

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

Guy Gilfillan

On behalf of South Tees Development Corporation

Ref. STDC 5/2

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Declaration

a) Statement of truth

I confirm that I have made clear which facts and matters referred to in this Proof of Evidence are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

b) Declaration

- 1) I confirm that my Proof of Evidence has drawn attention to all material facts which are relevant and have affected my professional opinion.
- 2) I confirm that I understand and have complied with my duty as an expert witness which overrides any duty to those instructing or paying me, that I have given my evidence impartially and objectively, and that I will continue to comply with that duty as required.
- 3) I confirm that I am not instructed under any conditional or other success-based fee arrangement.
- 4) I am however instructed as part of a wider appointment by STDC as their 'Intermediary Agent' to develop a Marketing Strategy for the STDC area and ultimately to secure a Strategic Investment and Development Partner (or partners). This instruction was secured under the Homes England Property Professional Framework (OJEU Ref 2018/S 005-007230). Elements of the work under the contract relating to future transactional work are success related but in my opinion this doesn't impact in any way on the evidence given in my evidence.
- 5) I confirm that I have no conflicts of interest.
- 6) I confirm that I am aware of and have complied with the requirements of the rules, protocols and directions of the Inquiry.
- 7) I confirm that my Proof of Evidence complies with the requirements of RICS – Royal Institution of Chartered Surveyors, as set down in the RICS practice statement Surveyors acting as expert.

1.0 Professional Qualifications and Experience

- 1.1 My name is Guy Gilfillan. I am a surveyor with 40 years' experience involved with commercial property across the North of England.
- 1.2 I am a Director of Colliers International in the UK, working on strategic development projects across the North of England. Colliers International are one of the largest Property Consultants in the UK.
- 1.3 I hold a Bachelor of Science Degree in Urban Estates Surveying gained at the University of Nottingham.
- 1.4 I have been a member of the RICS for many years, but due to an administrative error on my company's part I am temporarily not a member. This matter is being rectified and I will be taking up membership again. I have undertaken this role as if I were a member of the RICS.
- 1.5 During my career I have been involved with commercial property transactions, marketing and more recently commercial property development advice.
- 1.6 Projects on which I have advised in the North East include the nearby Wilton Centre at Wilton International, Riverside Park, Middlesbrough, Hylton Riverside, Sunderland, Seaham Business Park, Durham, Dunedin House, Stockton on Tees and Royal Quays, North Shields.
- 1.7 I have had direct involvement with two of the UK's leading manufacturing parks, the Advanced Manufacturing Park (AMP), South Yorkshire and, more recently, Samlesbury Aerospace Enterprise Zone (SAEZ), Preston.
- 1.8 My involvement with the AMP began with me providing advice to the then Regional Development Agency, Yorkshire Forward in 2003/2004 in relation to a possible joint-venture development of a former mining and coke ovens site at Orgreave on the Sheffield/Rotherham border. I was involved in structuring a joint venture development agreement between the parties to the development, UK Coal, Yorkshire Forward and The University of Sheffield with the intention of delivering one of the UK's first business park dedicated to advanced manufacturing operations. I was subsequently instructed by the major landowner UK Coal (now Harworth Estates) to develop and implement a marketing strategy for the site which included a strategy for the first phases of speculative development working with Rotherham and Sheffield Councils.
- 1.9 AMP has subsequently become a global centre of excellence for advanced manufacturing and process engineering. Companies established there include Boeing, McLaren Automotive ITM Energy. I was personally involved with a number of the transactions including the most economically significant transaction at AMP, securing a 33 acre (13.35 ha) land deal with Rolls Royce for the development of their Advanced Blade Casting Facility. AMP is almost fully occupied but it has become the catalyst for a much wider development, the Advanced Manufacturing Improvement District (AMID) centred around the AMP.

