

**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**

**Proof of Evidence**

**of**

**John McNicholas BSc (Hons), CEng, MICE**

**On behalf of South Tees Development Corporation**

**Document Ref: STDC2/2**



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## 1. INTRODUCTION

### Qualifications and Experience

- 1.1 My name is John McNicholas and I am the Engineering & Programme Director for South Tees Development Corporation (**STDC**). I graduated from the University of Manchester Institute of Science and Technology (UMIST) in 1985 with an honours degree in Civil & Structural Engineering. I am a Chartered Civil Engineer (CEng), a Member of the Institution of Civil Engineers (MICE) and a Member of the Engineering Council, having attained chartered status in 1994. I have been involved in the South Tees Regeneration Programme since May 2016, when STDC operated in shadow capacity, prior to its formal launch in August 2017. I was seconded to STDC, from global multi-disciplinary consultant CH2M, on a full-time basis, from April 2017 to April 2018, fulfilling the Engineering & Programme Director function on an interim basis. During this period, among many things, I led on the design and launch of the South Tees Regeneration Master Plan, and the delivery of all of the technical and other baseline studies commissioned in the period. In April 2018, I was appointed to the role of Engineering & Programme Director on a permanent basis.
- 1.2 Prior to joining STDC, I worked for over 30 years within major global multi-disciplinary consultancy organisations, serving clients in both the public and private sectors, specialising in large-scale urban regeneration and infrastructure projects and programmes. Much of my regeneration experience is vested in industrial zone revitalisation in the UK. The latter 15 years of my time within the consultancy services sector saw me fulfilling various business leadership functions, including Regional, Commercial and Business Sector director roles; for business divisions primarily focused on land and area regeneration, land development and infrastructure. Prior to leaving my previous employer, CH2M (now Jacobs), I was, until 2018, Regional Director for the firm's Urban Regeneration business across Europe, and recognised within the company as a regeneration sector expert, consulted on globally in connection with regeneration business expansion in other parts of the world, and related major project and programme delivery.

### Involvement with the Scheme

- 1.3 In my role at STDC, I have overarching responsibility for defining, planning and delivering the capital programme of projects that will realise the successful regeneration of the constitutional area of STDC ("**STDC Area**"), as envisioned and detailed in the published South Tees Regeneration Master Plan (core document CD/F/2) ("**Master Plan**"). This encompasses, primarily, all of the site preparation and infrastructure enabling works, and placemaking projects, necessary for realising new development across the STDC Area and the successful functionality of the proposed industrial

business park. The role thereby includes responsibility for the extensive range of necessary supporting professional services commissions required to inform and shape successful delivery. Furthermore, the role includes supporting the process of securing investment and development partners, and the delivery of new end-user development projects.

- 1.4 The programme of capital projects connected with the proposed regeneration of the STDC Area includes: demolition; ground remediation and land preparation; materials and waste management; energy and utilities; transport infrastructure; water management; port development; environment and biodiversity; and public realm and open spaces. The delivery of this programme will be supported by other enabling projects for which I also have responsibility, such as construction logistics and estate management. My responsibilities include planning and programming of the resources necessary to facilitate delivery of the programme, and for ensuring optimised delivery phasing.
- 1.5 Following the closure of Sahaviriya Steel Industries UK ("SSI") in October 2015 and the subsequent establishment of the Shadow Development Corporation, consultant CH2M was appointed, in May 2016, to deliver a Development Viability Assessment for the former SSI site; a commission which included extensive baseline study work to establish, as far as possible, a comprehensive knowledge base of site conditions and constraints, at the same time defining the requirements for further survey and study work. CH2M's commission was extended to include all of the land potentially available for redevelopment, notably, the circa 1,500 acres (600 hectares) or so of Tata Steel land at South Tees. The commission was further extended to include an initial programme of ground investigation works on 550 acres (220 hectares) of former SSI land at Redcar. I was CH2M's Project Director for this commission with overall responsibility for delivery of the related technical and other services, which included initial market analysis and concept masterplanning.
- 1.6 CH2M was subsequently appointed by STDC to deliver the Master Plan. Again, as Project Director, I was responsible for delivering the Master Plan. I personally created the published Core Principles underpinning the regeneration strategy, for endorsement by the STDC Board. I defined the structure of the Master Plan and the site zoning philosophy, and I was the principal author of the narrative. I subsequently led the launch of the Master Plan and the associated, successful, public consultation exercise, conducted in the last quarter of 2017.
- 1.7 By virtue of my extensive involvement and leadership in the delivery of the above-defined comprehensive assessment, investigation and masterplanning work, I have considerable knowledge of site conditions, characteristics and constraints impacting and influencing redevelopment of the site. My knowledge of the STDC Area has

subsequently been developed and embellished across the two-year period since the launch of the Master Plan in October 2017, through the delivery of further major ground investigation programmes and other technical study work, and, following the acquisition of Tata Steel land in February 2019, the development of STDC's related estate management programme.

- 1.8 In my role as Engineering & Programme Director, I have been responsible for Procurement, Programme and Project Delivery functions within STDC, and, as a member of the Executive Leadership Team, I have played a major part in progressing the comprehensive land assembly necessary for successful regeneration. On this latter point, I was heavily involved in structuring the transaction that saw STDC successfully acquire close to 1,500 acres (c. 600 hectares) of Tata Steel land in February 2019. I am also actively involved in the continuing negotiations with other landowners, as STDC seeks to acquire identified necessary land interests by private treaty agreements.
- 1.9 With regard to STDC's leadership of this CPO, I have carried overall 'Project Director' responsibility for the CPO undertaking, providing strategic direction and guidance to STDC's officers and appointed professional advisors involved in progressing this vital matter. I have been actively involved with STDC's appointed legal advisors in the preparations for the making of the CPO, advising and directing on key decisions.
- 1.10 I was involved in the preparation of the Statement of Reasons for the CPO, the Statement of Case, and the justification for inclusion of the various land interests being sought through the compulsory purchase mechanism.
- 1.11 As a member of the STDC Executive Leadership Team, I attend all Board meetings and the Audit & Risk, Business & Innovation, and Planning & Infrastructure Committee meetings of STDC; providing regular strategic reports and recommendations into these meetings on direction and required next steps to progress the regeneration programme, for Board or Committee approval, as may be appropriate. I also participate in key stakeholder management meetings, such as with major operators in the locale.

### **Scope of Evidence**

- 1.12 My evidence deals with the location and description of the STDC Area, the Order Land (defined in paragraphs 2.45 and 2.46), and the nature and benefits of the regeneration scheme that will be facilitated by The South Tees Development Corporation (Land at the Former Redcar Steel Works, Redcar) Compulsory Purchase Order 2019 ("**Order**"). It is structured as follows:
- a. An outline of the location of the STDC Area and the Order Land, and a commentary on the existing land uses, as well as the physical and socio-economic characteristics of the area

- b. A description of the opportunity that the regeneration of the Order Land presents should the Order be confirmed, including the benefits that the regeneration scheme will deliver
- c. A description of the Master Plan and its ongoing evolution, and the reasons supporting the acquisition of the relevant parts of the Order Land necessary to deliver the redevelopment proposition envisioned in said Master Plan
- d. An overview of the delivery strategy for bringing forward regeneration of the Order Land, including phasing and programme, emerging and committed proposals, interest from owners, occupiers and developers, and opportunities to work with existing stakeholders; and
- e. My conclusions on why the Order is demonstrably in the public interest and should therefore be confirmed.

### **Terminology**

- 1.13 In this Proof of Evidence, where relied upon, references are made to the core documents by their respective abbreviation, for example, "CD/F/2". Other Proofs of Evidence are referred to by their document reference number, for example, STDC1/1.
- 1.14 The Appendices referred to in this Proof are provided in a separate document, Document Ref: STDC2/3.

## 2. SITE LOCATION AND DESCRIPTION

### South Tees Development Corporation Area

- 2.1 The STDC Area lies within the Tees Valley sub-region in the North East of England. Geographically, the Tees Valley sub-region is defined by the collective jurisdictional areas of the five local authorities of Redcar & Cleveland, Middlesbrough, Stockton-on-Tees, Hartlepool and Darlington. The Tees Valley measures over 300 square miles in area.
- 2.2 The five authorities work together as a collective under the umbrella organisation of the Tees Valley Combined Authority (**TVCA**), which was created in April 2016. TVCA's purpose is to drive economic growth and job creation in the Tees Valley. It is a partnership of the five local authorities, who work closely with the Local Enterprise Partnership, the wider business community and other partners to make local decisions to support the growth of the sub-regional economy. Under the devolution deal with UK Government, TVCA has taken on responsibilities previously held by central government; for transport, infrastructure, skills, business investment, housing and culture, and tourism. In May 2017, the first Tees Valley Mayor, Ben Houchen, was elected; he chairs the TVCA and the STDC Board.
- 2.3 The STDC Area lies entirely within the borough of Redcar and Cleveland, at the mouth of the River Tees, within the Tees Valley's primary industrial zone. The town of Redcar lies immediately to the east of the Area, with Middlesbrough and Stockton to the west. Further west is the town of Darlington, which lies on Network Rail's East Coast Main Line. Teesside International Airport is located some 24 kilometres (15 miles) to the west of the STDC Area.
- 2.4 The STDC Area is sized at close to 4,500 acres (c. 1,820 hectares). Plans defining the Area are included at **Appendix A**; aerial photographs of the Area are included at **Appendix C**. The constitutional boundary of the STDC Area was determined through public consultation in the early part of 2017 and was approved by relevant stakeholders and TVCA Cabinet in March 2017. The STDC Area primarily comprises and is characterised by, operational and non-operational industrial land, largely made up of: redundant iron and steel works facilities and land (former SSI operations and land formerly within Tata Steel ownership); an operational steel works (British Steel Ltd); and operational ports (PD Ports Teesport and Redcar Bulk Terminal (**RBT**)).
- 2.5 Along its northern and north-eastern fringes, the STDC Area encompasses sizeable land areas that are subject, in part, to various environmental designations. These areas are: South Gare and Coatham Sands; and Coatham Marsh Nature Reserve. The former area was, in the main, largely within the ownership of Tata Steel, save for some land on

South Gare which is under PD Ports ownership; the latter was previously entirely owned by Tata Steel. Collectively, these areas are sized at approximately 600 acres (c. 240 hectares).

- 2.6 The STDC Area has direct connectivity to the A66, providing access to the A19 and A1(M) strategic north/south transport corridors, at Middlesbrough and Darlington respectively, and, itself, providing direct transport connectivity to the west. A Network Rail corridor runs through the entire length of the site, carrying the operational Darlington to Saltburn railway line, utilised by both passenger and freight rail, with one operational passenger station situated within the boundary ('Redcar British Steel') and a further two in close proximity ('South Bank' and 'Redcar Central').
- 2.7 The STDC Area has a boundary with the River Tees of some 6 kilometres (3.7 miles) in length, and it encompasses the deep-water port facilities of Teesport and Redcar Bulk Terminal. However, approximately 2 kilometres (1.2 miles) of river frontage is non-operational, with no functioning port facilities along these stretches. The non-utilised river frontage comprises close to 1.3 kilometres (0.8 miles) in the upstream section of the STDC Area, at South Bank, and 0.7 kilometres (0.4 miles) downstream, at Redcar, adjacent to Redcar Bulk Terminal. Existing as they do in the deep water stretches of the River Tees, these frontages offer a prime opportunity for new port development to support the South Tees Regeneration initiative and wider economic growth ambitions of the Tees Valley.
- 2.8 In addition to the land uses highlighted at paragraph 2.4, the STDC Area includes the operational businesses of Northumbrian Water's Bran Sands Wastewater Treatment Facility, and industrial gases provider, BOC (situated within Teesport). The MGT 299 Mega-Watt biomass power plant is nearing construction completion within the STDC Area, in Teesport, and will be operational in 2020. To the immediate south of the STDC Area lies the major power and chemicals complex of Wilton International, which is home to several major industrial businesses, including Sembcorp, a company which, in addition to owning and managing the estate, is engaged in large-scale power generation operations on the Wilton site.
- 2.9 The operational industrial businesses within and neighbouring the STDC Area, referenced within this section, are key attributes and enablers to realising a successful regeneration proposition at South Tees. They augment the offering to new industrial users and can themselves benefit from the expansion in operational activities in the Area that the Master Plan ambitions endeavour to realise. For example, Sembcorp is able to provide both electrical power and industrial water to the STDC Area via the Sembcorp utilities corridor that runs from Wilton International through the Area, connecting, via tunnels, to a major industrial zone on the north side of the river.



## Land Uses

- 2.10 As referenced at paragraph 2.4, in terms of occupancy and use, the STDC Area is extensively formed from the former landholdings of SSI and Tata Steel, that are dispersed in various locations across the Redcar, Lackenby, Grangetown and South Bank zones of the 4,500-acre (1,800-hectare) Area. These land areas aggregate to almost 1,800 acres (720 hectares) in size. They were home to extensive iron and steel making operations stretching back 170 years. Tata Steel mothballed iron and steel making on South Tees in early 2010; however, the Teesside Beam Mill (now British Steel) remained operational under Tata control, as did the coke making operations at Redcar and South Bank. SSI acquired various iron and steel making assets from Tata Steel in 2011, and they recommenced related operations in 2012. This left around 900 acres (c. 360 hectares) of disused former iron and steel works land within Tata ownership, that has remained disused in the period since 2011, together with the 600 acres (240 hectares) of further Tata land at South Gare, Coatham Sands and Coatham Marsh, referenced at paragraph 2.5.
- 2.11 SSI ceased iron and steel making operations in September 2015, and the company went into liquidation in October 2015. Tata Steel subsequently sold the Teesside Beam Mill to British Steel Ltd in 2016, and while British Steel Ltd went into liquidation early in 2019, the facility has remained operational as negotiations on its potential acquisition continue. The former SSI assets have remained non-operational across the past four years and three months since closure, with no credible proposals to recommence iron and steel making, utilising these aged assets, coming forward in the intervening period. The buildings, plant and facilities within the former SSI landholdings are mainly of either 1950s vintage (e.g., at Lackenby) or 1970s (at Redcar). Some assets, such as the Torpedo Ladle Repair Shop on the Cleveland Prairie at Grangetown, are even older. Asset condition has continued to deteriorate in the period since liquidation.
- 2.12 In addition to the extensive tracts of redundant land formerly utilised for iron and steel making, the STDC Area contains several major businesses and operational areas, together with several smaller operational land zones. Broadly, these businesses, operations and/or land zones comprise:
- a. PD Ports Teesport (c. 750 acres/300 hectares)
  - b. PD Ports Teesport Commerce Park (c. 115 acres/46 hectares)
  - c. Redcar Bulk Terminal (c. 320 acres/130 hectares)
  - d. British Steel Ltd (c. 300 acres/120 hectares)

- e. Northumbrian Water Ltd – Bran Sands Effluent Treatment Facility (c. 60 acres/24 hectares)
  - f. Sembcorp industrial utilities corridor (c. 45 acres/18 hectares)
  - g. South Tees Freight Park (c. 40 acres/16 hectares)
  - h. Bolckow Industrial Estate (c. 45 acres/18 hectares)
  - i. Highfield Environmental licenced hazardous and non-hazardous landfill facility (c. 75 acres/30 hectares)
  - j. Sirius Minerals PLC, Bran Sands Landfill and Lagoon (c. 170 acres/68 hectares).
- 2.13 Over and above the land areas defined at paragraph 2.10, 2.11 and 2.12, the STDC Area includes an approximate 12-acre (4.8-hectare) land parcel within Redcar & Cleveland Borough Council ownership, fronting the A1085 Trunk Road and A1053 Tees Dock Road. The remaining land within the STDC Area is principally occupied by transport corridors, such as the Network Rail corridor referenced at paragraph 2.6, and various public highways.
- 2.14 Returning to the disused iron and steel works land referenced at paragraph 2.10, some of the land formerly in Tata Steel ownership, acquired by STDC in February 2019, was leased to SSI when operational. These lease interests are now with the Official Receiver (**OR**), following the liquidation of SSI. Parts of this leased land are in turn leased to other operators on the site, such as Tarmac, whose land interests extend to approximately 70 acres (28 hectares). Tarmac's operations have traditionally been focused on processing slag by-product material from steelmaking, for re-use in the construction industry. However, their operations have been down-scaled in recent years. Further, SSI, when operational, had options to develop two areas of Tata land, which were: the 85-acre (34-hectare) 'Teardrop' site at the Redcar end of the STDC Area; and a 10-acre (4-hectare) piece of land adjoining the former SSI South Bank Coke Ovens complex. An 'Indicative Land Ownership Plan' is included at **Appendix E**. The two areas under option are denoted on this plan by cross-hatch shading. Both land areas are now in STDC ownership, however, the previous SSI options on these areas are now vested in SSI UK (In Liquidation) and run to 2023. Development of the two areas by STDC, in line with the Master Plan proposals, is therefore presently precluded.

