

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting19th March 2020

1. Title of Item/Report

Teesside International Airport (TIAL) - Joint Venture Consent

2. Record of the Decision

Cabinet noted progress made in relation to the delivery of the Tees Valley Combined Authority business case for Teesside International Airport (TIAL) along with request for shareholder consent to enable TIAL to progress a joint venture for the development of land identified as Southside in line with the proposed business case.

Southside formed a significant area land lying to the southern side of the main airport complex and the operational areas including the main runways and airport taxiing routes. The land lay partly within Darlington Borough but predominantly within Stockton Borough and extended to approximately 109 hectares.

The land had been granted outline planning permission by the Secretary of State in 1999 for freight handling, distribution and packaging, freight forwarding and light industrial / commercial assembly and in 2007 approval was granted for the land to be made available for general industrial use as employment land. Southside remained allocated within Stockton and Darlington's respective Local Plans to provide sufficient specialist land to support the expansion of airport related uses, but supported by a proportion of general employment land.

The local authority shareholders, including Stockton, owned 11% of TIAL in total and each had long recognised the importance of a successful Southside development to underpin a viable airport and the issue had been a consistent theme and was always envisaged as part of the development of the airport business.

In January 2019, the Tees Valley Combined Authority approved investment proposals for the acquisition and development of TIAL and had engaged with consultants to provide advice on the purchase, valuation and development potential of land as well as outline options assessment. The final recommendations to the TVCA Cabinet was supported by the Full Business Case: "Securing the Future of Our

Airport". The business case included reference to the airport's land development opportunities, noting that the Southside presented the most significant opportunity and that maximising the wider property assets was key to improving the financial viability of the airport.

The TVCA Cabinet and the airport board of directors had now taken decisions that would provide for the Southside land to be unlocked taking the development of the Southside into a new stage. The upfront infrastructure had been costed at £23.6 million, this to provide road access, utilities and flood mitigation works. Additional information provided to the Airport Board was included with this agenda as an exempt appendix (Appendix A).

The specifics of the investment by TVCA was that TIAL would draw down a loan of £23.6m from the TVCA to fund the upfront infrastructure requirement. This was to be repaid throughout the period of development. Ultimately through the period of development TIAL would still continue be underwritten as a going concern by TVCA.

Cabinet noted that TIAL would enter into a joint venture partnership with the private sector to deliver construction of the infrastructure and development of the business park and the TIAL board had ultimately decided to enter into a joint venture partnership with the Theakston Land and Wynyard Business Park to deliver construction of the infrastructure and development of the business park through the establishment of a joint venture subsidiary.

RESOLVED that Cabinet:-

1. Note the decision of the TVCA Cabinet to support the development of the Southside through a loan of £23.6m to TIAL for enabling infrastructure.
2. Note the decision of the TIAL Board to enter into a joint venture and establish a subsidiary company with their selected developers Theakston Land and Wynyard Business Park to undertake the development of the Southside.
3. Provide consent to TIAL to pursue the Southside development including consent to the establishment of the subsidiary and the grant of a 125 year lease.

3. Reasons for the Decision

To request shareholder consent from the Council to enable TIAL to

progress a joint venture for the development of the Southside in line with the proposed business case.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

N/A

7. Date and Time by which Call In must be executed

Midnight, Friday 27th March 2020

Proper Officer
23 March 2020