Apologies as above. The Meeting was noted as being quorate.		
3.	Declarations of Conflict of Interest	There were no declarations of interest		
4.	Minutes of previous meeting	The minutes of the meeting held on 19 th November 2020 were agreed as a true record.		
5.	Group Chief Executives Update	<p>A report was circulated providing an update to the Committee on Key activity within STDC since the last meeting.</p> <p>The Group Director of Finance and Resources also provided verbal updates on some areas of the report.</p> <ul style="list-style-type: none"> • Vesting declarations have been made and progressed • Business case funding has been received from BEIS/MHCLG in time with timelines agreed. • Teesworks attended the Offshore wind NE virtual conference. • Teesworks have also entered the latest round of bidding for an offshore wind hub. The deadline for bids is January. Government have allocated £160m for the UK. £70m of this will be for port infrastructure. Once the bid has been submitted this will be fed back to this committee and any questions taken. It is a confidential bidding process. 		

		<ul style="list-style-type: none"> • Electrical infrastructure Joint Venture process is continuing. This is to look for a partner to engage in managing the Private Wire Network on site. There has been a successful procurement process and it is now in the advanced stages. The next step is moving to preferred bidder stage. Board agreed the strategy, approach and next steps at the November meeting. A final report will go to January Board to finalise the agreement. • Finance update – Attached as an appendix is the update that went to Board in November. There is a copy of the pro forma template which will be used for reporting to BEIS & MHCLG quarterly shown at Appendix 1. This will be sent to Board after each submission. <p>Discussion took place around the following areas:</p> <ul style="list-style-type: none"> • Port infrastructure bid – if the bid is not successful then there is a back-up plan. Alternatives have been looked at and there are other options which will allow us still to develop out the site. If these become the way forward, then they will appear in the risk register at this stage. • The provided CEO report is useful but a translation piece for this committee that would walk through the risks in more detail is required. The Risk Register update should connect the dots, but it is agreed that a 1-page update within the CEO report to cross reference and highlight the risk register items can be added for future meetings. <p>Resolved that the update is noted</p>	<p>Add additional page to CEO Report to link to RR</p>	<p>MR/NR</p>
6.	External Audit Progress Report	<p>A verbal update was provided by Mazars regarding External Audit Progress</p> <p>The final letters have been circulated to Members since the last meeting. There were some pension fund assurance issues at the last minute which prevented conclusion until it was resolved. Assurance was given that the matter was not a significant issue and accounts were therefore closed on 4th December, which was</p>		

		<p>only a few days after the target date. Accounts are now published. The Annual Audit letter will be provided at the next meeting to close out the year fully.</p> <p>It is intended to provide an update regarding the new responsibilities around value for money at the next meeting. This is part of the new audit code. Responsibilities have changed due to the new code and we are working through how this will be managed.</p> <p>From a Teesworks perspective existing governance structures and reporting methods are being used to capture the value for money information and officers are confident this will capture what is needed to comply with requirements of the code. This is something that will be looked at throughout the year ahead.</p> <p>RESOLVED that the update is noted.</p>		
7.	External Audit – Annual Audit Letter STDL	<p>A report was provided by Tait Walker.</p> <p>The Committee were advised that moving forward STDL accounts will be managed via the Agresso Financial system and the process of migrating accounts on to that system is in progress. Currently the process is dual running of systems and journaling in the data. There is a plan in place to accelerate this through for year end and accounts will all be migrated in time for next year’s accounting.</p> <p>The highlighted bad debt item was already known at budget setting and was provided for when setting the budget. This debt has also already featured in the group accounts last year, it is not another bad debt.</p> <p>RESOLVED that the report was noted, and the accounts will be signed off before the Christmas break.</p>		
8.	ARC Induction training proposal	<p>A report was circulated detailing a proposed induction and training plan for the Committee.</p> <p>Feedback was welcomed from Members with regard to the detail of the proposal.</p>		

		<p>Discussion took place around the following areas:</p> <ul style="list-style-type: none"> • Dates for the sessions will be added to diaries in the New Year • Will the intended strategic planning session also cover project scope – There may need to be a separate session to cover this, but the aim is to roll out the first set of briefings and then agree bespoke briefings on specific items if needed and appropriate. This will be done in line with the Forward Plan to ensure the timing is right for briefings on particular projects. • It would be useful for the Committee to have sight of a full list of projects. This is being worked on via the planned implementation of PMO. The risk register for each project can be communicated via this and real time reporting can be given. • The proposal allows a useful opportunity to look at mapping projects against the Assurance Framework controls and give assurance around the churn of project risk registers. • The training schedule needs to be fluid and allow for flex if and when needed. It is important that this drives a culture change across the group and is rolled out across all committees. It was confirmed that the process has started for TVCA O&S Committee and that Governance are working on an effectiveness and skills audit across the group to give assurance that the right skills are at the right table. <p>RESOLVED that the detail of the report and the proposals were noted.</p>	<p>Coordinate meetings into diaries – Jan 2021</p> <p>Project risk reporting to align into risk reporting</p>	<p>Governance Team</p> <p>NR</p>
9.	Internal Audit Progress Report	<p>An Internal Audit Progress Report was circulated.</p> <p>RESOLVED that the Report was noted.</p>		
10.	Internal Audit Actions Update	<p>A paper was circulated detailing progress against Internal Audit actions.</p>		