- 1.10 At SAEZ, I have been advising Lancashire County Council on the development of one of the UK's other more significant manufacturing parks situated adjacent to the BAE Systems facility at Preston Lancashire. Whilst infrastructure works are still progressing at the site, development is already underway. The new development includes a new facility for the Advanced Manufacturing Research Centre, a 150,000 sq ft (13,935 m2) Defence Logistics Facility operated by Wincanton and a 75,000 sq ft (6,968 m2) Academy for Skills and Knowledge (ASK) operated by BAE which will provide training for engineering apprentices on site. Another major development is shortly to be announced.
- 1.11 My involvement with manufacturing focussed development has led me to be aware of the very specific needs of manufacturing industry in relation to their property requirements and how these differ from those of logistics and warehousing operations which have dominated industrial property market take-up in recent years.
- 1.12 I have attended and spoken at major manufacturing based events whilst representing clients, including major international air shows at Paris and Farnborough. I have also taken part in industry related seminars and round table discussions such as a series of Insider Business Magazine events working with the Employers Engineering Federation (now Made UK).
- 1.13 I have advised Local Authority clients in relation to the Employment Land elements of their Local Plans, most recently for both Barnsley and Doncaster Councils. I have recently advised East Yorkshire Council in relation to infrastructure and small business unit development at their Goole 36 Industrial Park
- 1.14 I have access to the significant resources of Colliers International, one of the UK's and the World's largest property consultants. In the UK, Colliers International's Industrial & Logistics Property team is one of the largest and most successful in the sector with wide experience marketing some of the largest industrial schemes throughout the UK. At a local level, these schemes include Turbine Park, Sunderland, Symmetry Park, Darlington and Follingsby Max, Gateshead. At Symmetry Park in Darlington, Colliers acted for the developer in relation to the huge 1.5million sq ft (c. 139,000 m2) £120 million letting to online retailer, Amazon. This is one of the largest industrial transactions in the North East of England in recent years.

2.0 Instructions & Scope of Evidence

2.1 My instructions are to:

- Review the background to the South Tees Development Corporation (STDC) Regeneration Masterplan site (the STDC area) including the Regeneration Master Plan (the Master Plan) itself and the Vision statement for the site (the Vision).
- With reference to the industrial property market, undertake an assessment of end-user market demand for the STDC area.
- Examine the characteristics of the site which make it a unique market proposition as a location for manufacturing based companies.
- Consider the rationale for the comprehensive regeneration of the STDC Area from a market perspective.
- Comment on the Marketing Strategy for the STDC Area.

2.2 Reliance on other evidence

- In preparing this report, I have relied upon documents supplied and prepared by South Tees Development Corporation and other advisors, as well as data, studies and reports published by reputable organisations and experts. I have referenced these documents where they have been relied upon. Unless explicitly stated, I have not sought to validate the accuracy of the information relied upon.
- The documents relied upon include:
 - The South Tees Regeneration Master Plan and its most recent update (Ref. CD/F/1 and CD/F/2)
 - Academic, government and industry reports and studies
 - Strategic documents shared by STDC
 - Proof of Evidence of John McNicholas, which covers the objectives and importance of regenerating the area in accordance with the South Tees Regeneration Master Plan (Ref. STDC2/2)
 - Proof of Evidence of David Allison, relating to the role of STDC in promoting the STDC Area (STDC1/2).
 - Proof of Evidence of Anthony Greally (Lichfields), which assesses whether there are any obvious reasons why planning permissions would not be granted for the Scheme (Ref. STDC4/2)
 - Proof of Evidence of Gary Macdonald which deals with the financial and funding arrangements in relation to the assessing the economic viability of the scheme (Ref. STDC3/2)
 - Proof of Evidence of John Knowles which deals with market funding (STDC6/2)

- Proof of Evidence of Mike King which deals with engagement and negotiations with all parties affected by the CPO for the assembly of the Order Land (STDC6/2)
- Research undertaken by Colliers International