### **Land and Asset Characteristics and Condition**

- 2.15 By virtue of the long industrial history of the STDC Area, stretching back over 150 years, and the many changes in use and ownership that have been experienced across that period, the Area is now characterised by fragmented and complex land ownership and

related site operations, where there is a heavy reliance on the use of shared, declining infrastructure assets between different businesses.

- 2.16 Within the STDC proposals for area-wide regeneration at South Tees, two redundant landholdings dominate – the land formerly in the ownership of Tata Steel (now in the ownership of STDC) and the former SSI land, now under the control of the OR. These areas make up the majority of the Order Land – the plan at **Appendix E** broadly defines the land ownership position. Collectively, these two land ownerships amount to a gross land area close to 2,400 acres (970 hectares) and provide approximately 1,800 acres (720 hectares) of the overall 2,300 acres (920 hectares) of potential gross development land area identified in the Master Plan. The two landholdings largely comprise a disparate array of individual, irregular-shaped, interspersed land parcels. In addition to these, there are numerous smaller land interests within the Order Land.
- 2.17 When SSI acquired its land interests from Tata Steel in 2011 for the purposes of recommencing iron and steel making, only the building, plant and land assets of absolute necessity to its proposed operations were purchased, with some additional areas acquired via a lease arrangement. The Tata estate was thereby reduced in size and then characterised by large areas of open land, adjoining and, in various locations, surrounding operational SSI plant and facilities, that now lie functionally obsolete. In turn, the SSI land is therefore characterised and, indeed, dominated by large-scale industrial plant and facilities in a declining, poor structural condition, presenting, not just to the former SSI land but adjoining land also, many health and safety hazards and constraints requiring continued site management in order to mitigate risk. A selection of photographs defining site characteristics and current land uses is included at **Appendix D**.
- 2.18 Several of the former SSI land parcels are islanded by other landholdings (e.g., the South Bank Coke Ovens, and the Torpedo Ladle Repair Shop and associated land on the Cleveland Prairie at Grangetown) – see Indicative Land Ownership Plan at Appendix E. These are effectively rendered inaccessible for new development until such time as the surrounding land is redeveloped. Additionally, several of the former SSI land parcels, due to their irregular shape, do not, in their own right, offer ideal opportunities for well-configured development, and, when viewed in a wider, collective context, do not enable the optimum development densities and economic outcomes, aspired to in the Master Plan, to be achieved on other disused land areas (e.g., former Tata land), unless they can be integrated into those surrounding land areas to create a more compelling land assembly.
- 2.19 In order to maximise the full development potential of an acquired landholding, it is imperative that, on adjoining non-utilised land, neighbouring impediments and/or detriments to realising new uses are suitably addressed. A failure to do this would not

only restrict the net amount of land in any single acquisition that could be brought forward for development, it would also compromise the types of development possible and the land values that could be realised. By way of an example, acquiring the Tata land at South Bank, without acquiring the neighbouring former SSI land, would deliver a landholding for development with significant development constraints (i.e., a derelict, structurally declining, hazardous coke ovens complex in close proximity – see image 12 at **Appendix D**), requiring development offset zones, reducing the net developable land available and constraining how such land can be brought forward for development.

- 2.20 Further to SSI going into liquidation in 2015 and the OR being appointed, UK Government department BEIS set up the South Tees Site Company Ltd (**STSC**) to deliver the necessary site safety and security management functions in respect of the former SSI estate, on behalf of the OR. Employing around 115 people, and supported by numerous supply chain service providers, STSC has continued to execute close to 3,000 necessary, recurrent safety management routines since its establishment in 2016, in the interests of delivering on its 'Keep Safe' strategy (as further defined at paragraph 2.23). The scale of this undertaking requires a recurrent annual expenditure in the region of £16 million, which is being funded by BEIS.
- 2.21 When SSI went into liquidation, it marked the end of over 150 years of iron and steel making at South Tees, and it left behind a legacy of redundant major industrial facilities ranging in age from 40 to 60 years, including plant containing many hazardous substances that have given rise to the 'Control of Major Accident Hazards' (**CoMAH**) Upper Tier status presently allocated to the former SSI estate. It has also left a legacy of potentially contaminated ground conditions beneath and in the near vicinity of those facilities giving rise to the CoMAH status, that require various levels of remediation intervention. To compound matters, asset condition across the former SSI estate has only worsened over the four and a quarter years since closure, as the various buildings, structures and plant, many located in an aggressive marine environment, continue to deteriorate, therefore placing a greater maintenance burden on STSC (see photographs at **Appendix D**).
- 2.22 The inventory of CoMAH substances is comprised of the hazardous by-products and legacy substances stored within the South Bank and Redcar Coke Ovens complexes, the extensive pyrophoric deposits contained within the (largely overland) Coke Ovens Gas Main that traverses the STDC Area and which runs to in excess of 25 kilometres (15 miles) in length, and the residual fuel oil deposits contained within the extensive overland Heavy Fuel Oil Main network. STSC has assessed the cost liability associated with addressing safe removal of the CoMAH inventory of substances at £49million. As referenced at paragraph 2.21, it is to be expected that ground conditions local to the two coke ovens complexes, particularly their by-products facilities, will be more onerous

than elsewhere across the STDC Area, due to the nature of the related operations that were executed within these facilities, and by virtue of their age and deterioration in condition.

- 2.23 The situation left behind by SSI has necessitated extensive financial intervention by UK Government, both in providing major funds (around £80M) to the SSI Task Force, that was set up to support those who lost their employment under closure, and through the monies required to fund STSC in fulfilling the aforementioned site safety and security management (“**Keep Safe**”) functions across the former SSI estate. UK Government, through BEIS, has therefore had to provide a long-term commitment to the OR to underpin maintenance and safety obligations, which has already realised over £60M of expenditure, with necessary funding on ‘Keep Safe’ continuing at around £16M per annum while the current situation continues. In this regard, UK Government has committed funding on Keep Safe to 2022. It has also committed the £49M of monies needed to decontaminate the assets referenced at paragraph 2.21; a necessary prerequisite to any related demolition works. In total, the Government has to date committed in the region of £250M to meet the residual liabilities which have arisen following the failure of the SSI business.
- 2.24 BEIS also provides funding for safety-critical intervention works in respect of the former SSI estate; one such project example being the recent attempts at demolishing the ammonia washers that form part of the redundant South Bank Coke Ovens by-products management complex. In September 2019, during the early stage execution of these works, there were, tragically, two fatalities on the project, and all work has been suspended pending the conclusion and outcomes to an ongoing Health & Safety Executive investigation. This is the first example of a project of this nature and complexity being undertaken on the former SSI estate and it highlights markedly the hazardous nature and high-risk profile that need to be attributed to the ongoing safe management of the legacy, ageing former SSI assets, and, indeed, any proposals to decontaminate and demolish such facilities.
- 2.25 Large parts of the former SSI estate and some of the former Tata land contain significant overland infrastructure networks, such as materials conveyors, extensive pipework and pipe bridges, and railway tracks, which are in various states of decline (see images 1, 3 & 5 in particular, at **Appendix D**). Some of the private railway network is utilised by British Steel and RBT. Maintenance of the private rail network is presently an OR responsibility under the existing Resource Sharing Agreements that exist between SSI In Liquidation and other site operators, but STDC understands there has been no investment in rail infrastructure maintenance since liquidation, save that of some localised investment made by RBT, to serve its own particular needs. These linear infrastructure assets have suffered from a lack of maintenance investment and

are in various states of decline. Additionally, it is unclear if, for example, the rail assets are presently in a form and condition that would satisfy current UK standards and regulations.

- 2.26 One of the site characteristics noted when examining the layout of former SSI overland linear assets (such as pipework and pipe bridges) is the extent to which such assets actually traverse and impact former Tata land (now STDC), and the degree to which, until these assets are removed, they represent constraints to the development of such land. An example of this is the redundant overland Coke Ovens Gas Main and water pipelines that traverse the 120-acre (48-hectare) former Tata land on the Cleveland Prairie site at Grangetown.
- 2.27 There is a complex network of existing internal roads within the STDC Area, with access and use rights afforded to many other businesses, such as British Steel, RBT, Highfield Environmental, Hanson and Tarmac. There are also numerous interfaces between road and rail, with at-grade crossings a feature of the main infrastructure spine that runs north-east/south-west through the STDC Area. The road network requires significant investment to maintain functionality. In addition to roads, there is an extensive array of bridges across the STDC Area, carrying road and/or rail, many of which are now rendered obsolete following closure of the SSI steel works (see image 13 at Appendix D). Virtually all such bridges are contained within the inventory of former Tata assets, acquired by STDC in February 2019. The bridges are typically aged between 40 and 60 years old, with some older structures present. From a condition perspective, they are in various states of decline. Those that are still in service require varying degrees of investment to maintain a continued, safe use. Over time, many will need replacing. In this connection, STDC is in the throes of commissioning an engineering consultant to undertake an STDC Area-wide bridges asset condition inspection and structural assessment programme, which is valued in excess of £1million, that will commence in January 2020.
- 2.28 The STDC Area is traversed in the northern sector by major offshore gas pipelines (i.e., the Breagh and CATS pipelines), that are of strategic importance to UK gas supplies. While these pipelines impose linear development exclusion zones, such zones are relatively narrow (i.e., CATS: 15 metres wide) and run along site boundaries and/or existing infrastructure corridors. While they represent assets that need to be protected, they have been integrated into the Master Plan development proposals and do not require any diversion. National Grid overhead power lines also cross the STDC Area, but, similarly, are extensively aligned to land boundaries and infrastructure corridors, and have been accommodated within STDC's determinations of the land available and not available for development. The land occupied by National Grid infrastructure has already been identified by STDC as providing opportunities for establishing blue/green

corridors, in the interests of achieving an appropriate level of biodiversity interest across the proposed development and as a means of meeting the requirements for habitat offsetting as development ensues.

- 2.29 By virtue of the site's longstanding former use as an integrated iron and steel making complex, when all assets, including, for example, the Teesside Beam Mill (British Steel) where under single ownership (commencing with the British Steel Corporation, when steelmaking was a nationalised industry), the STDC Area is traversed by an array of existing private utilities, notably, electrical power infrastructure that once served broader interests than they do now. This network was designed and progressively implemented and adapted over many decades to serve a specific purpose. It passes through some of the major redundant buildings within the former SSI estate (e.g., Sinter Plant and Redcar Power Station) and also former Tata assets (the Coil Plate Mill) which are home to sub-stations that are integral to the functionality of the network. STDC commissioned an Energy Network Assessment study on this infrastructure in 2019, delivered by UK Power Networks Services. The assessment determined that the existing 66kV and 11kV power grids are age-, and in many areas, condition-expired, due to a lack of investment. Existing operators such as British Steel Ltd and Hanson are reliant on this aged infrastructure for their power provision, via STSC. The network has experienced failures in the recent past, leading to power outages for these businesses, which is a concern. The existing power grid has been determined as being incapable of meeting the needs of new development in terms of capacity and is unable to afford the necessary assurances on resiliency of supply that major industrial operators require.
- 2.30 The redundant former iron and steel making areas that are the subject of the Order are without a comprehensive and effective surface water drainage system, and this leads to significant flooding and related safety issues on the internal highway network. Gas infrastructure is significantly lacking across the STDC Area, as are fibre and telecoms networks. Major investment in utilities infrastructure is therefore required in order to enable new development and, indeed, existing operations to function efficiently. This is best delivered through a comprehensive, area-wide, strategic approach to utilities infrastructure design that can, in real terms, only be realised through a single delivery entity taking responsibility for the comprehensive regeneration of the STDC Area. Fragmented, piecemeal delivery of development is highly unlikely to realise the transformational shift in utilities provision needed to attract investment in new industrial uses within the Area.
- 2.31 The Sembcorp Utilities Corridor that traverses the STDC Area, referenced at paragraphs 2.9 and 2.12, provides industrial utilities connectivity between Wilton International to the immediate south and various operational industrial facilities on the north side of the river. This corridor exists at a lower ground level than the surrounding

STDC Area and is presently crossed by road, rail and utilities bridges. As development is brought forward, and to enable a cohesive and integrated development proposition across the Area, existing bridges across this corridor will almost certainly need to be widened, repurposed or replaced, especially as part of any abnormal load routing considerations across. With regard to industrial utilities, as referenced at paragraphs 2.22 and 2.26, the extensive former SSI Coke Ovens Gas Main network traverses much of the planned development area, including land in other parties' ownership. This extends to in excess of 25 kilometres (15 miles) and runs mainly over land, with some sections located underground; which is a further reason why comprehensive regeneration of the STDC Area as a whole is required.

