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With a copy to:

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Your Ref: APP/PCU/CPOP/V0728/3226769
Our Ref: CR/CR/STDC/CPO/WS001

14 January 2020

Dear Mr Ware

Re: The South Tees Development Corporation ("STDC") (Land at the former Redcar Steel Works, Redcar) Compulsory Purchase Order 2019 ("CPO")

Written Statement

I refer to the proposed CPO and to the notice given by the Secretary of State for Housing, Communities and Local Government dated 13 November 2019, instructing one of his Inspectors to hold a public local inquiry into the proposed CPO (the "Inquiry").

I write on behalf of Sembcorp Utilities (UK) Limited ("Sembcorp"). By a letter dated 8 May 2019 (the "Sembcorp Objection"), Sembcorp objected to the CPO in respect of the unjustified proposed acquisition of land forming part of Sembcorp's infrastructure corridor (known as the



"Bran Sands" corridor); largely given Sembcorp's belief that STDC's objective could equally be achieved through the acquisition of rights only over that land.

I intend to attend the Inquiry on behalf of Sembcorp and to present its case through the below written statement.

Background:

This written statement should be read in conjunction with the Sembcorp Objection. In this written statement, I intend to summarise those matters presented within the Sembcorp Objection, to appraise the Inspector of the latest status of the discussions between Sembcorp and STDC and to respond on Sembcorp's behalf to STDC's response to relevant objections (including those of Sembcorp) within its Statement of Case dated 23 September 2019 ("STDC Statement of Case").

The following sets out my written statement to the Inquiry on behalf of Sembcorp:

1. My name is Chris Ratliff. I am Commercial Manager of Sembcorp Utilities (UK) Limited. I am authorised by Sembcorp to make this statement on its behalf.
2. Sembcorp is the registered freehold owner of the land shown on the CPO map as plots 46, 47, 48, 49, 50, 52, 53, 54, 55, 56, 57, 58, 59, and 62. Sembcorp also has the benefit of various lease of easements through Plot 60 (which were provided to it by Network Rail) as well as the benefit of further rights across the same plot granted by Network Rail's predecessor, British Railways Board, all in connection with various apparatus and critical infrastructure within the Bran Sands corridor.
3. Sembcorp maintains that there is no requirement for STDC to acquire any rights over the land within plots 53, 55, 57, 59 and 60 for the purposes of overhanging, or oversailing, during the reconstruction of Bridge 1 as there is ample space to the north and south of the existing bridges to undertake such works without the need for rights over these plots.
4. Sembcorp maintains that there is no requirement for STDC to acquire the freehold interest in plots 46 and 50 for the purpose of housing the footings to Bridge 2 as such works are either already facilitated by an existing easement or could be achieved by the acquisition of rights only over the land.
5. Sembcorp maintains that there is no requirement for STDC to acquire the freehold interest in plots 52, 61 and 62 for the purpose of upgrading, demolition and reconstruction, installation of service media and any necessary change of use of Bridge 1 to provide improved vehicular access, as such works are either already facilitated by the existing easement or could be achieved by the acquisition of rights only over the land.
6. Sembcorp maintains that the rights sought by STDC over plots 49, 58 and 59 to "maintain, renew, upgrade, replace or remove the existing private railway infrastructure located on the land" are in fact only required in respect of STDC's own private railway located or to be located on either bridge. In particular, there is no requirement for such rights in respect of Sembcorp's existing private railway that runs under those Bridges and so, if the Secretary of State is minded to grant the CPO notwithstanding the Sembcorp Objection, the CPO should be modified to this effect.
7. It is Sembcorp's position that STDC already enjoys many of the rights over Sembcorp's land that is listed in the CPO pursuant to the existing (bridging) easement. As STDC acknowledges in the STDC Statement of Case, Para 5.27 "[the

Sembcorp corridor] exists at a lower ground level than the site" and is already crossed by two substantive bridges under that existing (bridging) easement. Notwithstanding this, Sembcorp is amenable to granting STDC an easement on updated terms which will achieve STDC's aims without the compulsory acquisition of Sembcorp's land. However, Sembcorp is not willing to withdraw its objection until such time as the easement (or an option for the grant of the easement) together with an associated undertaking not to implement the CPO in respect of Sembcorp's land, is completed and the threat to Sembcorp and Wilton International's operations has been removed.

8. In an effort to achieve this aim, Sembcorp sent draft heads of terms to STDC on 2 July 2019 and met with STDC on 3 July 2019 to discuss those terms.
9. STDC returned a mark up/comment on those heads of terms on 6 December 2019.
10. Sembcorp met with STDC on 8 January 2020 with a view to agreeing these heads of terms. Sembcorp considers that many matters were resolved at the meeting although there were a handful which STDC took away. Sembcorp considers that agreed heads of terms are achievable.
11. Sembcorp is willing to work with STDC to agree and complete a new easement as soon as possible at which point the threat to Sembcorp and Wilton International should be removed. In the circumstances set out in paragraph 7 (above), Sembcorp would be willing to withdraw its objection in full.

In response to STDC Statement of Case, I make the following comments on Sembcorp's behalf:

12. Sembcorp remains willing to negotiate in good faith to achieve an agreement with STDC on the new easement for the grant of appropriate rights over Sembcorp's land without the use of compulsory purchase powers. Accordingly, Sembcorp challenges (and does not accept) STDC's principle response in the STDC Statement of Case, Para 8.56 to the Sembcorp Objection that "without the acquisition of the new rights and land set out in the CPO, regeneration of [the CPO] Land cannot proceed".

To my knowledge and belief, the existing rights burdening Sembcorp's land are sufficient for STDC to rebuild the existing bridges and use the existing or any replacement bridges for the intended purpose of transportation (by road or rail) and for the transmission of services to and from STDC's development land.