3.0 Background to the STDC Master Plan

- 3.1 The STDC area extends to approximately 4,500 acres* (1,820 ha) of land comprising of industrial and associated surplus land parcels located on the south bank of the River Tees between Middlesbrough and Redcar, within Borough of Redcar and Cleveland. The site accommodates a number of strategically important businesses, facilities and operations including Teesport, British Steel, Redcar Bulk Terminal, British Oxygen Corporation and Northumbrian Water. It benefits from river access as well as the deep water ports available through Teesport and Redcar Bulk Terminal. It is in close proximity to the facilities at Sembcorp and the neighbouring Wilton International site.
- 3.2 The origins of iron and steel making on the site date back to at least the mid-1800s. By the late-1960s, much of the site was in the hands of the nationalised British Steel, though other land was owned by port and landfill operators. The subsequent break-up of the nationalised company led to further fragmentation of ownership and mothballing of assets (including the Redcar Blast Furnace and Lackenby Steelmaking plant). In 2011, the then major land and asset owner, Tata Steel Europe, sold a significant proportion of its land and assets to Sahaviriya Steel Industries (SSI), though Tata still retained large areas of land along with the (working) Teesside Beam Mill, a share in the Redcar Bulk Terminal and a number of redundant assets.
- 3.3 Although SSI restarted the Blast Furnace, by 2015 they had mothballed their assets and were in liquidation. The SSI assets and landholdings (approximately 830 acres*/336 ha), excluding land held leasehold by SSI) were immediately placed in the hands of the Official Receiver, who fully closed down the operations. A further complication was that a number of Thai banks held charges on the former SSI land. In December 2016, South Tees Site Company Ltd (STSC) assumed responsibility for the safe management of the SSI sites, having been established by the Department for Business, Energy and Industrial Strategy (BEIS).
- 3.4 The liquidation of SSI and closure of their operations represented a major setback in terms of loss of investment and job losses, amounting to 2,000* direct employees, 1,000* contractors and a further 1,000* indirect jobs, along with significant further job losses in the supply chain. This had a significant impact on the Tees Valley sub-region, where the total population is 667,500*, but where there are fewer than 300,000* jobs.
- 3.5 In response, the Government invited Redcar and Cleveland Borough Council (RCBC) to set up a Task Force provided with a fund of £80m to work with key stakeholders and support workers, local businesses, communities and the wider economy. A Government review, led by Lord Heseltine, recommended the creation of a new Mayoral Development Corporation for the South Tees Area.
- 3.6 Established in 2017, the STDC was tasked with delivering regeneration of this strategically important site and drive economic recovery to underpin sustained prosperity for the Tees Valley area.
- 3.7 The vision for the STDC is to:
- create up to 20,000 new jobs in Tees Valley, with a focus on higher skilled sectors/occupations

*Source: STDC Regeneration Master Plan

- ☐ realise a world-class industrial business park that will ensure sustained economic growth for Tees Valley;
- ☐ contribute an additional £1billion per annum into the Tees Valley economy; and
- ☐ use powers transferred from Whitehall to transform the area into a global industrial hotspot with a focus on manufacturing innovation, advanced technologies and industries able to deliver sustained economic growth.

- 3.8 In February 2019, Tata sold its remaining land holdings and redundant assets on the site to STDC (via an acquisition funded by Tees Valley Combined Authority). STDC placed their ownership into its subsidiary, South Tees Developments Limited (STDL). Although STDC held discussions with SSI and the Thai banks who hold a charge on the former SSI land, these discussions were not fruitful, and a Compulsory Purchase Order (CPO) was made in April 2019 (further information provided in the evidence of my colleagues Mike King, John McNicholas and David Allison).
- 3.9 Maps of the STDC area showing the STDL parcels and other main landholdings together with site photography are included in Appendix 1. These maps give an indication of the currently fragmented ownership of the STDC Site. The photographs illustrate the legacy of historic heavy industrialisation of the site and the poor environment which has resulted.
- 3.1 The STDC Master Plan states that the various sites within the STDC Area which are outside STDC's ownership would make for disparate disconnected land assembly, not realising the full development and economic potential of the area. Assembling development sites that incorporate the former Tata-owned land and sites and the Redcar Bulk Terminal (RBT) land is described as a "critical requirement". The Master Plan, therefore, sets out to integrate landholdings so as to create large development zones, albeit with flexibility within the zones to adapt development to meet changes in circumstances over the lifetime of the STDC and accommodate the very large scale manufacturing uses for which there is evidence of demand.

Note: Background in relation to former SSI sites sourced from STDC and from the evidence given by my colleagues John McNicholas, David Allison and Mike King.