- 2.32 Large parts of the STDC Area are occupied by historical and active licenced landfill and waste management facilities, including facilities containing/handling hazardous waste (see images 6 & 10 at Appendix D). The former SSI High Tip facility ("**High Tip**") contains in excess of 3.7 million cubic metres of waste materials from past iron and steel making operations. In 2014, SSI prepared a restoration plan for High Tip, to meet the requirements of the Environment Agency. The remedial measures necessitated within this plan have yet to be implemented. STDC has costed the related works at close to £15million. It is only once these works are implemented that the area can be brought back into functional use as a landfill facility. The 'Solid and Liquid Environmental Management System' facility (**SLEMS**) is also a former SSI asset, which, by STDC-commissioned survey and investigation, has been estimated to contain around one million tonnes of BOS Oxide material, a by-product of the Basic Oxygen Steelmaking operations undertaken at Lackenby. Other UK integrated iron and steel works facilities at Scunthorpe and Port Talbot are also home to significant quantities of BOS Oxide, and it is known that the Environment Agency is keen to see a long-term solution to this defined environmental hazard, that goes beyond continued on-site storage and management.
- 2.33 Since 2017, STDC has expended in excess of £1million on desktop studies and ground investigation works, particularly related to the former SSI estate, where close to 600 individual ground investigation explorations have been executed. Across this programme, STDC has engaged, for different phases, consultants Jacobs and Arcadis as its technical advisors. A phased programme of further ground investigations across the circa 900 acres (360 hectares) of former Tata land proposed for development was due to commence in September 2019, starting with the Cleveland Prairie site at Grangetown. However, due to the ongoing HSE investigation referenced at 2.24, all physical operations, save that of emergency interventions, are suspended. It is expected that this ground investigation programme will be able to commence during the first quarter of 2020. This second programme of investigation is also valued at in excess of £1million. The related findings will be used to build a knowledge base on existing



ground conditions in certain areas, and to augment available historic information in others, in order that related remediation intervention measures can be designed and implemented. A schedule of the various studies, investigations and reports executed to date, which this Proof has, in part, relied on, is included at **Appendix H**.

- 2.34 Based on the appointed consultants' analysis undertaken in respect of ground investigations completed to date, which is mainly the more recent investigations on the former SSI estate, it is anticipated that, for the proposed industrial end use of the redundant land within the STDC Area, significant ground contamination, requiring major remediation interventions, will be relatively localised, and contained to areas where the more hazardous aspects of integrated iron and steel making have been undertaken – notably, existing, and areas of former, coke works and related by-products management facilities. Large areas of land have, historically, been given over to raw (bulk) materials storage and handling connected with iron and steel making operations (coal, iron ore, limestone, coke), and, where investigated to date, these areas, which constitute very large parts of the former SSI estate, are not considered to be contaminated to a level that would adversely impact redevelopment for industrial end uses or make it non-viable from a cost perspective.
- 2.35 As referenced at paragraph 2.5, the STDC Area contains, and is situated in close proximity to, a number of sites designated at international, national and local levels for reasons of ecological importance and biodiversity conservation. These include: the Teesmouth and Cleveland Coast Special Protection Area (**SPA**), which bounds and encompasses land within the northern sector of the STDC Area, and which includes the river corridor; a Site of Special Scientific Interest (**SSSI**) at South Gare/Coatham Sands; and a Ramsar Site. In addition, there is also the Coatham Marsh Nature Reserve (also referenced at paragraph 2.5). The former Tata land areas of South Gare and Coatham Sands, and Coatham Marsh, have remained undeveloped across their recent past. They are excluded from the Order Land as they are not required for economic development within the Master Plan proposals. They do however represent prime opportunity areas for use in offsetting habitat loss elsewhere on the STDC Area as new development comes forward, and, working with key environmental regulators and stakeholders, they present opportunities to create enhanced ecological environments, accessible for community use through carefully managed public access. STDC maintains a regular dialogue with the Environment Agency and Natural England through quarterly and other meetings, and discussions are fairly well advanced on the matters of habitat credit banking as a mechanism to deliver net gain offsetting as development progresses, and on the future of South Gare and Coatham Sands as important environmental assets.

- 2.36 The STDC Area is generally allocated as B1, B2 and B8 Employment Land. The Redcar & Cleveland Borough Council Local Plan (“**Local Plan**”) allocates most of the area as uses within the Steel, Chemical and Port Related Industries. The proposals being put forward in the Master Plan for redevelopment of the redundant parts of the STDC Area and, indeed, the typologies of the many new development enquiries received by STDC to date, fit squarely with the policies and provisions of the Local Plan and supporting South Tees Area Supplementary Planning Document.

### **Socio-economic Characteristics**

- 2.37 The closure of SSI in October 2015 marked the end of over 150 years of iron and steel making in the Tees Valley. Liquidation saw the closure of: the Redcar works, that manufactured coke, produced iron for steelmaking, and generated power for use across the estate; and the Lackenby steelmaking and casting plants. The South Bank Coke Ovens had already closed in the September 2015. Up to that point, Teesside was one of the three main steel producer sites in the UK.
- 2.38 Redcar and the wider Tees Valley have a long and impressive history of world class steelmaking, and closure has had an enormous impact on its people. Closure also represented a major setback for the Tees Valley economy after a number of years of successfully attracting new investment. Job losses from the closure of SSI were significant. Over 2,000 direct employees lost their jobs, along with 1,000 contractors; and indirect job losses amounted to in excess of 1,000. Significant further job losses were experienced in related supply chains.
- 2.39 The Tees Valley has a total population of 674,000 and offers around 293,000 jobs, generating economic output of over £13.1 billion per annum. The sub-region is recognised as a functional economic geography of the UK, with a high level of workforce containment. Over 85% of residents work within the Tees Valley, with relatively few commuters crossing the boundary to access employment.
- 2.40 The Tees Valley is home to world-class expertise and a highly-skilled workforce in a number of key sectors, which are vital to the Northern and wider UK economies, with particular concentrations of employment and specialisms in: manufacturing; process industries; chemicals; and the energy sector. Further afield, there are 2.5 million people living within a 60-minute drive of the Tees Valley. There is therefore, a readily-available competent and appropriately skilled workforce on hand to access the new employment opportunities the Master Plan vision aspires to deliver through the regeneration of the STDC Area.
- 2.41 The region is, however, not without its long-term challenges, notably:

- Productivity: Gross Value Added (GVA) per head is 71.5% of the UK average, while output per hour worked is much closer to the UK average at 90.5%, indicating that underlying productivity is less of an issue for the Tees Valley economy than the number of people in work; reflecting higher levels of unemployment and inactivity, and a smaller working age population.
- Employment rate: this sits at 68.6% compared to 75.5% nationally, necessitating the realisation of an additional 28,100 residents in employment to match the national average.

The structure of the economy and productivity levels have an impact on the occupational profile and wage levels, both of which reflect the absence of higher skilled and higher paid jobs in the economy. That said, the Tees Valley has strengths in a number of high productivity sectors which are expected to make an important contribution to the future economic prosperity of the area.

2.42 Despite the closure of iron and steel making, the Tees Valley has retained its position as a major UK hub for advanced manufacturing, with a sector and supply chain made up of a wide range of firms of all sizes, and a track-record of attracting strategically important multi-national companies to the area. The Tees Valley has maintained its historically strong position in various key sectors, such as power generation, chemicals, and oil & gas, while evolving and adapting to capitalise on new business growth opportunities in offshore wind, carbon capture and storage, the hydrogen economy, and offshore fabrication decommissioning. TVCA is actively working to highlight the Tees Valley's capability in these sectors and promote its existing supply chain into global markets.

2.43 In Wilton International, the Tees Valley possesses one of the largest power and chemicals complexes in Europe. The availability of world-class, deep-water port facilities, notably Teesport, one of the UK's largest deep-water ports, is also a major attribute and economic growth enabler for the Tees Valley.

2.44 Combining all of these attributes with the scale and locational benefits of the STDC Area makes for a very attractive proposition for inward investors and end users seeking opportunities and related locations for new industrial development serving global markets.

### **The Order Land**

2.45 The Order Land comprises approximately 1,752 acres (709 hectares) of land located in and in relatively close proximity to Redcar. It is bounded by the River Tees, the A1085 Trunk Road, the A66 and the North Sea.

2.46 The Order Land is more specifically described in the schedule of interests accompanying the Order. It is identified by the areas shaded pink and hatched pink on the corresponding Order Land Plan, which is included at **Appendix B**. It is largely comprised of the following land and property:

- a. Private access road known as Breakwater South Gare
- b. Dismantled railway and gas pipeline known as Breagh pipeline
- c. Land, buildings and dismantled railway forming part of former tip CLE31 and Teardrop site
- d. Watercourses known as The Fleet, The Mill Race and Dabholm Beck
- e. Land and building known as Steel House, Trunk Road, together with surrounding land
- f. Land, buildings, roads, tracks and electricity substations forming part of Teesside Works, Redcar
- g. Land and weighbridge known as Redcar Gate Weighbridge
- h. Land and hot metal railway lines south of Redcar British Steel Railway Station
- i. Land to the north-west of Redcar British Steel Railway Station
- j. Land, dismantled railway, pipe gantry and lighting tower to the west of Marsh Farm House
- k. Land, pipe gantry and hot metal railway to the west of former tip CLE31 and east of the Teardrop site
- l. Land, buildings, railway, structures, gas holder and electricity substation formerly known as Redcar Ironworks Site
- m. Land and buildings formerly known as Bi-product Handling to the east of River Tees and north of Northumbrian Sewage Works
- n. Land and hot metal railway to the north and west of Lord McGowan Bridge
- o. Land, road and railway to the south-east of the watercourse known as Dabholm Beck
- p. Land, road, railway and buildings to the north of Teesside Works, Lackenby

- q. Land, buildings and structures known as the Iron Granulation Plant, cooling tower, crane, to the west of Trunk Road (A1085)
- r. Land and building known as the Locomotive Repair Shed to the west of Trunk Road (A1085)
- s. Falck Medical Centre and car park
- t. Land and hot metal railway to the west of Trunk Road (A1085)
- u. Land and weighbridge known as Lackenby Weighbridge No. 4
- v. Land, buildings and structures forming part of Teesside Works, Lackenby
- w. Land and premises known as Coil Plate Mill – Material Storage
- x. Land and structures comprising Tees Dock Road
- y. Commercial premises and pipelines adjoining Lee Road and Pochin Road
- z. Roadway and structures to the north-west of the A66 and A1053
- aa. Land, car park and building north of Lee Road and Pochin Road
- bb. Access road and pipeline north of Stapylton Court
- cc. Buildings and private road to the west of Stapylton Court
- dd. Land and structures comprising Grangetown Station Road
- ee. Land, railway line and highway to the north, north-west and south of Grangetown Station Road
- ff. Land to the rear of Britannia House and Evergreen House, Eston Road
- gg. Land and structures to the south of Lackenby Channel
- hh. Land, buildings, weighbridge and structures east of Smiths Dock Road
- ii. Land, pipelines and slag heaps at Teesside Works
- jj. Land, structures and control cabin north-east of Holme Beck Bridge
- kk. Land and structures formerly known as South Bank Coke Ovens
- ll. Land, slag heap, quarry works and settling pond at Teesside Works

mm. Shingle beach at South Bank Wharf.

2.47 The Order Land also makes provision for the following new rights to be acquired over land shown shaded and hatched blue on the Order Land Plan (at **Appendix B**):

- a. To carry out works to maintain/upgrade/renew/replace/remove existing bridges, gantries and structures
- b. To carry out works to maintain/upgrade/renew/replace/remove existing private railways
- c. To carry out works to maintain or renew an existing underpass
- d. To carry out works to provide new bridges, gantries and structures
- e. To carry out works to land including treatment of invasive plant species, regrading, resurfacing and landscaping works, site investigations, inspections and surveys
- f. To carry out works to service media including the right to pass services through the service media
- g. To carry out building works on adjoining land
- h. To enter onto land to inspect and maintain bridges, gantries, structures, works and service media
- i. To pass and repass on foot or with vehicles for all purposes in connection with the regeneration scheme
- j. To oversail cranes.

2.48 Ahead of developing the full Master Plan, the then shadow STDC convened a two-day stakeholder consultation workshop in February 2017. Included in the range of stakeholders taking part in the workshop were existing major industrial operators within the STDC Area, including British Steel Ltd. In the workshop session with British Steel, their representatives discussed the potential for the majority of their existing external storage areas being progressively released into the STDC development land portfolio, over time, as they moved towards more efficient, optimised storage and distribution methods. Out of these discussions was borne the concept of a Central Industrial Zone (CIZ) within the published Master Plan, comprising, potentially, close to 200 acres of British Steel land; with the CIZ being a longer-term development aspiration within the overall circa 25-year programme, influenced by British Steel's medium- and longer-term plans. STDC has maintained a regular dialogue with British Steel since the February

2017 consultation workshop, and the two parties discussed, in 2018, the potential for STDC acquiring an initial 30 acres of land at the north-eastern end of the British Steel site, as a first phase in the progressive release of residual land. As a consequence of the collaborative dialogue between the two parties and their aligned objectives, and the fact that the land areas in question are largely essential in meeting British Steel's operational requirements in the short- to medium-term, it was determined that there was no requirement to include the British Steel area within the CPO.

2.49 The landholding of RBT is included within the Master Plan proposals for redevelopment. Since its launch in 2017, STDC has forged close working relationships with RBT, and the two entities have collaborated in bringing forward potential new development projects that will benefit from and, indeed, necessitate close proximity to deep water port facilities and being sited on RBT land. The working relationships between the organisations have progressed to the extent that the parties entered into a Memorandum of Understanding on joint working to bring forward development opportunities on RBT land aligned with the Master Plan aspirations, that are to the mutual benefit of both parties. Based on this agreement, it was decided that there was no requirement to include RBT in the Order Land. Indeed, various development opportunities have already been jointly considered for RBT, where the parties have worked collaboratively in engaging with potential end users, examples being: the Sirius polyhalite storage and export facilities, which will occupy 40 acres (16 hectares) of RBT land; the potential for a major sub-sea transmission cable manufacturing plant, that would occupy up to 50 acres (20 hectares) on RBT; and an energy from waste facility that will occupy 25 acres (10 hectares), where generated power will be used to serve the needs of new industry across the wider STDC Area.

2.50 STDC has also entered into a Memorandum of Understanding with Sembcorp, the owner/operator of Wilton International, to facilitate the development of joint marketing strategies for the South Tees area and the exploration of strategic infrastructure projects of mutual benefit to both parties and, indeed, both locations (Wilton and the STDC Area).

### **Summary**

2.51 In order to maximise the full development potential of the already acquired landholdings of Tata Steel, it is imperative that the neighbouring and adjoining redundant land within the Order Land (largely the former SSI estate) are subject to the removal of the impediments and detriments to realising new uses across the wider STDC Area that such land inherently possesses. Failure to do this would not only restrict the net amount of land that could be brought forward for development, it would also compromise the types of development possible on already available development land, the land values

that could be realised and, potentially, the economic viability of bringing forward development in this manner.

