

Localism Act 2011

Acquisition of Land Act 1981

Inquiry into:

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

Summary Proof of Evidence

of

John McNicholas BSc (Hons), CEng, MICE

On behalf of South Tees Development Corporation

Document Ref: STDC2/1



CONTENTS

1.	INTRODUCTION	1
2.	LAND USE, CHARACTERISTICS AND CONDITION	1
3.	THE OPPORTUNITY	2
4.	THE MASTER PLAN	2
5.	COMMITMENT TO DELIVER	3
6.	RESPONSES TO OBJECTIONS	3
7.	CONCLUSIONS	4

1. INTRODUCTION

- 1.1 My name is John McNicholas, Engineering & Programme Director for South Tees Development Corporation (STDC), where I hold a primary responsibility for defining, planning and delivering the capital programme of projects that will realise the successful regeneration envisioned in the South Tees Regeneration Master Plan (the “Master Plan”). My involvement in the regeneration programme across the past three and a half years has included leading the design and launch of the Master Plan, and overseeing the delivery of the many technical and other baseline studies completed to date.
- 1.3 My Proof focuses on: land use, characteristics and condition of the STDC Area; the regeneration opportunity; the Master Plan proposals (i.e., the “Scheme”); STDC’s commitment to deliver the Scheme; and certain of the objections raised.

2. LAND USE, CHARACTERISTICS AND CONDITION

- 2.1 The 4,500-acre (1,820-hectare) STDC Area comprises, and is characterised by, large expanses of operational and non-operational industrial land. (*Presentation slides 2 to 25 at Appendix F to my Proof of Evidence address land use, characteristics and condition.*)
- 2.2 Regarding the land potentially available for redevelopment, which includes the Order Land, this is extensively formed from the former landholdings of Sahaviriya Steel Industries (SSI) and Tata Steel, that are dispersed in various locations across the Area. These largely comprise a disparate array of individual land parcels, some of which are islanded by other landholdings and effectively rendered inaccessible for new development.
- 2.3 The former SSI land is dominated by large-scale, functionally obsolete, aged industrial facilities, that are in a declining, poor condition, presenting many safety hazards and constraints, requiring continued management in order to mitigate inherent risks; a situation that has necessitated extensive financial intervention by HM Government.
- 2.4 Across the STDC Area there is a heavy reliance placed on the continued use of aged infrastructure assets. These assets are in various states of decline and require appreciable investment to maintain their continued safe use. Over time, many will need replacing, such as the existing high voltage power grids, that have been determined as being incapable of meeting the needs of new development.
- 2.5 Significant infrastructure investment is therefore required to enable new development and existing operations to function properly and efficiently. This is only likely to be delivered by taking a comprehensive, area-wide approach to infrastructure provision and its long-term management. It could not be realised with a fragmented land assembly and multiple ownerships.

- 2.6 Significant parts of the STDC Area are occupied by various waste management facilities that are requiring of significant remedial works interventions.
- 2.7 Impediments to realising new uses across the STDC Area are many. Failure to address these in a comprehensive manner would not only restrict the net amount of land that could be brought forward for development, it would impact development typologies, development densities, and the land values that could be realised.
- 2.8 The case for the comprehensive, holistic land assembly as defined by the Order Land is therefore clear.

3. THE OPPORTUNITY

- 3.1 The regeneration proposition as set out in the Master Plan offers a transformational opportunity to grow the economy of the Tees Valley and significantly enhance its profile as a UK region. *(Presentation slides 26 to 40 at Appendix F to my Proof of Evidence address the Opportunity.)*
- 3.2 The level of interest in establishing new industrial uses across the STDC Area to date, which has been significant, supports the initial analysis undertaken in developing the Master Plan, that concluded that comprehensive regeneration on an area-wide scale, aligned to various industrial sector typologies, has firm potential. *(Presentation slides 63 to 72 at Appendix F to my Proof of Evidence provide greater detail on the development interest expressed to date.)*
- 3.3 Through a comprehensive land assembly as defined by the Order Land, large contiguous land areas for development can be realised, affording significant flexibility in the size and type of new industrial uses that can be accommodated. Development on this scale will justify the level of investment required in providing the comprehensive, integrated infrastructure networks necessary for optimised functionality of the development.