Sembcorp refutes categorically that the acquisition of any of Sembcorp's freehold land is necessary for regeneration of the Order Land to proceed. Sembcorp considers that the substantive new right STDC is seeking, is a right to put forward any new road/bridge over Sembcorp's land for adoption without objection from Sembcorp. Sembcorp agrees to grant this in principle and has proposed that the parties enter into a more modern easement on Sembcorp's standard form which would capture this and which would document the protective measures Sembcorp requires should STDC seek to upgrade or replace the existing bridge structures. All such protective measures are designed to ensure that the apparatus beneath the bridges is at all times safe from damage and to ensure the continued: (i) supply of services to Sembcorp's customers via the apparatus within the Bran Sands corridor; and (ii) use of the private railway line and roadway within the Bran Sands corridor.

13. Sembcorp is confident of reaching an agreement with STDC. However, in the absence of such an agreement Sembcorp disputes that the land acquisition and new rights sought in the Order are justified as necessary to carry out the regeneration of

the Order Land. Sembcorp has set out its argument in respect of this in the Sembcorp Objection.

14. Sembcorp does not consider that STDC has adequately explained its timeliness justification for compulsory purchase in relation to Sembcorp's land (STDC Statement of Case, Para 4.24). Save for repurposing and general repairs (which can be achieved under existing rights) Sembcorp is not aware of the imminent need to replace or construct new bridges, nor for a similar imminent need to adopt the highway(s).

As previously stated, Sembcorp considers that the substantive right missing from the existing easement within is sought by STDC is the right to put the bridge up for adoption. Thereover there is ample time to progress and conclude a revised (bridging) easement.

15. Within the STDC Statement of Case, STDC fails to address Sembcorp's objection to the right to interfere with (Sembcorp's) private railway. Sembcorp's existing private railway line (forming part of the Wilton private sidings) (which runs through Plots 49, 58 and 59) is critical to the delivery of waste to the Wilton 11 EfW plant located at Wilton International, and has in the past (and is proposed to be re-used) in connection with the potential stabling and servicing of trains. Furthermore, it provides the potential to move raw materials or product to and/or from the petrochemical and heavy manufacturing companies located at Wilton International (with consequent environmental benefits). Sembcorp does not believe STDC requires any rights in respect of this private railway and seeks to ensure that such private railway line is safeguarded.
16. Within the Statement of Case, STDC does not expand or comment upon how it derives an estimate of £60m (which it confirms is available for compensation if the CPO is granted) nor what independent verification has been undertaken with regard to the sufficiency of that amount (but see for example its response to this objection at Statement of Case Para 8.9). STDC is invited to explain the work it has done to satisfy itself that £60m is sufficient as well as to explain what guaranteed access it has to additional funds (above that £60m) to meet compensation (including blight claims) in the event that such £60m is insufficient.

Sembcorp asks this having regard to the large area of the Order Land and our experience that land suitable for heavy industrial development can be sold for between 100k (where requiring remediation) to £250k / acre as well as the 'rents' received by Sembcorp from grantees seeking easements for (industrial) apparatus within or across Wilton International; quite apart from any compensation to rights holders whose business or production could be adversely affected by STDC obtaining the rights it seeks.

In addition, despite saying it knows of no impediments to implementation, by its own admission there is a need for "significant investment from Government, currently being considered through standard HM Treasury processes for scrutiny and approval of new spend" (See STDC Statement of case, Para 8.11).

17. STDC states its belief that there is no impediment to planning but also refers to RCBC's Local Plan. In relation to the activities which STDC intends to carry out and which Sembcorp (and several of the relevant chemical companies based at or providing product to Wilton International) say could prejudice operation of the pipeline corridor, RCBC's Local Plan specifically acknowledges the importance of Wilton International (for example at Para 1.18 stating that "The chemical industry, mainly based at Wilton International, is a vitally important part of the local, regional and

national economy" whilst at Para 1.67 it provides that "The chemicals industry is a key part of the local economy with the Wilton International site, together with sites on the northern side of the river, comprising the largest integrated chemicals complex in the UK in terms of manufacturing capacity, and the second largest in Europe"). Accordingly, Sembcorp does not believe STDC or a relevant developer intending to undertake activities across or within the Bran Sands corridor which could detrimentally affect the existing operations of those companies would necessarily be granted planning consent. Also see STDC Statement of Case Para 4.17, which acknowledges the importance of Wilton International and the chemical, technology and energy production industries thereat.

18. As already stated, Sembcorp would be minded to withdraw its objection if an agreed form of easement, together with a corresponding undertaking not to implement the CPO in respect of Sembcorp's land, was received from STDC. However, absent such easement and undertaking, Sembcorp's concerns have not been addressed and we would respectfully ask the Secretary of State to modify the Order to remove Sembcorp's land from the CPO.

If the Secretary of State is (nevertheless) minded to grant STDC compulsory powers over Sembcorp's land notwithstanding the Sembcorp Objection, we respectfully request that the CPO is modified so that the CPO provides STDC with the right to acquire new rights only over Sembcorp's land and that such rights are subject to suitable protective provisions which safeguard the existing apparatus and transport routes, together with the rights and interests of Sembcorp and its customers, so that the existing operations and use of Sembcorp's land can continue safely and without interruption.

Queries:

Should you have any queries in relation to this written statement, please contact any of myself, David Barry (Sembcorp Legal Counsel) on 07881-329062 or by e-mail to David.Barry@sembcorp.com or Lucy Thomas (Partner, Pinsent Masons LLP) on 0121 625-5350 or by email to Lucy.Thomas@pinsentmasons.com.

Yours sincerely



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