4.0 The Vision for the STDC Area

- 4.1 The South Tees Regeneration Master Plan, prepared in 2017, has informed the preparation of a Supplementary Planning Guidance document (South Tees Area SPD).
- 4.2 In his evidence, my colleague Anthony Greally summarises the Strategic Development Principles included in the SPD (para 4.36 – 4.51) which I summarise as follows:
- Creating a world-class integrated industrial park characterised by distinct themes and zones
 - The selection of development uses will not compete with other local sites. The development proposition will focus on those uses which are better suited to the STDC area because of its distinct characteristics and attributes.
 - Harness the scale of the site by focussing on major space users or clusters of such companies in order to grow the Tees Valley economy, enhancing it as a UK region and a centre for industrial excellence.
 - Through site zoning and land parcel selection, ensuring the optimal use of the site. Compatible uses will be clustered to minimise potential conflicts and prime waterside land parcels will be protected for uses that absolutely rely on the river and any subsequent extension of these facilities.
 - The creation of a truly integrated industrial and manufacturing zone benefitting from optimally designed transport (including Teesport and expanded rail facilities) and utilities networks both within the site and externally (particularly with Wilton International on the adjacent site.
 - The opportunity for the STDC area to become a benchmark exemplar for energy innovation on an international scale. This will include a fully integrated energy network on-site to serve all development zones and afford the opportunity for cheaper energy through a self-sufficient private wire infrastructure which is 'off the grid'.
 - Environmental protection and Enhancement is integral to the plan given the environmental legacy left by decades of heavy industry and also those areas of the site which are nationally important ecological destinations.
 - Viability where the return on investment is optimised. To be achieved through a balance of land uses/densities, avoiding over-dependency on too few market segments and the adoption of smart rather than expensive development solutions (particularly in the early phases of development. End users to be targeted whose operations benefit from the site's USP's, rather than those uses merely chasing the market.
- 4.3 In the preparation of the Master Plan, various uses have been ruled out including residential, retail and distribution on the basis that they are either unattractive from a commercial demand perspective and/or incompatible with the vision for the site. A transport interchange (bus/train) linked to internal public transport infrastructure is included to provide for the more than 20,000 jobs likely to be created. Also vital to the long term success of the site will be provision of floorspace for start-up and grow-on companies, dedicated innovation/R&D accommodation and on-site business support.

4.4 Appendix 2 contains images of how the STDC site may look once developed in accordance with the Master Plan.

The STDC Master Plan states that the various sites within the STDC Area which are outside STDC's ownership would make for disparate disconnected land assembly, not realising the full development and economic potential of the area. Assembling development sites that incorporate the former Tata-owned land and sites and the Redcar Bulk Terminal (RBT) land is described as a "critical requirement". The Master Plan, therefore, sets out to integrate landholdings so as to create large development zones, albeit with flexibility within the zones to adapt development to meet changes in circumstances over the lifetime of the STDC and accommodate the very large scale manufacturing uses for which there is evidence of demand. It is noted that the RBT land is not subject to the CPO, a Memorandum of Understanding being in place to jointly deliver regeneration with STDC aligned with the Master Plan principles.

5.0 Assessing Market Demand for the STDC Area

- 5.1 The UK's Industrial and Logistics market has, in recent years, been the strongest performing of the UK's main property sectors with the highest levels of developer, funder and investor demand (see Colliers market commentaries in Appendices 3 & 4). Whilst all sectors of the property market have been impacted by the uncertainties caused by Brexit, the industrial market remains buoyed by the opportunities created by the massive changes in technology within the sector, the dominance of online shopping in the marketplace and the expansion in manufacturing led take-up. There is a relative shortage of existing built grade A stock and readily developable land which, together with the increased demand for bespoke building, has increased demand for new-build property.
- 5.2 Appendix 3 contains Colliers International's November 2019 'Industrial Barometer'. This publication provides their clients with a regular update regarding the industrial market. The November edition report on high levels of transactions, growing rents and strong demand for industrial property from end users and investors, all despite the generally negative aspects of Brexit uncertainty. The relative buoyancy of the market underpins the opportunity for new development.
- 5.3 The Vision for the STDC site envisages the establishment of a world-class integrated industrial park including it becoming a benchmark exemplar for energy innovation on a global scale.
- 5.4 Appendix 4 provides background on the property market for manufacturing and advanced manufacturing development, sectors the STDC area is primarily targeted at.
- 5.5 There are three ways in which I will seek to examine evidence of demand for the type of development envisaged for the STDC site by the Master Plan:
- 1) An examination of enquiries already received for the site itself;
 - 2) Evidence of demand for other developments aimed primarily at the manufacturing sector;
 - 3) Consideration of large-scale manufacturing-led inward investment into the UK.
- These are each dealt with under sections 6.0, 7.0 and 8.0 below.