- 2.52 Endeavouring to bring forward more localised or, indeed, isolated development opportunities, on discrete land parcels, will likely not prove attractive to the market and would certainly restrict the range and number of new development opportunities available. The co-existence of potential new uses on already acquired land, with the neighbouring relic industrial structures and redundant land that characterise the former SSI estate, would not make for a compelling proposition to investors; a situation that would be compounded by the constraints imposed by the existing CoMAH Upper Tier status allocated to the former SSI estate and the extensive array of former SSI overland redundant pipework infrastructure that traverses development land within STDC ownership. Further, endeavouring to locate new uses adjacent to structurally deteriorating, aged assets, presents major risks and introduces additional complexities in how such uses are realised and configured. Falling debris from the existing plant and facilities is a routine occurrence on the former SSI estate, especially in adverse weather conditions, such as metal sheeting becoming detached from buildings during periods of high winds. This would result in neighbouring new developments being located further away from existing redundant uses and developable land being undesirably sacrificed to achieve safe working distances and stand-off areas, impacting overall viability of the development proposition.
- 2.53 The use, by many operators, of shared declining infrastructure assets across the STDC Area, coupled with the complexities that exist regarding associated respective maintenance responsibilities and liabilities, that is further complicated by a projected increase in the number of site operators and related traffic movements, requires these ageing assets to be acquired and addressed as part of a comprehensive area-wide regeneration undertaking, where new infrastructure can replace old and redundant assets over time, in a viable manner, otherwise, the ability to realise effective and efficient, and indeed safe, connectivity between new developments will be severely compromised. The same applies to utilities provision to serve new developments. A continuation with a model of split infrastructure asset ownership and management across the STDC Area will likely lead to an undesirable, potentially unworkable lengthier reliance on existing declining infrastructure assets, and present an unattractive proposition to potential new end users across the Area, at the same time eroding the potential for creating a world class destination for industrial uses.
- 2.54 The case for the comprehensive, holistic land assembly as defined in the Order Land is therefore clear, as in the absence of achieving this, the impediments to realising a successful regeneration proposition are many and will severely restrict the development outcomes that can be achieved under a fragmented ownership scenario. These



impediments not only impose significant risks on being able to bring forward new development in a viable manner within under a piecemeal, discrete land parcel delivery model, they actually impart major risks on the ability to realise a workable infrastructure network to serve such developments. This necessary comprehensive land assembly is only likely to come forward, in the timescales required, if the Order Land is acquired by STDC through compulsory purchase.

- 2.55 Realisation of the Master Plan aspirations for Area-wide regeneration relies on taking a comprehensive approach to redevelopment. It requires a flexible development framework where land plots can be established in a variety of sizes to meet different occupier needs, in the most efficient manner possible. Of equal importance, is the delivery of area-wide infrastructure solutions to both service occupier requirements and provide optimum connectivity across the STDC Area; that can be operated and managed in a holistic sense, to an appropriate facilities management model (or models). This will not be possible with a fragmented land assembly.
- 2.56 I have reviewed in detail all of the land within STDC's constitutional boundary to ascertain the land interests required to successfully deliver the comprehensive regeneration of the STDC Area in line with the Master Plan, taking cognisance of my extensive knowledge base on site constraints and opportunities. I am accordingly satisfied that all of the Order Land is required for successful regeneration.

### 3. THE OPPORTUNITY

#### **The Regeneration Scheme**

- 3.1 The Order seeks to acquire land and new rights over land for the purpose of carrying out STDC's function, namely, to promote the economic growth and commercial development of Tees Valley by converting redundant and disused assets in the STDC Area into opportunities for major business investment, broadly in line with the vision, strategy and objectives of the published Master Plan proposals ("**the Scheme**"). The Scheme primarily encompasses the Order Land, but it also includes other parts of the wider STDC Area.

#### **The Potential**

- 3.2 Regeneration of the STDC Area, of which the Order Land forms part, presents a transformational development opportunity for South Tees and the Tees Valley. One of the key strengths of the STDC Area is its scale. It affords an international level opportunity to grow the economy of the Tees Valley and to significantly enhance its profile both as a UK region and a centre for industrial excellence. The opportunity to redevelop large, well-serviced areas is rare and must be capitalised upon. While there are sites within the STDC Area that lend themselves to smaller scale development, the regeneration proposition at South Tees enables a focus to be placed on large opportunity sites to accommodate major industrial space users and/or clusters of similarly themed uses, ensuring the ability to accommodate Tier 2 support industries close-by to a Tier 1 primary use. The scale of the opportunity enables optimal spatial planning, to create a well-ordered, high-density development proposition, with an appropriate level of flexibility attached; but only if all of the Order Land is acquired to create a comprehensive, contiguous land assembly.
- 3.3 By virtue of its strategic location at the mouth of the River Tees, the STDC Area benefits from access to the major deep-water port facilities of PD Ports Teesport and RBT. The STDC Area could not be better located to capitalise on the unique selling points of excellent sea transport connectivity and the deepest port on the eastern coast of mainland UK. These are pivotal assets and major enablers to attracting new international businesses, and to realising an international-scale centre of industrial excellence in the Tees Valley. There is also major potential to capitalise on extensive lengths of redundant and disused waterfront to create expanded port facilities to serve a growing industrial economy.
- 3.4 The STDC Area also benefits from the presence of other major industrial operators, within or in the near vicinity of the Area, whose businesses can augment the regeneration proposition and, indeed, benefit from it; operators such as: British Steel;

BOC; Northumbrian Water's Wastewater Treatment Works at Bran Sands; and the Wilton International complex.

- 3.5 The STDC Area gains from excellent road connectivity, with the A66 East-West Trans-Pennine route commencing at its boundary, providing easy access to the A19 and A1(M) strategic North-South routes at Middlesbrough and Darlington respectively. The Area also benefits from very good rail connectivity via the Saltburn to Darlington railway line, that passes through the Area. This provides connectivity to the East Coast Main Line, at Darlington, for passenger and freight rail, and to the national and international gateway of Teesside International Airport (**TIA**); supporting the connectivity of the Tees Valley to global markets. TVCA has already launched proposals for a new Tees crossing of the A19 in Middlesbrough, alongside the existing crossing, to increase capacity on the network; proposals that have the backing of the Department for Transport (DfT) and where feasibility study work is well-advanced. It also has published, funded plans for significant upgrades to the A66 corridor through the Tees Valley. Early in 2019, TVCA completed the acquisition of TIA and, working with its joint venture partner, has already realised early successes in the delivery of its plans for growth of the Airport as both a passenger and freight hub. In respect of rail, it was recently announced that the Trans-Pennine passenger service between Middlesbrough and the destinations of Manchester, Manchester International Airport and Liverpool, was to be extended through the STDC Area to Redcar, and this extended service has now commenced. On the future of passenger rail transport, the Department for Transport has given its support to the introduction, by May 2023, of hydrogen-fuelled trains running on the line between Saltburn and Darlington, extending to Bishop Auckland.
- 3.6 The existing transport network in the locale of the STDC Area once supported aggregate employment levels across the steel industry and at Wilton of the order of 75,000 employees. While STDC has recently appointed a consultant to undertake strategic transport appraisal work, looking closely at the impacts of redevelopment of the Area on the existing transport infrastructure in the locale and further afield, and new transport solutions, it is considered that there is sufficient capacity within these networks to serve the needs of new development in the early years of the regeneration programme.
- 3.7 To date there have been over 120 separate expressions of interest in bringing forward industrial development across the STDC Area, several of which have progressed to detailed proposals stage, and some to agreement on heads of terms for development, pending land acquisition being completed. The types of uses for which interest has been shown are squarely-aligned with the themes and ambitions of the Master Plan, and demonstrate a strong potential for realising major development in the following sectors and areas:

- a. Clean energy generation
- b. Energy storage
- c. Carbon capture, utilisation and/or storage (CCUS)
- d. Offshore wind
- e. Subsea power transmission cable manufacture
- f. Metals recycling, including offshore rig decommissioning
- g. Metals processing (steel, aluminium and high-specification alloys)
- h. Automotive
- i. Rail
- j. Hydrogen economy

The level of interest in new development across the STDC Area to date, supports the initial analysis undertaken at Master Plan stage, that concluded that comprehensive regeneration on an area-wide scale, based on a well-balanced approach to use and sector typologies has firm potential, and it demonstrates why all of the Order Land is needed. Potential end-users have been attracted to the comprehensive regeneration proposition, and the opportunities the proposed large development areas afford to capitalise on the establishment of supply chains and linked industrial operations; affording greater operational efficiencies, and the ability to capitalise on synergies and symbiotic business opportunities. This matter is given greater coverage in the Proof prepared by Guy Gilfillan, Document Ref: STDC5/2.

3.8 The Tees Valley is home to a large, experienced and highly skilled workforce. Many of the parties expressing interest in creating new industrial uses within the STDC Area, that STDC has engaged with, have quoted the availability of an abundant, highly-skilled, indigenous labour market within the area as a key attribute of the location; along with the greater potential that exists for both upskilling and diversification into other manufacturing skills.

3.9 The scale of the STDC Area affords very large development spaces. Through a comprehensive land assembly as defined by the Order Land, a business setting can be delivered that is conducive to the establishment of large-scale advanced manufacturing and other industrial uses to a dense, well-ordered and efficient development layout, augmented by a robust internal transport network, that can deliver high levels of employment. The Area is suitably-sized, has sufficient non-utilised land, and is optimally

located to provide sufficient development areas of the right type and with the right attributes to successfully promote and support economic growth, innovation and improved productivity for the Tees Valley.

- 3.10 The regeneration proposition as articulated in the Master Plan builds upon and harnesses the existing key attributes of the STDC Area to differentiate the location as a new hub for large-scale industrial development, enabling it to compete for businesses and investment on an international stage. This has been borne out by the number and scale of new development opportunities for which proposals have been received by STDC to date. The critical differentiators of the STDC Area include: an abundance of waterside land available for development; the existing world class port facilities the Area benefits from; and, linked to this, the elevated premium attached to waterside industrial land and land in close proximity to water. This has been confirmed and reinforced in our numerous negotiations with potential end-users.
- 3.11 By acquiring all of the redundant land available for development, STDC will be able to deliver major, contiguous land areas; affording significant flexibility in the size and type of opportunities that can be accommodated across the developable estate, such as large-scale operators, clusters and linked industrial processes. This scale of land assembly will also allow STDC to deliver the comprehensive, integrated infrastructure networks needed for optimised operability across the STDC Area; to capitalise on synergies between different uses and thereby maximise development potential. These outcomes could not be achieved with a fragmented land portfolio.
- 3.12 UK Government's Modern Industrial Strategy, launched in November 2017, recognises the fatal flaw of previous industrial strategies in the UK where there had been a dominant focus on existing, traditional industries and the companies within them, that became strategies of incumbency. Moving forward to the present day, many of the most important companies in the world did not exist 25 years ago, and unlike strategies of the past, the Modern Industrial Strategy is about creating the right conditions for new and growing enterprise to thrive. Government has launched a Modern Industrial Strategy that aims to make the UK a fertile ground for new businesses and new industries, that will challenge and, in some cases, displace the companies and industries of today. The published Industrial Strategy cites the proposed regeneration on South Tees being brought forward by STDC in a case study of local leadership of industrial regeneration in the Tees Valley. Subsequent to this, TVCA published its own, Local Industrial Strategy, that promotes the development of sectors aligned squarely with the Master Plan, playing to the strengths of the Tees Valley economy. The scale of STDC's proposed intervention on South Tees can realise the potential to deliver an international-profile business park in the Tees Valley, that is home to industries based on new and emerging technologies and advanced manufacturing, creating a diverse, eclectic mix of uses that

align squarely with the aims and objectives of these strategies, providing sustainable economic growth and avoiding over-reliance on one or two dominant uses. These step-change economic ambitions for the UK are unlikely to be deliverable on South Tees unless all of the Order Land is acquired by STDC and public intervention is realised.

3.13 The potential of the STDC Area is already being realised through the following projects:

- MGT Power: a 299MW biomass power plant, the largest of its type in Europe, providing a major source of Clean Energy, that will be operational in early 2020.
- Sirius Minerals: whose project involves the mining, processing and export of polyhalite as a global fertiliser product. The mine is located in North Yorkshire, while the processing and export facilities are under construction at Wilton and within the STDC Area respectively, with a view to these being operational by 2022.

3.14 In broad terms, the STDC Area represents an international level opportunity to grow the Tees Valley economy owing to a nationally-unique combination of critical attributes, such as:

- a. Extensive and high-quality deep-water port and wharf facilities
- b. Excellent rail and road connectivity
- c. The scale of the potentially available land
- d. The limited number of land ownerships
- e. The abundance of power resources
- f. The Area's topography
- g. Large industrial buildings with potential for re-use
- h. The availability of a local, highly-skilled workforce
- i. The Tees Valley's strength in leading edge industrial research and development
- j. Neighbouring major operators whose presence can augment and bolster the redevelopment potential.

When considered in the context of the lack of sensitive nearby uses that may otherwise restrict large scale, employment-generating development, and the prevailing permissible planning framework, these attributes make a compelling and obvious case for creating a major industrial centre of advanced manufacturing, processing, distribution and related employment uses; a development proposition that will embrace and harness new and

emerging technologies, and that will be augmented by the development of close ties with academia and other research and development institutions.

- 3.15 Existing planning policy acknowledges the obvious regeneration potential of the STDC Area since the closure of SSI in 2015 – and matters of planning are given appropriate coverage in the Proof prepared by Anthony Grealley, Document Ref: STDC4/2. The ability to unlock the full potential of this opportunity is clearly in the wider public interest. The success and viability of the regeneration proposition are, however, dependant on the ability to secure the interests in the land and the rights required to deliver the Scheme as a whole. STDC's 2019 acquisition of close to 1,500 acres (600 hectares) of Tata Steel land, the majority of which has remained dormant and non-utilised for between 20 and 40 years, has been a major step forward in realising the regeneration ambitions of the Area as articulated in the Master Plan. Prior to this, there had been little to no interest in bringing forward alternative uses on this remaining Tata land. This has demonstrated that it is only through public sector intervention that regeneration on this scale can be delivered.
- 3.16 Furthermore, in the period since SSI went into liquidation, the consortium of Thai Banks (as defined in paragraph 6.1) with whom STDC had been in active dialogue with, has shown no interest in the Master Plan or the Scheme proposals, and, indeed, rejected the initial 2017 proposal to work collaboratively with STDC, in a joint venture capacity, to realise a long term earn out from the regeneration and redevelopment of the Area. No credible alternative proposals for comprehensive redevelopment and/or re-use of the former SSI estate have been put forward by the Thai Banks, nor any other entity for that matter, and all the while, the public purse continues to be burdened with a major annual financial outlay to keep the declining assets in a safe and secure condition. I consider that any sudden interest on the part of the Thai Banks and/or SSI, at this juncture, in bringing forward alternative proposals for the former SSI estate, should be viewed with caution, given the breadth and depth of work undertaken by STDC and its advisors in developing and bringing forward the comprehensive redevelopment proposals as defined in the Scheme, that has simply not been matched by the Banks and SSI's level of interest and involvement to date.
- 3.17 UK Government has conferred on the STDC Area 'Special Economic Status' (**SEA**), to further support and enable a successful regeneration of the Area in the manner defined in the Master Plan proposals. The SEA status will deliver economic enablement and other benefits to the Area, both for STDC as the enabling body, and future developers, operators and end users. Business rates retention and recycling into the regeneration undertaking is just one of the benefits that is being afforded to STDC. The SEA status is, in itself, a unique selling point for the STDC Area and demonstrates, to potential investors, UK Government's support for the regeneration proposition as defined in the

Master Plan. Indeed, and as with the establishment of STDC, it is a key public sector intervention building block for successful regeneration of the Area.

