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**THE SOUTH TEES DEVELOPMENT
CORPORATION (LAND AT THE FORMER
REDCAR STEELWORKS, REDCAR)
COMPULSORY PURCHASE ORDER 2019**

**SUMMARY EVIDENCE OF
PETER ROBERTS FRICS CENV
21 JANUARY 2020**

Date: 21 January 2020

Introduction

- 1.1 I am Peter Roberts, a Fellow of the Royal Institution of Chartered Surveyors (RICS), a Chartered Environmentalist and a RICS Registered Valuer. My evidence is given on behalf of TISCO Bank Public Company Limited, Krungthai Bank Public Company Limited, Siam Commercial Bank Public Company Limited, collectively known as the “Thai Banks”, and Sahaviriya Steel Industries PCL (“SSI”). The defined terms that I use in this Summary Proof of Evidence are set out in my main Proof of Evidence.

Background

- 1.2 The SSI Land comprises a number of plots identified within the Schedule and Plans to the Order. A description of each plot that relates to the Thai Banks' objection is provided in my main Proof of Evidence. Those elements comprise:
- the Ironmaking Site – some 532.43 acres comprising plots 1, 2 and 3 which includes the Materials Handling Area, Blast Furnace, Redcar Coke Ovens, Pulverised Coal Injection, Power Station, Materials Handling and the Sinter Plant;
 - the Hot Metal Line – a railway line of over 4 miles that was primarily used for the transportation of molten iron from the Blast Furnace to the BOS and Concast facilities;
 - Steel House; and
 - associated facilities (some of them very substantial) including Weighbridges, Iron Granulation and Loco Repair Shed, a shared Medical Centre, Steelmaking land, a Torpedo Shop (for maintenance of railway carriages) the South Lackenby Effluent Management System ('SLEMS'), High Tip, and South Bank Coke Ovens.

Discussions with the Development Corporation

- 1.3 It is clear that the Development Corporation has not taken reasonable steps to acquire the SSI Land as required by the Guidance and has not entered into meaningful negotiations. The offer of a Lands Tribunal contract is not attractive as, based on the discussions so far, it is clear that this would simply lead to a protracted dispute and the Thai Banks would not receive any payment until such time as the matter was determined. By entering into a contract, the Thai Banks would also be undermining their ability, in the meantime, to deal with the SSI Land in a manner that is most likely to generate development without reliance on the public purse. It appears that the Development Corporation is unable and/or unwilling to offer the Thai Banks terms that are comparable to those obtainable in the market.

Assessment of the Development Corporation's proposals for the SSI Land

- 1.4 The entirety of the land within Phase 1 of the Development Corporation's proposals is already owned and controlled by the Development Corporation which has £14m of funding to proceed on that land irrespective of acquisition of the SSI Land.
- 1.5 Phase 2 is earmarked for the Clean Gas Project, but that is still only at a very preliminary stage. No DCO pre-application process has begun. There is no certainty that Clean Gas will take this site and as such no immediate need to acquire the land. As a NSIP any necessary compulsory purchase should be promoted through the DCO process when that project is eventually ready to progress. There is no need for the Development Corporation to be involved.
- 1.6 Phase 3 is largely controlled by the Development Corporation.
- 1.7 The Development Corporation already controls the entirety of the land required for Phases 1, 2 and 3 other than the RBT Land, which is excluded from the Order, the land required for the Clean Gas project which, in any event is intended to be delivered by a separate DCO, and the Steel House plot which only comprises circa 26 acres.
- 1.8 The remaining SSI Land is not required until Phase 4 (2022 to 2038) and Phase 5 (2023 to 2042).
- 1.9 There is no funding for a faster delivery timescale, which must still overcome numerous and fundamental plot-specific uncertainties as to the Medical Centre, Loco Repair Shed, Iron Granulation and weighbridges. The SLEMS and High Tip are to be retained in their current use for the foreseeable future.
- 1.10 None of these assets are intended to be redeveloped within a reasonable timescale and there is no indication that the Development Corporation intends to use them for anything other than their current use for at least the short to medium term given that they are all surrounded by land owned by New British Steel. Maintaining an existing use is not an appropriate use of statutory powers.