		<p>It was noted that Paragraph 1 and the table underneath have not been updated. This will be amended, and a refreshed paper circulated. 15 actions have now been marked as complete by management. All other actions are marked as in progress. 11 items are showing as overdue. There is an appended detailed narrative against all of those actions.</p> <p>Officers are pushing hard to complete these actions. The timescales to resolve some of these goes beyond what was originally set.</p> <p>There is only 1 high priority action which is linked Project Management Office.</p> <p>It was agreed that whilst the committee understand why actions are outstanding and what is being done to address this the report needs to contain ageing detail of the overdue actions and a planned resolution date.</p> <p>The PMO full roll out is due to take place at the end of March next year. This will give full consistent controls across the Board.</p> <p>Resolved that the detail of the report is noted</p>	<p>Add ageing detail and planned resolution date into the report</p>	<p>MR</p>
11.	<p>Resource Levels Update</p>	<p>A paper was circulated detailing an update on resources across the STDC Group following the acquisition of South Tees Site Company (STSC).</p> <p>The Committee were advised that updated organisational charts are in the process of being completed to give a visual overview. These should be available by end of January.</p> <p>Concerns were raised that the paper does not confirm if staffing levels are correct going forward and that projects won't happen as they should if the right resources are not in place. It was advised that this piece of work is a work in progress and as plans and resource requirements change this, and any associated risks, will be made clear.</p> <p>Resourcing for Health & Safety and security on site will be addressed. A Senior level resource, EHSC Senior Manager, has been appointed. The current H&S team sit underneath that post. The new resource, once in post, will assess what other resources are needed to move forward.</p>		

		<p>The Committee felt that they should have sight of some form of workforce plan. This would allow an overview of resource planning in order to have sight of the associated risks. It was advised that Clare Winter has been appointed as new Group HR Manager and she will be looking at the delivery group structure. Once the organisational chart is completed then an updated briefing can be provided detailing this and an overlay of risk.</p> <p>PB & JM advised that they have been working on creation of a macro plans for the site over the next 5 years. Each plan has specific resource requirements attached to it and will therefore show a resource profile needed in order to complete the programme. This can be brought to the next meeting as an example if required.</p> <p>Resolved that the detail of the report is noted.</p>	<p>A Resource plan to be produced & delivered twice yearly to Committee to cover people risk perspective and how this is monitored.</p> <p>Macro plan to be provided as an example at the next meeting</p>	<p>GM</p> <p>JM</p>
12.	Decontamination Project Update	<p>A Report was circulated providing an update on the decontamination project.</p> <p>It was noted that this project has a Risk Register attached to it which is a living document and is updated on a fortnightly basis. This document will be shared with Committee members prior to the next meeting.</p> <p>Resolved that the detail of the report is noted.</p>	<p>Decontamination Project risk register to be shared</p>	<p>NR</p>
13.	Risk Update	<p>A resolution to exclude the press and public under paragraph 3 of schedule 12A of the Local Government Act 1972 was agreed.</p> <p>A Paper was provided detailing a risk management update.</p>		

		<p>It was agreed that there is a need to dovetail the SC Board and activity to both ARC and DC Board. Reporting lines need to cover this, and reports need to crosscut through all required channels.</p> <p>Resolved that the detail of the update is noted</p>	Discuss at management meeting how to take this forward.	GM
14.	Forward Programme & Action Register	<p>The Forward Plan and Action Register were noted. Items raised today will be added to the Forward plan for February's meeting and this will be circulated this once updated.</p> <p>Actions from the previous meetings were discussed:</p> <p>July Tata Retention – Meetings are reconvening in the new year to discuss this and take legal advice on the final costings. This will then be taken forward to Tata. The deadline is mid Feb. Internal audit plan – outsourcing of financial systems assurance – ongoing.</p> <p>October All items covered.</p>	Update FP	SJ
15.	Date and Time of Next Meeting	Date of next Meeting – 24 th February 2021 at 9am.		