- 3.18 Furthermore, the recent emergence of the potential for Free Zones/Freeports to be established in the UK, in a post-Brexit world, has seen the STDC Area identified by UK Government as a prime location for the first such venture. Indeed, there is appreciable support for South Tees being the UK pilot. If realised, this would be a major attraction to inward investors and a key differentiator for the location from a market perspective. However, the concept of a modern Free Zone on the scale envisaged, could only be realised through comprehensive regeneration of the Area in the manner proposed and being promoted by STDC, where the existing major tracts of redundant land that characterise the location are brought back into beneficial use in an integrated, cohesive manner, served by a common, efficient infrastructure network, that could only be justified and, indeed, delivered through public sector intervention, carrying overall responsibility.

### **The Benefits**

- 3.19 Confirmation of the Order, together with follow-on delivery of the Scheme, will unlock a massive brownfield area, in a prime industrial location, that has remained derelict and underutilised for many, many years, and that has seen no regeneration intervention of any kind in the ensuing period. Importantly, it will enable STDC to bring forward major redevelopment for economic regeneration purposes.
- 3.20 In particular, the Scheme will deliver significant regeneration benefits to South Tees and the wider Tees Valley, which I consider massively outweigh any potential disbenefits brought through confirmation of the Order. The benefits include:

### Economic

- a. Based on initial estimates, and through the delivery of the Master Plan objectives and related development densities, the creation of up to 20,000 new jobs.
- b. A shift in employment focus towards higher skilled sectors and occupations, centred on manufacturing innovation and advanced technologies, and those industries best able to deliver sustained economic prosperity for the Tees Valley and its people, while realising a jobs spectrum that offers opportunities for all.
- c. Through the shift in jobs typology, a raising in the average wage in the Tees Valley to a level much closer to the UK national average (presently at around 80% of the UK national average).



- d. The generation of an additional minimum GVA figure into the Tees Valley economy of £1.0 billion per annum.
- e. The creation of a high value, low carbon, diverse and inclusive circular economy for the Tees Valley, that is optimally positioned to deliver sustained economic growth long into the future.
- f. Expansion in deep-water port facilities on the River Tees through the development of a further 2.0 kilometres (1.2 miles) of new berthing capacity, not just to serve the STDC Area, but the wider Tees Valley and further afield.
- g. The creation of 25 miles of new, modern highways infrastructure, and up to 30 miles of freight railway infrastructure improvements.
- h. Major opportunities for lower cost, on-site power generation and provision into an STDC Area-wide private wire network, serving new large power consumers, where resilience of supply and economically viable power purchasing is key.
- i. Improved accessibility to Teesport, the sixth largest port in the UK (based on most recent statistics).
- j. Reinforced links with Wilton International and other major industrial operations in the South Tees area, augmenting and supporting their own economic growth plans.
- k. A strengthened profile of the Tees Valley in the global marketplace as a major UK destination for industry, innovation and manufacturing excellence.

#### Social and Community

- a. Major opportunities for a step change in the learning and skills agenda in the Tees Valley, working with educational institutions and local training providers to plan and deliver an appropriately skilled workforce, ensuring the employees of the future have the skills necessary to access employment in areas of new and emerging technologies within the advanced manufacturing, energy, and renewables sectors, linked to the establishment of clear targets for job creation, improving skills attainment, and the recruitment of local labour, with a key objective being the retention of local talent.
- b. Improved transport infrastructure across all modes, providing better connectivity to local towns, and enabling local people to more easily access new employment opportunities on South Tees.

- c. Improved connectivity with Redcar town centre, increasing footfall, boosting the town's economy, and enabling overall town centre regeneration.
- d. Growth in local businesses across many sectors, through the increased economic activity in the locale, benefitting supply chain service providers and the wider service sector.
- e. An enhanced destination profile and brand for the STDC Area, Redcar and the wider Tees Valley, both nationally and internationally, at the same time enabling an improved leisure and tourism offer.
- f. The provision of opportunities for improved leisure and amenity through the creation of a high-quality large-scale destination that incorporates an appropriate compliment of public realm and community uses, including the improvement and bringing back into more beneficial use, existing public rights of way and coastal assets, augmented by the retention of industrial heritage features, creating a genuine sense of place on South Tees, where industry, community uses and environmentally-designated spaces co-exist and are successfully integrated.

#### Environmental

- a. Environmental improvement to around 2,300 acres (920 hectares) of derelict, former industrial brownfield land.
- b. Decontamination and demolition of an extensive array of redundant, hazardous industrial assets with the materials arising therefrom being recycled.
- c. Establishment of industrial end uses that fit within a low carbon and circular economy, embracing opportunities for CCUS.
- d. Clean energy generation on a major scale and 'Clean Growth' in the economy, reducing industrial pollution, ensuring long-term environmental sustainability.
- e. Ecological habitat mitigation and improvement, creating new bio-diversity habitats and habitat corridors, and the implementation of sustainable, long-term habitat management strategies.
- f. The creation of high quality public open spaces and strategic landscaping, as part of an integrated, Area-wide strategy.

3.21 The aforementioned benefits can only be realised through a holistic, comprehensive approach to regeneration, where all of the available redundant land is captured within a single regeneration undertaking; hence, requiring confirmation of the Order. A piecemeal, fragmented approach to redevelopment may see discrete parcels of land

developed, but it will not enable a fully integrated new destination to be created where all of these benefits can be secured.

### **Implications of Failure to Acquire**

3.22 If STDC failed to acquire all of the Order Land, and, notably, the extensive former SSI estate, there would be a number of key adverse implications which are set down below.

- a. The relic iron and steel making facilities that dominate large parts of the STDC Area have stood idle for over four years now, with no realistic prospect of any market interest being shown in recommencing integrated iron and steelmaking on South Tees. Their condition continues to decline, with some assets being categorised as being at risk of structural failure and collapse (e.g., the ammonia washers at South Bank Coke Ovens). This is a situation that will only worsen over time, without intervention.
- b. The Keep Safe burden in respect of the former SSI assets will continue and likely increase both from a workload and cost perspective, as asset condition declines. It is not sustainable for the public purse to continue to fund this obligation. Public monies would be far better utilised in helping fund Area-wide regeneration to enable sustained economic growth.
- c. The ability to realise new uses sitting alongside derelict former uses will not be attractive to the market and will compromise the overall proposition, impacting the financial viability of the regeneration undertaking.
- d. The STDC Area would not function as a single destination, more a collection of individual disparate uses and sites, where investment in a major overhaul in common utilities and highways infrastructure could not be justified or supported. In a competitive market, where potential end-users and investors invariably explore several geographic locations for their project, the STDC Area would be far less appealing.
- e. Without comprehensive control, STDC would not be able to properly fulfil the role it was established to perform. This is important when one considers that there appears to be no viable prospect of any alternative body coming forward to tackle this major challenge.

#### 4. THE MASTER PLAN

- 4.1 The Master Plan presents the vision, strategy, concepts and ideas for the transformational regeneration of the STDC Area as a major employment-generating zone and economic growth enabler for the Tees Valley. The Master Plan development was informed by extensive desk-based research and also physical investigations, together with key stakeholder consultations and early investor interest, which collectively helped inform constraints and opportunities impacting the options for regeneration, and which accordingly shaped the thinking and decision-making behind the Plan.
- 4.2 The strategy for regeneration of the STDC Area, as set out in the Master Plan, seeks to preserve sufficient flexibility in uses, land allocations and phasing to cater for anticipated changing requirements across the proposed 25-year programme. The Master Plan provides a flexible, long-term framework for realising successful socio-economic regeneration of the STDC Area, while at the same time augmenting economic growth across the wider Tees Valley area. It illustrates how optimal spatial planning will result in the creation of well-ordered, high density development, affording flexibility in parcel size and parcel configuration. Compatible uses will be clustered. Prime waterside land will be protected to provide for uses that rely on proximity to the river, while attracting other businesses that will rely on and benefit from the availability of existing and new port facilities.
- 4.3 The established vision for the South Tees Regeneration Programme, as articulated in the Master Plan, is to see the STDC Area transformed into a hotbed of new industry and enterprise for the Tees Valley that makes a substantial contribution to the sustained economic growth and prosperity of the sub-region and the communities it serves ("**Vision**"). The Vision sees the creation of up to 20,000 new jobs in higher skilled sectors and occupations heavily focused on manufacturing innovation and advanced technologies, set within a high value, low carbon, diverse and inclusive circular economy. The Vision extends to realising a telling, positive change in the external perceptions of the STDC Area and wider Tees Valley to potential inward investors, and to promoting and encouraging environmental improvement and bio-diversity; something that can only be delivered through a comprehensive approach to regeneration and the related, necessary land assembly.
- 4.4 The aspiration is for the STDC Area to become a benchmark, world class example of a modern, large-scale industrial park. This aspiration extends to making a bold statement on how industry and environmental and community assets can co-exist at the highest level possible. Realisation of an integrated industrial park characterised by distinct themes and zones is key. Uses are located to encourage integration rather than separation. Both open and public space zones are used as connectors not barriers, to

reinforce integration and help create the sense of a single destination. Strategic access points are proposed as gateway features to the Area, to strengthen the identity of the industrial park. The Area will be characterised by consistency in the selection of colour schemes and infrastructure typologies, such as street furniture and signage, and in the quality standards attained by new developments.

- 4.5 The Master Plan proposals enable the creation within the STDC Area of a truly integrated industrial and manufacturing zone, benefitting from optimally-designed transport and utilities networks, and careful consideration over land-use allocations and site selection. Access and circulation within and out of the Area will be clear, simple and intuitive, realising superb intra-connectivity between new and existing development zones and operators, and, equally, excellent inter-connectivity with neighbouring land areas, such as Wilton International. The Master Plan proposals enable new and improved, efficient access to port facilities to be delivered and they provide capacity for expanded rail freight facilities. Public transport is planned to be easily accessible and conveniently located to provide access to employment opportunities within the Area from across the Tees Valley.
- 4.6 The Master Plan identifies and presents a transformational opportunity that capitalises on the area's unique selling points to create a world class industrial business park and the right conditions for driving sustained economic growth; a business park that is home to industries based on new and emerging technologies and advanced manufacturing, that align squarely with the aims and objectives of UK Government's Modern Industrial Strategy and the local industrial strategy of the Tees Valley, along with various other national and regional priorities. In order to realise a vision of this scale and profile, with optimal functionality, and deliver the economic step change envisaged, a comprehensive approach to regeneration of the STDC Area is required. I therefore consider it imperative that all of the Order Land be acquired by STDC.

#### **Content and Purpose of the Master Plan**

- 4.7 In broad summary, the Master Plan sets out:
- a. STDC's overall vision and strategy for the regeneration of the area underpinned by ten core principles and a further ten supporting principles
  - b. Existing constraints and conditions pertaining to the Master Plan area that have in part shaped the emerging proposals
  - c. The guiding principles that will shape how development is brought forward to achieve a successful regeneration of the STDC Area

- d. Existing attributes and planned interventions that will aid the comprehensive regeneration proposition
  - e. Illustrative development themes and concepts, set-out across four established industrial zones, defining potential use typologies and development densities
  - f. An approach for the effective use and management of the coastal assets and protection of related environmentally-sensitive habitats, including the creation of a fifth zone
  - g. Concepts and proposals for delivering effective transport and utilities infrastructure networks, high-quality landscaping and open spaces.
- 4.8 My further evidence within this section briefly discusses the structuring of the proposed development and the development zones that will be established, the plans for delivering supporting infrastructure to ensure proper functionality of the STDC Area, and the constraints to be overcome.

#### **Development Zones**

- 4.9 Having identified the land potentially available for development, the exercise of establishing how best to zone the STDC Area to enable key attributes and enablers to be fully harnessed, and ensure key constraints are accommodated, resulted in the formation of five principal areas (or zones). These were shaped by location, scale, typology of use, development themes, interdependencies and physical constraints or barriers. The areas so established in the Master Plan are the:
- a. North Industrial Zone
  - b. North East Industrial Zone
  - c. Central Industrial Zone
  - d. South Industrial Zone
  - e. Coastal Community Zone.

In defining these zones, STDC has had regard to early investor interest in the STDC Area and how these can be best accommodated within the overall development framework, while leaving sufficient flexibility for change and adaptation over the envisaged, understandably long timescale for full build-out of the development. Some of the Master Plan proposals are highlighted in the presentation document at **Appendix F**.

#### North Industrial Zone

- 4.10 The North Industrial Zone (**NIZ**) is formed principally from the former SSI Redcar Works complex, within the Order Land, and Redcar Bulk Terminal, that, for the reasons set down at paragraph 2.47, is excluded from the Order Land.
- 4.11 The NIZ provides a very large development area approaching 930 acres (376 hectares) in size, benefitting from proximity to the deepest-water port facility on the eastern seaboard of the UK. Establishing a zone of this magnitude provides the STDC Area with an opportunity to accommodate large land-take industrial uses, while leaving sufficient land available for support/supply chain industries, together with a continuation in RBT's ongoing bulks' business, operating in a more efficient manner, within a reduced land allocation. Alternatively, it lends itself to clustering of linked manufacturing uses in themed sub-zones.
- 4.12 Target industries for the NIZ include: large-scale advance manufacturing; energy generation and energy innovation; and bulk materials and minerals processing and export. Given the scale of the NIZ, there is sufficient flexibility to accommodate a range of different uses, and the Master Plan provides alternative illustrative concept layouts in demonstration of this.
- 4.13 The NIZ benefits from an existing road network. The proposals for this zone preserve and improve some of the existing road corridors as part of the framework for potential subdivision into individual development plots. There is capacity to expand deep-water berthing facilities in the NIZ by approximately 0.7 kilometres (0.4 miles), tripling the length of the current port facility at RBT.