Funding

- 1.11 Even taking into account funding announced as late as January 2020, only £134m of the estimated £504m scheme cost is now funded. This means that circa 75% of the identified funding need has yet to be secured, the majority of which will be required to deliver development of the SSI Land. There is no coherent strategy for meeting this £370m funding shortfall in respect of development costs even before account is taken of the distinct possibility that the cost estimate may be too low. There is not enough money committed to complete the development of the land already owned by

the Development Corporation within phases 1, 2 and 3 let alone the later phases involving the SSI Land.

- 1.12 Further, the compensation budget of £60m is a gross underestimate as to the true cost of compensation that is likely to arise even if regard is had only to the deals being negotiated by Development Corporation.

End Users

- 1.13 The Development Corporation has cited over 100 expressions of interest, however the only commitments, as cited in the Development Corporation's SoC, are MGT Power and Sirius Minerals. Neither scheme is located on the Order land. As such, the SoC does not identify a single end user for the Order land.
- 1.14 Negotiations with Able UK Limited in respect of the South Bank area are reported in the Development Corporation's Board Minutes but there is no information available to suggest whether or not terms have been finalised and/or outstanding matters relating to restrictions placed by PD Ports on the quay have been addressed.
- 1.15 The various Development Corporation minutes refer to discussions with other parties including, inter alia, PD Ports, Ineos, Liberty Steel, Petcol, Portnex, Tees Aluminium, Metalysis, Clean Gas, Phoenix Services, Hydrail and Atlantic Superconnection Corporation. It appears from the Development Corporation's Board Minutes that discussions have only progressed in respect of Portnex, with no other interest getting beyond initial discussions.
- 1.16 Regarding Portnex this interest is to take the SSI Land as it exists such that this end user demand would exist regardless as to whether the Order is confirmed. The same appears true of the Petcol and Phoenix Services interest. These proposals could come forward without the intervention of the Development Corporation as they simply reuse existing structures.
- 1.17 No realistic idea of how the Order Land will be used has been evidenced. It is apparent that the Development Corporation is forming its ideas as to future use in parallel with rather than in advance of making the Order.
- 1.18 Overall there is no compelling case in the public interest, the Development Corporation has not taken reasonable steps to negotiate and make reasonable offers, nor has it made meaningful attempts at negotiation. It also has no clear idea of how the land will be used nor has it provided

adequate evidence that it has sufficient resources to pay compensation and deliver development on the SSI Land within a reasonable timescale¹.

- 1.19 Compulsory purchase is, therefore, not justified. Indeed, it would be counterproductive to deprive the Thai Banks of the SSI Land and ability to deliver regeneration by handing ownership of the land to the Development Corporation.

Assessment of the Thai Banks' proposals

- 1.20 There are currently three proposals which have reached advanced stages of negotiation:
- expansion of RBT over the SSI Land, which is not dependent on compulsory purchase;
 - restart of steelmaking, which would remove a significant burden from the public purse and is not dependent on compulsory purchase;
 - sale of the Thai Banks' interests to a private sector developer who wishes to acquire the entirety of the SSI Land and RBT Ltd in order to bring development in connection with offshore wind farm development. The offer is significantly in excess of anything offered by the Development Corporation.
- 1.21 Each option illustrates that the Thai Banks and the private sector are well-placed to bring forward development of the SSI Land. There is no need for compulsory purchase to deliver regeneration. Indeed, these schemes are threatened by the Order

Conclusions

- 1.22 There is no compelling case in the public interest for the Order and the Development Corporation's proposals fail multiple tests set out within the Guidance. The Order is not justified and should be refused.
- 1.23 Further, there are good reasons to be confident that market forces will lead to imminent regeneration of the SSI Land and in a way which is not reliant upon the public purse.
- 1.24 The Order should not be confirmed.

¹ Paragraph 13 and 14 of the Guidance