4. THE MASTER PLAN

- 4.1 The Master Plan presents the vision, strategy and concepts for the redevelopment of close to 2,300 acres (920 hectares) of land within the STDC Area as a major employment-generating zone and economic growth enabler for the Tees Valley. It illustrates how optimal spatial planning will result in the creation of well-ordered, high density development, creating up to 20,000 new jobs in higher skilled sectors and occupations, within industries aligned squarely with HM Government's Industrial Strategy and the local industrial strategy of the Tees Valley. *(Presentation slides 41 to 62 at Appendix F to my Proof of Evidence address the Master Plan.)*

- 4.2 The Master Plan proposes five large development zones – comprising four industrial zones and a coastal community zone – augmented by extensive new internal transport and utilities infrastructure networks, including the development of new deep-water port facilities.
- 4.3 The Master Plan promotes an energy strategy that utilises an area-wide private wire network, supported by major on-site power generation, delivering competitively-priced power, which will be essential to new industrial uses. This can only be delivered by taking a comprehensive approach to redevelopment of the STDC Area.

5. COMMITMENT TO DELIVER

- 5.1 STDC has already made major commitments to the realisation of the Scheme proposals through:
- a. Its acquisition of the former Tata Steel estate,
 - b. The extensive due diligence work completed to date, including major ground investigation programmes,
 - c. The significant additional work recently committed, including further ground investigations and a wide array of infrastructure and other strategy studies, that will provide necessary finer grain detail to the Master Plan proposals,
 - d. The completion of its first transport infrastructure project, with the construction of one of the three gateway accesses to the STDC Area,
 - e. The imminent design and construction of a further new highway access, and
 - f. The commissioning of a major bridge condition assessment programme.
- 5.2 These are only examples of the significant work committed by STDC to date. I am of the firm opinion that this has only been possible through public intervention. There was no reasonable prospect of realising this level of progression through private sector intervention, nor does there appear to be any in the foreseeable future.

6. RESPONSES TO OBJECTIONS

- 6.1 Tisco Bank plc, Krungthai Bank plc and Siam Commercial Bank plc (the “Thai Banks”), Sahaviriya Steel Industries plc and The Royal Bank of Scotland plc, all object to the Order on the grounds of a ‘lack of a compelling case in the public interest’.
- 6.2 The situation left behind by SSI has necessitated extensive financial intervention by UK Government to address crucial site safety and security management commitments, with no prospect of this situation ending unless STDC is able to progress the regeneration of

the land. It is now imperative that a solution to this longstanding issue be determined as quickly as possible.

6.3 STDC has had little confidence in the Thai Banks' capacity and willingness to dispose of the assets to enable the Government's liabilities to be mitigated. It is therefore clearly in the public interest for STDC to acquire these assets, in order to arrest the current trend of continuing decline in the condition of said assets and end the significant cost burden on the public sector.

6.2.4 STDC is of the view that, without a CPO, there is no realistic prospect of a comprehensive land assembly being achieved and, thereby, no prospect of the regeneration of the STDC Area being secured. There is, therefore, a compelling case in the public interest for STDC to use its compulsory purchase powers to acquire the Order Land.

7. CONCLUSIONS

7.1 There can be no doubt that the Order Land is in need of major intervention. The closure of the SSI steelworks in 2015 has had a significant, detrimental impact on the local community and the local economy. Declining site conditions mean that there are significant, increasing risks connected with the Order Land, as well as significant costs associated with keeping the former SSI assets safe.

7.2 The Order Land has been substantially neglected and, to date, any comprehensive regeneration has clearly not been considered viable nor attractive to the private sector. As conditions worsen, the prospect of any alternative scheme coming forward appears less and less likely. It is not an option to do nothing. Bringing the former SSI land and wider Order Land back into use must therefore be a key priority.

7.3 I consider the fragmented ownership of the STDC Area and the costs associated with preparing and bringing forward land for development will continue to act as a barrier to any alternative regeneration proposals being realised. It will only be through intervention from the public sector that comprehensive regeneration of the Order Land will be achieved, and the transformational opportunity set out in the Master Plan realised.

7.4 I therefore consider the comprehensive regeneration proposals being promoted by STDC and the confirmation of the Order to be demonstrably in the public interest.