#### North East Industrial Zone

- 4.14 This North East Industrial Zone (**NEZ**) is formed largely from land formerly within the ownership of Tata Steel. However, it incorporates former SSI land, in the form of the Steel House headquarters complex. The total land area amounts to 230 acres (93 hectares).
- 4.15 The NEZ is bisected by the existing Network Rail corridor that runs through the STDC Area, which is considered a fixed constraint in the Master Plan. The two resulting land areas are linked by both highway and rail. The NEZ encompasses an existing passenger rail station (Redcar British Steel), which has the potential to be significantly improved and expanded, to become a key transport node within the development.
- 4.16 The target industries for the NEZ include: advanced manufacturing; research and development; testing and laboratory services; industrial and technology training; and commercial space to serve new industry. This zone is characterised by uses connected

with advanced technology and innovation, and, as an example, it lends itself to the establishment of an incubator industrial and advanced technology park or campus (potentially in the Steel House area). As the innovation nerve centre for South Tees, such a use would facilitate the forging of strong links with academia, and research and development institutions, and it would help support an employment shift towards skilled technology-based manufacturing.

- 4.17 The Fleet watercourse traverses the NEZ, and this has been identified as a prime opportunity for creating an enhanced bio-diversity corridor to mitigate potential habitat loss elsewhere on the development.

#### Central Industrial Zone

- 4.18 The Central Industrial Zone (**CIZ**) is extensively comprised of British Steel land that sits outside the Order Land, for the reasons given at paragraph 2.46. However, it includes former SSI assets such as a significant length of the former hot metal railway and the iron granulation plant, which are within the Order Land.
- 4.19 The CIZ is sized at close to 200 acres (80 hectares) and it sits adjacent to an extensive array of largely non-utilised existing rail freight sidings, offering connectivity to multiple rail spurs. It therefore offers a potential location for accommodating rail-related uses. Given the adjacency of the site to the existing British Steel operations, the CIZ also offers the potential for the siting of further metals and heavy equipment manufacturing industries. Such uses are outlined in the Master Plan.
- 4.20 STDC has already received, and is presently considering, rail industry uses within the CIZ and has been in dialogue with British Steel regarding the potential for establishing new businesses in this locale.

#### South Industrial Zone

- 4.21 The South Industrial Zone (SIZ) is comprised of three areas – South Bank, the Cleveland Prairie at Grangetown, and the Lackenby Steelmaking complex – the latter including an area of land fronting Tees Dock Road and the Trunk Road offering an opportunity for a gateway commercial and/or mixed-use development. The land is extensively made up of former Tata land and former SSI land. It includes existing licenced landfill and waste treatment facilities (High Tip and SLEMS respectively) that are former SSI assets.
- 4.22 The SIZ is sized at approximately 880 acres (352 hectares) and it includes 1.3 kilometres (0.8 miles) of non-utilised river frontage, offering the firm potential for creating new deep-water berthing facilities, so expanding port capacity within the STDC Area.



- 4.23 Target industries for the SIZ include; offshore wind turbine assembly and manufacturing; other offshore energy industries; port-based fabrication; rig and large equipment decommissioning; metals manufacturing; contract fabrication; and energy generation. Regarding offshore wind turbine assembly and manufacturing, the South Bank site (former Tata land) has been identified by BEIS and DIT as one of the only locations on the east coast of the UK with the potential for establishing a major fabrication and assembly hub to serve new and emerging offshore wind developments, such as Dogger Bank, and for enabling HM Government's targets of 60% UK-content within the sector and of increasing exports fivefold to £2.6billion, both by 2030, to be achieved.

#### Coastal Community Zone

- 4.24 In addition to the four zones identified for employment-generating development, there is, at the northern end of the STDC area, the environmentally-important assets of South Gare/Coatham Sands and Coatham Marsh, collectively amounting to a land area in the region of 600 acres (240 hectares). This land sits outside the Order Land. Save for a small area of PD Ports ownership at the head of South Gare, these areas are comprised almost entirely of former Tata land, acquired by STDC in February 2019.
- 4.25 The Master Plan proposes the establishment of a link between the two areas to create a defined Coastal Community Zone, offering the opportunity for: environmental enhancement and habitat improvement; improved, controlled accessibility to the public; and the introduction of discrete leisure uses. Importantly, the Master Plan envisions greater utilisation of these assets by nature and the public in a controlled and regulated manner.
- 4.26 The strategy is for these assets to ultimately be transferred to a suitable environmental management body for long-term stewardship.

#### **Functionality of the Development**

- 4.27 Delivery of a successful redevelopment proposition of the magnitude envisaged in the Master Plan requires the implementation of a comprehensive, integrated infrastructure network of transport links and utilities, augmented by an appropriate allocation of areas of public realm and open space. Failure to achieve this will result in sub-optimal functionality of the destination, which will be to the detriment of attracting new uses, as other locations, both nationally and internationally, may be preferred.
- 4.28 While there is an existing road network operating across the Order Land, it is in need of major maintenance, especially the many bridges that carry roads (and rail) over other infrastructure. However, this network does establish primary routes and corridors across

the proposed development that can be utilised in rolling out new, modern infrastructure solutions; and the Master Plan proposals capitalise on this opportunity.

4.29 In order that development opportunities are not compromised or constrained, the Master Plan is reinforced by a well-defined internal highways infrastructure network that:

- a. Facilitates easy connectivity between the different zones, sub-zones and areas of the development
- b. Ensures the advantages afforded from neighbouring businesses and related operational interdependencies can be fully harnessed
- c. Enables synergies and symbiotic opportunities between different new uses to be capitalised on, and
- d. Affords good access to the river and related port facilities.

Integral to this is the reinforcement of the existing corridor that runs through the STDC Area as a primary infrastructure spine.

4.30 The existing infrastructure spine running through the STDC Area links the development zones in the north (the NIZ and NEZ) with those further south (the CIZ and SIZ). This corridor is key to the delivery of effective infrastructure connectivity across the development. Labelled the 'Infrastructure Corridor', the Master Plan proposes that this 6.5-kilometre (4-mile) long spine, that is over 120 metres wide in places, be utilised to accommodate and/or deliver five important components:

- a. Either a two-lane single or four-lane dual carriageway, or a combination of both, laid out to the design of a modern high-tech boulevard, incorporating pedestrian and cycleway links
- b. The existing Network Rail corridor
- c. A consolidated, future-proofed rail freight zone, capitalising on the existing array of sidings infrastructure and rail connections that already exist, but with better connectivity to Network Rail infrastructure and port facilities
- d. A dedicated, segregated major utilities corridor, carrying a full suite of utilities, including; power; water; drainage; data and telecoms fibre; industrial utilities, such as industrial water, industrial gasses and steam; and pipework associated with the proposed CCUS network
- e. Strategic linear landscaping and green/blue corridors, including, where relevant, strengthening and enhancement to existing Public Rights of Way.

- 4.31 Having an existing infrastructure spine to build on is beneficial to the regeneration proposition, in affording a partial, short-term solution to meeting early transport connectivity demands, while final infrastructure solutions are being implemented in a phased manner, over a longer time frame; albeit upfront improvements to the existing condition and a rolling, structured maintenance programme will be required.
- 4.32 Comprehensive ownership and a co-ordinated approach to delivery of the Scheme as a whole will significantly increase the chances of successfully delivering the infrastructure corridor, which, in itself, will be a major selling point and attractor for the site; and this is emphasised in the Proof concerning market demand and market considerations, prepared by Guy Gilfillan, Document Ref: STDC5/2.
- 4.33 While there is existing rail freight infrastructure within the STDC Area, it is poorly configured and underutilised. Delivery of the Scheme will realise a realigned, optimally-designed freight rail network, incorporating a modern rail yard, to serve the needs of new and existing operators, and providing strategic rail links with Teesport, Redcar Bulk Terminal, new port facilities in the SIZ at South Bank, and with the neighbouring Wilton International complex. The Master Plan proposes to capitalise on the existing passenger rail service running through the STDC Area to deliver station improvements at Redcar British Steel and South Bank, along with the re-opening of the intermediate Grangetown Station.
- 4.34 The availability of large-scale deep-water port facilities is seen as crucial to realising major redevelopment on the scale proposed in the Master Plan. The STDC Area benefits from being home to Teesport and RBT, which are major attributes for the Area when marketing an international destination for new industry. However, delivery of the Scheme will see 0.7 kilometres (0.4 miles) of new port facilities established immediately upstream of RBT, and the related project proposal, to be delivered by Sirius, is already in the public domain. Additionally, a further 1.3 kilometres (0.8 miles) of new port facilities will be established upstream of Teesport, in the SIZ, at South Bank. STDC has already received significant interest from operators wishing to implement new port facilities in this locale, to serve the growing markets in offshore wind manufacturing and assembly, with BEIS and DIT having identified the STDC Area as one of the only locations in the UK capable of delivering on this requirement.
- 4.35 Given the STDC Area's historical and, in part, current industrial use, there are various utilities networks in existence, but most of these are age and/or condition expired, such as the existing electrical distribution network operated by STSC that serves certain operators, e.g., British Steel. This is covered at paragraph 2.29, but to re-emphasise, a recent Energy Network Assessment undertaken by UK Power Networks Services has determined that there will need to be significant investment in upgrading the existing power network over time, which will include new transformers and replacement of 66kV

and 11kV cabling, as development progresses. The site does benefit from having two points of electrical connection to the National Grid; Tod Point in the North and Grangetown in the South.

- 4.36 The Master Plan promotes an energy strategy that utilises an Area-wide private wire network serving all new developments, with on-site power generation facilities, including conventional and renewable energy sources. The Master Plan recognises that there are a number of existing and emerging energy technology options that could be incorporated into the energy generation strategy for the site, including energy storage, to meet the targets and aspirations associated with circular economy and carbon zero objectives. It considers the pros and cons of a range of types of electricity generation and sets out two conceptual energy plans demonstrating how the scheme could be supported. The delivery of a comprehensive private wire network serving the whole development, fed by competitively-priced on-site generated power provision, will be both essential and extremely attractive to new industrial uses. However, this can only be credibly and viably delivered by taking a comprehensive approach to regeneration and redevelopment of the STDC Area; further demonstrating why all of the Order Land is required.
- 4.37 The emergence of major interest in establishing large-scale energy generation on the development – including energy from waste and gas-fired clean energy – support the view that there will be spin-off opportunities to harness residual heat and steam to serve district heating networks and industrial needs respectively, across the STDC Area.
- 4.38 Other utilities such as drainage, water and wastewater, and fibre/telecoms networks will be delivered across the STDC Area to holistic, phased strategies, capitalising on synergies between different systems, e.g., capturing grey water as part of the water management strategy, as a potential source for industrial water, in uses such as industrial cooling.
- 4.39 The Master Plan envisions the delivery of high-quality public realm and open spaces, incorporating heritage assets where practical and viable. It promotes the enhancement of important environmental assets and greater public access to the STDC Area. These aspects will be important considerations in establishing an attractive, successful destination for new industry and employment, and in creating a sense of place. But such outcomes are unlikely to be achievable unless a comprehensive approach is taken to land assembly and regeneration.
- 4.40 It was always the intention that the Master Plan would be bolstered by the development of various area-wide strategies, covering a broad array of essential development and infrastructure themes. Having established the range of strategies required, these were subsequently referenced in the adopted South Tees Area Supplementary Planning

Document (**SPD**) as key supporting documents to be developed, commencing 2019. STDC launched the strategy studies in November 2019 ("**Strategy Studies**"), investing around £1.5 million in the provision of the related external professional services. The finalised suite of studies covers the following subject areas:

- a. Transport
- b. Energy and Utilities
- c. Water and Flood Risk Management
- d. Port Facilities and Logistics
- e. Environment and Biodiversity
- f. Public Realm, Heritage and Placemaking
- g. Open Spaces
- h. Ground Remediation
- i. Demolition
- j. Materials and Waste Management
- k. Construction Logistics.

The SPD explains that (the majority of) these supporting documents will provide 'finer grain detail to the guidance' set out in the SPD and, as such, will be capable of being material considerations in the determination of planning applications. At the same time, they will provide greater detail on how the aspirations of the Master Plan will be realised and delivered, representing as they will, a comprehensive suite of development guidance material, that will steer the design and delivery of both the development enabling works to be delivered by STDC and the build-out of the individual development plots by the private sector. Fundamentally, these strategies will adopt an area-wide comprehensive approach to delivering the respective range of options and related solutions for the delivery of a successful regeneration proposition in a cohesive, integrated manner.

- 4.41 In addition to the above Strategy Studies, STDC commissioned a consultant, in August 2019, to commence the preparation of its 'Design Guidelines for Development' (**DGD**) to ensure the bold quality aspirations for redevelopment of the STDC Area envisioned in the Master Plan are realised; guidelines that will set a high quality-threshold of attainment synonymous with a world class, modern industrial business park of an

international scale. The DGD will establish a consistent, coordinated framework within which developments shall be brought forward across the STDC Area. They will describe the form, character, quality and standards to be attained by all projects, inclusive of industrial facilities, infrastructure, public realm, landscaping, etc.

- 4.42 I consider that the evolution and approach to delivery of the Strategy Studies and the DGD further emphasise and demonstrate why a comprehensive approach to regeneration is needed for a successful outcome to the proposed regeneration. The area-wide transport and other infrastructure solutions necessary for successful, integrated functionality of the STDC Area as a destination for new industry could not be supported through a piecemeal, fragmented delivery of new developments.

### **Master Plan Evolution**

- 4.43 Originally published in October 2017, the South Tees Regeneration Master Plan met with very positive reaction when it was subject to a major public consultation exercise in the final quarter of 2017. Since that time, there has been further, extensive work undertaken in improving and consolidating the knowledge base on site conditions and constraints, through the execution of various ground investigations, and technical and other studies and appraisals. Additionally, there have been a significant number of further expressions of interest from parties wishing to establish new industrial uses on the site, some of which have progressed to detailed dialogue on heads of terms and site allocation (this is given more detailed coverage in the Proof of Guy Gilfillan, Document Ref: STDC5/2). The emergence of these further expressions has served to strengthen and consolidate the position established in the original Master Plan on the typologies of use with the greatest potential for being delivered within the STDC Area. These further developments have led to revisions to the Master Plan, both in March and November 2019. The Master Plan will continue to be an evolving document that will be subject to periodic review, in line with the intended flexible approach to development originally envisaged and given the planned 25-year total delivery timeframe for new development.

### **Alternative Proposals**

- 4.44 The details set down in Sections 2.0, 3.0 and this Section 4.0 of my Proof, demonstrate the complexity of the STDC Area, the extensive array of challenges presented to redevelopment, and the level of intervention required for a successful regeneration proposition to be realised. In the period since SSI went into liquidation in October 2015, and the establishment and launch of STDC in August 2017, to the present day, there have been no alternative credible proposals to the Scheme brought forward by other parties to remedy the ever-declining conditions on the former SSI estate, nor any viable alternative proposals to utilisation of the Order Land as whole.

- 4.45 Without comprehensive control of the redundant, non-utilised land within the STDC Area, and thereby the securing of all of the Order Land, I do not believe there is a realistic prospect of this land being brought back into sustained beneficial use. Given the scale of the undertaking, I also do not believe that the level of physical interventions required to bring about the transformational change needed, as identified through the extensive due diligence study work I have commissioned and presided over, and as articulated in the Master Plan, can be delivered through any other mechanism than public intervention. A schedule of the various studies, investigations and reports executed to date is included at **Appendix H**.
- 4.46 As commented on at paragraphs 3.15 and 3.16, the emergence of alternative proposals at this relatively late stage would need to be viewed with a high degree of scepticism when considering the zero interest shown by major objectors to date in bringing forward an alternative scheme (or schemes), and the lack of due diligence and related, necessarily extensive, work on their part that would be required in order to formulate such proposals.

## 5. COMMITMENT TO DELIVER

### Programme and Phasing

- 5.1 Given the necessarily long timeframe allocated to full realisation of the Master Plan proposals and the Scheme, the plan for redevelopment is structured in a phased manner, affording sufficient flexibility for adaptation, to accommodate the changes that will no doubt be experienced as the programme moves from near term to medium term and beyond, and cognisant of the profiling connected with the proposed funding strategy. The latest Phasing Plan for full build-out of the Order Land and related land identified for redevelopment is enclosed at **Appendix G**.
- 5.2 The key driver behind the phasing strategy is the fundamental principle of bringing to market first those sites that can be most easily and expeditiously prepared for development, and this has broadly underpinned STDC's approach to the allocation of land to near term investor proposals. This way, STDC will be able to expend less per acre in readying sites for development in the early years of the programme, to accommodate development as soon as practically possible, so enabling the earliest possible start to the revenue stream flowing from land rentals and Business Rates. This is a key facet of STDC's funding strategy, which sees revenues both recycled to fund further development enabling works and leveraged for private sector borrowings, which, in turn, will be used, in the same manner (this particular subject area is given greater coverage in the Proofs prepared by Gary MacDonald (Document Ref: STDC3/2) and Dan Aylward-Mills (Document Ref: STDC7/2)).
- 5.3 The sites prioritised for early phases are those where: there is little or no demolition required; ground conditions are known to be less onerous than other areas and remediation requirements thereby less costly; existing highway networks can be relied upon to serve the related developments in the shorter term; and utilities provision can be met in the main from existing operational infrastructure in the near term, pending the roll-out of final infrastructure solutions, in a phased manner.
- 5.4 Phase 1 comprises the former Tata land within the Prairie site that is now under STDC ownership. The land area approximately measures 120 acres (48 hectares) and UK Government has already allocated the £14M of funding necessary to execute the various development enabling works, with initial infrastructure works due for commencement in the first quarter of 2020. There is already firm developer interest in this site, with three proposals being considered. It is envisaged that development enabling works for Phase 1 will be realised across the period 2020 to 2023, with development commencing early in 2021.
- 5.5 The focus of STDC under Phase 2 will largely be the 125 acres (50 hectares) allocated to the Clean Gas Project that is scheduled to commence construction in 2022, requiring



STDC to deliver the first phase of site enabling works ahead of this. The Clean Gas Project has a build programme of four years, going operational in 2026. Forming part of the former SSI land at the Redcar end of the STDC Area, the majority of this site has remained relatively dormant since the establishment of the Redcar Iron Works in the 1970s, as it was ringfenced for future expansion plans that never happened (e.g., a further two blast furnaces and a further two sinter plants). Accordingly, although the site is large in area, it is only lightly populated with plant and buildings requiring demolition. Included within the Master Plan area, but lying outside the envelope of CPO, is RBT. STDC will seek to support RBT in bringing forward development on its land during Phase 2, aligned with the Master Plan and in step with the executed MoU between the two parties referenced at paragraph 2.49. Phase 2 has been allocated a timeframe of 2020 to 2026.

- 5.6 Phase 3 comprises two distinct sites at the South Bank end of the STDC Area, collectively offering 150 acres (60 hectares) of developable land, along with one site area at Redcar, sized at 180 acres (72 hectares), and the remainder of the Prairie site, at around 30 acres (12 hectares). The first three areas were previously under the ownership of Tata Steel, transferring to STDC in February 2019; the latter area is a former SSI asset. The sites are free of any significant demolition demands. At the South Bank end of the STDC Area (part of the SIZ), construction of a new highway access has recently been completed by STDC, to open up over 300 acres of land for development. There is already significant interest being shown in the two sites at South Bank, particularly for offshore wind industry uses, given the proximity to extensive water frontage. Phase 3 has been allocated a timeframe of 2020 to 2030.
- 5.7 Phase 4 comprises virtually all of the remaining developable land across the STDC Area (made up of former SSI land and former Tata land). In the aggregate, it is a very large land area and has accordingly been allocated a long timeframe, running from 2022 to 2038. The areas making up Phase 4 are heavily occupied by buildings and plant, including some of the more hazardous former uses, such as coke making, and some will require longer timescales to prepare and bring to market; especially given the scale and complexity of the demolition undertaking. The longer timeframe affords the opportunity to generate significant revenues from Phases 1 to 3 to support funding for the more costly areas of Phase 4.
- 5.8 Phase 5 comprises areas occupied by licenced landfill and waste treatment facilities, British Steel land, South Gare/Coatham Sands, and Coatham Marsh; the latter two being areas extensively carrying environmental designations, such as SSSI, SPA, etc, as defined elsewhere in this Proof. The landfill and waste treatment facilities are requiring of various, significant intervention works to either enable a recommencement in their usage as repositories for waste materials (e.g., High Tip) or to create areas for

development (e.g., SLEMS). Some of these facilities are earmarked in the Master Plan as areas that will ultimately be given over to public open space, landscaping and renewable energy generation, with completion coming at the end of the total development timeframe, in 2042, when they are no longer required for their current use. British Steel land amounts to almost 200 acres in area and is designated as the CIZ. As referenced in paragraph 2.48, it is, for operational reasons, a longer-term development zone, albeit STDC is in dialogue with British Steel over a potential near-term use for part of the area. The environmental assets of South Gare/Coatham Sands and Coatham Marsh are identified in the Master Plan as areas for environmental enhancement and improvement, but they will remain largely unchanged in character for some time. They are of a lower priority when set against the ambition of creating 20,000 new jobs and sustained economic growth; albeit these areas will be required as a mechanism for achieving some of the necessary habitat offsetting as development ensues. They have, like the other areas in Phase 5, been allocated a timeframe of 2022 to 2042.

- 5.9 The phasing strategy is intended to be flexible and will be subject to further necessary adaptation as proposals for new development come forward and end user operational needs are considered and appropriately accommodated. But in order to have that flexibility, it is imperative that the land assembly is as comprehensive as possible and that it sits under a single-source control, as is proposed by STDC in its pursuit of the Order Land.
- 5.10 While there are planned schemes for site preparation and remediation, demolition, transport networks, power and utilities infrastructure, and the delivery of public realm and environmental improvements – that will be subject to greater detail and definition through the Strategy Studies outlined in paragraph 4.40 – given the scale of the requirements, it is impossible to rigidly fix a phasing plan for such works, as the locational needs of early developers and end-users will, in part, shape infrastructure priorities. This is a further reason why comprehensive control of the Order Land is essential to successful delivery; the ability to optimise the programme and phasing would not be possible without this, as a holistic and flexible approach to delivery could not be taken.

### **Progress to Date**

- 5.11 STDC has already made a major commitment to its objective of realising the necessary comprehensive land assembly required for successful area-wide regeneration, through its acquisition, via private treaty agreement, of the c. 1,500-acre (600-hectare) former Tata estate within the STDC Area.
- 5.12 Extensive due diligence work has been completed by STDC across the past two and a half years to inform and shape its regeneration proposals, including:

- a. Comprehensive geotechnical, geo-environmental and environmental baseline surveys and desk studies
  - b. Major ground investigations across the majority of the former SSI estate
  - c. Infrastructure asset condition surveys
  - d. Ecology surveys
  - e. Market appraisals, and
  - f. An energy network assessment
- 5.13 STDC completed its first transport infrastructure project in 2019, with the construction of one of the three gateway accesses to the Area proposed in the Master Plan – the South Industrial Zone (SIZ) Roundabout.
- 5.14 Further ground investigations have been commissioned to start on the former Tata land early in 2020, and this will see a progressive programme of such investigations implemented across the forthcoming two years, to complete the entire ground investigation programme.
- 5.15 STDC has appointed its supply chain for the design and construction of the new access to the Cleveland Prairie Site at Grangetown and the Phase1 site preparation works on the Prairie, an area of some 40 acres (16 hectares), that will commence early in 2020; with funds in place from central government to continue onto Phases 2 and 3, to complete the preparation of this land zone for development.
- 5.16 Further commitment to the comprehensive regeneration of the STDC Area by STDC is demonstrated by the launch of the wide array of Strategy Studies referenced in paragraph 4.40, that commenced in November 2019, running to a six- to eight-month programme, and also the commission for production of the Design Guidelines for Development, which is well underway.
- 5.17 In terms of further physical works, STDC has recently and successfully concluded contractual negotiations with Sirius Minerals, that will see the Corporation take receipt of the tunnel arisings that will be generated from the 37-kilometre (23-mile) long tunnel bore between Wilton International and the Sirius polyhalite mine at Whitby. The tunnel boring operations are well underway, and STDC will begin to receive this material in April 2020, for use in its site preparation works, as a free supply earthworks material. Around 1.0 million cubic metres of material will be realised from this operation, that will be stored and utilised under a consented Materials Management Plan that STDC has secured.

- 5.18 As mentioned elsewhere in this Proof, STDC has just recently commissioned a consultant to undertake an extensive programme of bridge inspections and assessments in respect of the significant network of road, rail and pipe bridges acquired as part of the former Tata estate; a commission valued in excess of £1.0million. While this will inform estate management needs from a bridges' perspective, it will also be important in shaping bridge replacement priorities as part of the phasing strategy for infrastructure across the STDC Area.
- 5.19 STDC has also recently commissioned leading international property consultant, Colliers, as its Intermediary Agent for pursuing and securing a strategic development and investment partner (or partners), and to assist in the development of a marketing strategy and marketing collateral for the STDC Area.
- 5.20 In terms of progressing early expressions of interest for new development uses for the STDC Area, while much of this activity is confidential and bound by the terms of non-disclosure agreements, several of these opportunities are now in the public domain by virtue of the progression they have made through the early stages of the statutory planning process (either for local authority determinations or through the Development Consent Order process). Examples include:
- a. An energy from waste facility within the South Industrial Zone (SIZ)
  - b. An energy from waste facility on RBT
  - c. A major power generation project including large-scale carbon capture and storage in the North Industrial Zone (NIZ)
  - d. A large offshore wind base, involving construction of new quay facilities at South Bank, in the SIZ
  - e. A rail-related project.

The organisations STDC has engaged with on the above projects have cited the comprehensive regeneration proposals articulated in the Master Plan, the chance to be located within a major international-scale business park, and the presence of STDC as the Mayoral Development Corporation, as major, influential factors in these businesses selecting the STDC Area over other UK locations. This matter is given more extensive coverage in the Proof prepared by Guy Gilfillan, Document Ref: STDC5/2.

- 5.21 To date, STDC has been successful in securing planning permissions for:
- a. The completed SIZ roundabout

- b. The carrying out of site preparation works to in excess of 700 acres (c. 285 hectares) of developable land within the Corporation's control, including engineering operations associated with ground preparation. The related application was, in part, a response to the opportunity to receive and use significant quantities of residual clean soil arisings from the excavation of the tunnels forming part of the Sirius Polyhalite Mine project, as further defined at paragraph 5.17.

Planning applications are due to be submitted by STDC in the coming months for the new Prairie site access and Phase 1 site preparation works, addressing 40 acres (16 hectares) of land.

- 5.22 Having been actively involved in the delivery of the programme to date and the acquisition of the former Tata land, I am of the firm opinion that the level of commitment made by STDC and the progress achieved to date has been significant, and that this has only been possible through public intervention and the support of UK Government and TVCA. 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.

#### **Enabling Works Delivery Strategy**

- 5.23 STDC will, as a rule, retain the freehold in any land proposed for new development, opting for a long leasehold arrangement, typically of a minimum 25 years duration. Most end users expressing interest in the STDC Area to date, have been seeking longer leases than this.
- 5.24 STDC's default approach to delivering land plots for development will be to implement the works necessary to create the development platform and supporting infrastructure, unless the proposed end user advises of a desire to complete this work as part of their own construction activities. To date, the majority of proposed end users have declared a preference for STDC preparing the land plot. STDC will therefore arrange for the design and implementation of a site preparation and ground remediation scheme in keeping with the given end use and any related planning conditions and stipulations.
- 5.25 STDC will provide highways access and power and other standard utilities connections to the proposed site boundary of the development. Use of existing infrastructure will be made wherever possible in the near term. But, ultimately, new developments will transition from old to new infrastructure, with STDC ensuring that this will be without hindrance to the continuity of business operations. The provision of development-specific industrial/process-related utilities will typically be the responsibility of the developer (e.g., industrial water, steam, special gases, extraordinary power requirements, etc).

- 5.26 STDC will also give consideration to extending its remit to a model closer to a turnkey arrangement, where construction of the necessary buildings and on-plot infrastructure is included. STDC is in a position to leverage the significant borrowing headroom of the TVCA, where the length of lease desired by the end user is conducive to realising a viable payback model. In such cases, the end user will be responsible for the provision and installation of all necessary plant and equipment. The option will exist to take up building floor space to a standard rental model, or with the option to purchase the facility included.
- 5.27 Primary transport and utilities infrastructure, serving common/wider Area needs, will be delivered in a phased manner, commensurate with the increase in development land uptake.

### **Development Project Evaluation Process**

- 5.28 STDC has developed a comprehensive documented process for evaluating new development proposals, that includes the undertaking of due diligence on the end user/investor. The process serves to ensure that the proposed end use is appropriately aligned with the strategy, principles and objectives of the Master Plan, that it is underpinned by a viable business model, and that the necessary funding is in place.
- 5.29 The process includes approval stage gateways, ensuring that related proposals are separately and rigorously scrutinised and signed-off by the Business & Innovation and Audit & Risk Committees, prior to STDC Board endorsement, with a full risk assessment included as a supporting document.
- 5.30 The process incorporates an evaluation matrix with a weighted scoring mechanism used to assess the proposal across numerous key performance indicators and delivery criteria. Importantly, working with TVCA's business investments team, it can be used to steer proposed end users to more appropriate sites within the Tees Valley, ensuring the available land within the STDC Area is not consumed by uses that do not necessarily rely on the key attributes the Area offers.
- 5.31 Adopting this level of rigour to development proposal evaluation ensures that the regeneration of the STDC Area is brought forward in a manner consistent with the Master Plan, realising optimal site selection, development configuration and development density, taking due cognisance of other proposals. I consider that it is only through the public sector taking the lead on regeneration of the Area that this level of rigour and scrutiny, and holistic approach, can be successfully applied.

## Working with Existing Stakeholders

- 5.32 As mentioned elsewhere in this proof, STDC has forged strong links with major stakeholders to further inform and support the redevelopment of the STDC Area. Industrial operators constitute a key stakeholder group and, in this regard, STDC is working closely with PD Ports (as a commercial port operator and the Statutory Harbour Authority), Redcar Bulk Terminal, British Steel and Sembcorp, with MoU's either executed with these parties or drafted and ready for execution. These operators will augment the offering to new businesses and also benefit from the increased industrial activity that will be realised through the redevelopment of redundant major land areas. There are, therefore, mutual beneficial objectives at play in these stakeholders supporting the STDC regeneration proposition. This matter is given further coverage in the Proof prepared by David Allison, Document Ref: STDC1/2.
- 5.33 STDC works closely with Redcar & Cleveland Borough Council (**RCBC**), both as the Planning Authority and in a wider context. Members and officers of RCBC attend the STDC Board, Committee and Task & Finish Group meetings, providing invaluable insight, support and steer, while at the same time gaining early insight into emerging development proposals ahead of planning application submissions.
- 5.34 Delivery of several of the Strategy Studies referenced in paragraph 4.40 will be overseen by steering groups involving key stakeholders. The Transport strategy steering group will include the Strategic Transport Manager from RCBC and Head of Transport at TVCA. The steering group for the Water and Flood Management strategy will involve relevant offices of RCBC, Northumbrian Water and the Environment Agency. For the Environment & Biodiversity strategy, the steering group will include officers of Natural England, the Environment Agency and the Industry Nature Conservation Association (INCA). Since its inception, STDC has maintained a regular dialogue with the Environment Agency and Natural England, via quarterly update meetings.
- 5.35 Having been at the forefront of the aforementioned stakeholder consultations, I consider that this level of essential engagement and collaboration could only have been possible through public sector intervention and the establishment of STDC as the special purpose vehicle for delivering area-wide regeneration at South Tees.

## 6. RESPONSES TO OBJECTIONS

### Objection #1

- 6.1 The Proof prepared by Mike King (Document Ref: STDC8/2) focuses on the full range of objections submitted in response to the making of the Order. However, relevant to the matters I cover within my evidence, 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 following grounds, set below with my responses:

#### **Lack of a compelling case in the public interest.**

- 6.2 I address this objection as follows:

- 6.2.1 The situation left behind by SSI has necessitated extensive financial intervention by UK Government, both in providing major funds to the SSI Task Force, that was set up to support those who lost their employment under closure, and, also, the monies required to fund STSC (a BEIS company) in fulfilling, on behalf of the OR, site safety and security management functions across the former SSI estate. UK Government has therefore had to provide a long-term commitment to underpin maintenance and safety obligations, with no prospect of this ending unless STDC is able to progress the regeneration of the land. In total, UK Government has, to date, committed in the region of £250M to meet the residual liabilities which have arisen following the failure of the SSI business on South Tees. It is therefore in the public interest that future liabilities are mitigated as speedily as possible and that public funds can be better utilised to support the future comprehensive redevelopment of the former SSI land and wider STDC Area.
- 6.2.2 STDC has, for well over two years, been in negotiation with the Thai Banks that, as the preferred creditor, currently holds a charge over the former SSI assets. Despite the best endeavours of STDC, including an offer having been made to the Thai Banks in 2018, which, following independent advice, is considered to represent better than market value for the acquisition of the SSI assets, and STDC promoting the concept of, and the parties jointly executing, a formal undertaking of intent to work together to reach a resolution to the matter by October 2018 (extended to February 2019), negotiations stalled and have not been concluded. Progress in the matter continues to be slow and there is now little or no confidence in the Thai Banks' capacity and willingness to dispose of the assets to enable the Government's liabilities to be mitigated and for steps to be taken by STDC to proceed with the crucial task of overseeing the comprehensive redevelopment of the land and wider STDC Area. It is now imperative that a solution to this longstanding issue be determined as quickly as possible to protect the interests of national and local taxpayers.



- 6.2.3 It is therefore clearly in the public interest for STDC, as the special purpose public sector regeneration vehicle for South Tees, to acquire the former SSI assets as quickly as possible, in order to arrest the current trend of continuing decline in the condition of said assets and bring to an end the significant investment being made by UK Government in maintaining these assets in a steady state; instead utilising available public funding to enable redevelopment, realise inward investment, and deliver physical and economic regeneration for the benefit of the local and wider UK economies.
- 6.2.4 STDC has considered whether the use of a CPO is justified, having regard to the public benefits of the regeneration of the STDC Area proceeding and the potential harm to the individual landowners who will be subject to and/or impacted by the CPO. 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 and redevelopment of the STDC Area being secured. At best, redevelopment potential will be: significantly reduced; subject to undesirable adverse delays; and brought forward in a piecemeal, disparate manner, across an uncertain timeframe. Consequently, without the CPO, the public benefits associated with the redevelopment of the STDC Area will not be realised or will be significantly lessened. STDC considers therefore, that there is a compelling case in the public interest for the Corporation to use its compulsory purchase powers to acquire the Order Land.
- 6.3 Therefore, I do not consider this objection to be valid.

#### Objection #2

- 6.4 Again, the Proof prepared by Mike King (Document Ref: STDC8/2) focuses on the full range of objections submitted in response to the making of the Order. However, relevant to the matters I cover within my evidence, Total Bolt Solutions (**TBS**) object to the Order on the following grounds, set below with my responses:

#### **STDC have failed to identify the optimum access route to the scheme land.**

- 6.5 I address this comment as follows:
- 6.5.1 STDC engaged a firm of professional highway engineers, Jacobs, to examine and conceptually design the optimal layout for a new four-arm roundabout junction, to highway adoption standards, at the interface between the existing public highways of Eston Road and Middlesbrough Road, to provide access into the Cleveland Prairie site at Grangetown, the majority of which STDC acquired from Tata in February 2019. This layout was primarily on public highway, with some minor private land interests impacted, one being a relatively small area of the existing TSB landholding.

- 6.5.2 STDC engaged with TBS with a view to acquiring, by private treaty negotiations, the small area of land needed to complete the new roundabout access, and such negotiations continued up to the making of the Order, to no avail. As a consequence of the unwillingness of TBS to sell its land, STDC included it within the Order Land.
- 6.5.3 However, subsequent to the making of the Order, and the continued unwillingness of TBS to negotiate, STDC instructed its professional advisors to re-examine the concept design of the roundabout scheme to determine if it was possible to effect a solution without the need for TBS land. This exercise was completed across the summer of 2019 and an alternative scheme has been brought forward that does not require any TBS land acquisition. It relies on utilising a greater proportion of RCBC highway land, which RCBC is in agreement with. A planning application for the alternative highway scheme is scheduled to be submitted towards the end of the first quarter of 2020.
- 6.6 Therefore, I consider this objection to no longer be valid.

## **7. CONCLUSIONS**

- 7.1 The Scheme, as articulated through the Master Plan, presents a transformational and, indeed, rare opportunity to effect comprehensive economic regeneration of major tracts of strategically important, derelict, non-utilised brownfield land, in a holistic, integrated manner, that were once at the heart of the industrial economy of the Tees Valley.
- 7.2 The Masterplan, which is in accordance with the planning policy framework for the STDC Area, of which the Order Land forms the majority share, sets out a clear vision for its comprehensive regeneration. STDC considers that it is best placed to facilitate delivery of that vision, having the ability and funding to achieve land assembly and commence preparation of the Order Land, to enable development proposals to come forward. The lack of any alternative proposals supports STDC's view that, without its intervention, redevelopment of the STDC Area would be much delayed and would only come forward in a suboptimal, piecemeal manner, at the same time failing to realise the full benefits derived from a comprehensive approach to regeneration.
- 7.3 Much of the Order Land has remained dormant for 20 to 40 years, and, additionally, since closure of the steelworks in October 2015, no alternative proposals for re-use of the former SSI land have come forward. The Order Land is in a declining, worsening state, particularly the former SSI land, which contains an extensive array of large-scale industrial buildings and plant, that are experiencing continued structural decline, and which are creating an ever-increasing and costly safety management burden. With a fragmented ownership and extensive investment required in preparing land for development, the Order Land has been substantially neglected, and any comprehensive regeneration has clearly not been considered viable nor attractive to the private sector to date.
- 7.4 Given the zero level of interest shown in effecting comprehensive redevelopment proposals across the STDC Area to date, any such proposals coming forward now would need to be viewed with a high degree of scepticism, particular where related to major objectors. In particular, I consider that any sudden interest on the part of the Thai Banks and/or SSI, at this juncture, in bringing forward alternative proposals for the former SSI estate, should be viewed with caution, especially as such proposals would almost certainly not be informed and supported by necessary, extensive, detailed due diligence and related appraisal work.
- 7.5 There can be no doubt that the Order Land is in need of major intervention. The closure of the steelworks in 2015 has had a significant, detrimental impact on the local community and economy. In addition, 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 estate safe; which UK Government is currently

meeting. Bringing the former SSI land back into use must therefore be a key priority. As conditions worsen, the prospect of any alternative scheme coming forward appears less and less likely. It is not an option to do nothing. There is strong and recognised support within national and local government, and the local community, for redevelopment of the STDC Area. This is reflected in the adopted Local Plan, the SPD and the Master Plan, and the very positive feedback received when the Master Plan was taken through an extensive public consultation exercise in 2017.

- 7.6 I consider that 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, namely STDC, that comprehensive regeneration of the Order Land will be achieved.
- 7.7 Should the Order be confirmed, and by virtue of the extensive preparatory work undertaken to date, and the public sector funding already secured, STDC is ready and committed to bring forward a progressive, phased programme of enabling works to facilitate inward investment, secure new industrial end-users and thereby deliver the Scheme and all of the economic, social, community and environmental benefits and outputs set down within the Master Plan and this Proof.
- 7.8 The compulsory purchase of the necessary land interests would facilitate the assembly of the land in a timely manner and enable the regeneration of the Order Land to proceed. Without STDC's intervention and assembly of the Order Land pursuant to the Order, it is highly unlikely that the regeneration of the STDC Area will be achieved, and the transformational opportunity set out in the Master Plan, that capitalises on the Area's unique selling points to create a world class industrial business park and the right conditions for driving sustained economic growth, will be lost. Any site assembly by a third party is unlikely to occur within a reasonable timeframe.
- 7.9 As indicated above, STDC considers that the fragmented ownership and declining site conditions act as a barrier to the Site being regenerated in a comprehensive and timely manner. Accordingly, the Corporation's ability to use compulsory purchase powers to secure site assembly is more likely to achieve the regeneration of the STDC Area and realise its full development potential. It is therefore, presently, the only viable option to bringing to an end the sizeable cost burden placed on public funds in continuing to keep the hazardous, former SSI estate in a safe, steady state. Securing the Order Land enables STDC to achieve its primary statutory objective of delivering successful economic regeneration within its constitutional area.
- 7.10 Having been deeply involved in the extensive work that has informed the establishment of baseline conditions and constraints across the Order Land, I am confident that any

impediments to achieving the regeneration proposition as defined in the Master Plan, and the related outcomes, are capable of being resolved in good time and that there is a reasonable prospect of development proposals being delivered within a reasonable timescale following any CPO.

- 7.11 There is firm CPO case study evidence of where comprehensive, area-wide regeneration on a very large scale has been determined as being in the public interest and of the likely failure that will ensue if such an approach is not endorsed and realised. The Paradise Street Development Area Scheme, in Liverpool, is one clear example of how an area that was characterised by vacant and underused derelict land and buildings, with a past reliance on organic, piecemeal delivery of area redevelopment, had realised market failure and a continuing decline in the standing of the city as a retail centre. The (successful) case put forward at CPO was for unified ownership to realise a coordinated, efficient and effective approach to the comprehensive redevelopment of the area, in a timely manner, and that the proposition was clearly in the public interest. Single ownership was cited as being necessary for realising the interrelated aspects of the Scheme, including significant improvements in public realm and new, key transport links. Certainty of development was cited as a key risk in not realising a single ownership delivery model. Partial ownership was considered to place at risk the ability to deliver significant common aspects of the Scheme necessary for comprehensive redevelopment; which was, in itself, considered to place the Scheme at risk in an overall context. It was successfully argued through CPO that the Scheme represented the best chance for achieving the comprehensive regeneration this particular area of Liverpool crucially needed, and that the structural changes being proposed were indeed necessary in order to reverse longstanding economic decline and bring prosperity and access for all to a vibrant city centre destination. While this case study relates to retail development, the parallels endorsing the case for public sector intervention and a comprehensive approach to regeneration are quite apparent.
- 7.12 In my opinion, under the direction set out in the Master Plan, and under the stewardship of STDC, my evidence demonstrates that there is a reasonable prospect of delivering the regeneration objectives in a timely manner and that there is no other viable alternative scheme that can do this. Given the continued burden being placed on UK Government to fund and resource the continuing, significant safety and security management functions in respect of the former SSI land, I consider the comprehensive regeneration proposals being promoted by STDC and the confirmation of the Order to be demonstrably in the public interest.

## REFERENCES

1. 'Tees Valley Strategic Economic Plan 2016-2026', 2016 (Tees Valley Combined Authority).
2. 'Industrial Strategy, Building a Britain fit for the future', November 2017 (HM Government).
3. 'South Tees Regeneration Master Plan....Building our Industrial Strategy', November 2019 (South Tees Development Corporation and CH2M).
4. Offshore Wind Sector Deal, 07 March 2019 (HM Government Department for Business, Energy & Industrial Strategy).
5. CPOs Report to the First Secretary of State and Stopping Up Order Report to the Secretary of State for Transport, 'Applications for confirmation of the Liverpool City Council (Paradise Street Development Area, Liverpool) Compulsory Purchase Order 2003 and the Liverpool City Council (St Anne Street, Liverpool) Compulsory Purchase Order 2003', 27 February 2004, (The Planning Inspectorate).
6. Letter to Messrs Berwin Leighton Paisner, 'Town and Country Planning Act 1990, Acquisition of Land Act 1981, The Paradise Street Development Area Scheme', 18 May 2004, confirming the making of the Order (Government Office North West on behalf of the First Secretary of State and the Secretary of State for Transport).
7. Documents as listed in Appendix H 'Schedule of Technical and Other Reports', in Appendices to Proof of John McNicholas, Document Ref: STDC2/3.