6.0 Enquiries Already Received for the STDC Area

- 6.1 The best evidence for the potential demand for any site is where there is direct evidence of demand demonstrated by:
- a) Expressions of interest (enquiries) in bringing forward development across the STDC area
 - b) Completed transactions
- 6.2 The STDC area has already received a very significant level of enquiries (more than 120) since the establishment of the shadow Mayoral Development Corporation in May 2016. This is quite remarkable given that the opportunity hasn't been formally marketed or promoted. Some of the most significant enquiries (listed in para's 6.10 – 6.21 below) represent substantial capital investment opportunities with the potential to create a significant number of new jobs.
- 6.3 Several of the existing enquiries have progressed to the point of firm negotiations and in some cases this has involved the agreement of terms in principle (subject to land assembly).
- 6.4 The enquiries listed below (where a size of plot has been discussed), if taken up, would result in the development of over 1,000 acres (405 ha) of land. In area terms this figure would effectively absorb more than two-thirds of the land already directly controlled by STDC (excluding the land subject to the CPO). Clearly not all enquiries would in reality be expected to progress to completion.
- 6.5 The two largest enquiries currently being progressed each require more than 200 acres (80ha) of land. Many of the other enquiries fall into a category of 'large land user' requiring more than 10 acres (4ha) of land.
- 6.6 Section 3.05 of the South Tees Regeneration Masterplan (CD/F1) identifies the types of uses for which interest had been received:
- Steelmaking
 - Metals recycling
 - Bulk materials processing/manufacture
 - Offshore energy manufacturing
 - Energy storage
 - Major power generation
 - Submarine cable manufacture
 - Rail related industries
 - Waste management
- 6.7 The range of uses proposed by most of the enquirers to date continues to fall into broadly similar categories and represent the STDC's stated aspirations for creating development linked to advanced manufacturing, new and emerging technologies and the realisation of a low-carbon circular economy.
- 6.8 Interest has been expressed by some of the enquirers in the repurposing and reuse of existing, former steelmaking and other facilities across the site, which offer the potential to reduce a developer's capital outlay. Given the nature of some of these facilities which are unique, their repurposing provides a platform to attract enquiries to the site which are not able to be

accommodated elsewhere. However, the reuse of any existing facilities will require them to meet the latest environmental standards and also the quality aspirations set out within the Master Plan.

- 6.9 In commercial discussions and negotiations with interested parties, confidentiality is a key requirement (several of the negotiations are covered by legal non-disclosure agreements). As a result we are not able to name interested parties specifically, unless this information has become widespread public knowledge.
- 6.10 Information can however be provided as to the industry sector, background to the enquiry and current state of progress for some of the more significant enquiries or those in the most advanced stage of negotiations as follows:
- 6.11 Clean Energy Generation
- 6.12 Publicly announced in late 2018, the £5billion Clean Gas Project will be located on a 125 acre (50ha) site on the North Industrial Zone within the STDC Area. It comprises a 3GW Closed Cycle Gas Turbine (CCGT) power generation facility with 100% carbon capture, utilisation and/or sequestration/storage (CCUS). The scale of the project is on a par with the Hinckley Point C nuclear facility (3.2GW). Carbon storage will be realised deep beneath the seabed in the North Sea's Endurance gas field.
- 6.13 The project will deliver large-scale, carbon-neutral electricity at prices competitive with nuclear base-load producers; importantly, it will be a primary source of power across the South Tees area acting as a major attraction for other businesses considering locating in the South Tees Area. It is a project of national significance that will have a material impact in the UK and serve as a pathfinder for wider global deployment. The Oil and Gas Climate Initiative (OGCI) is the organisation behind the project. OGCI comprises a consortium of ten of the world's major oil and gas producers: BP, CNPC, ENI, Pemex, Reliance, Repsol, Saudi Aramco, Shell, Equinor and Total. Collectively, these members deliver over 20% of global oil and gas production and over 10% of global energy supply.
- 6.14 The Teesside Collective is a CCUS initiative led by Tees Valley Combined Authority (TVCA) involving the capturing of CO₂ produced from Teesside's major industries. This carbon capture will be directed to the Clean Gas Project to be dealt with as part of its own CO₂ management.
- 6.15 Construction is scheduled to commence in 2022 and complete in readiness for power generation in 2026. It will create over 1,000 construction jobs over this four-year period. Direct jobs will be in the region of 150 to 200, with three times this number of indirect new jobs estimated.
- 6.16 Offshore Wind
- 6.17 Presently, STDC is engaged in advanced dialogue with a company wishing to establish a new, 200-acre (81 ha) offshore wind base on the South Industrial Zone within the STDC area. The new facility, inclusive of extensive port facilities, will be used for the manufacture of all aspects of wind turbine substructures and superstructure tower assemblies, including monopile, suction-bucket and jacket-based towers. The facility, as defined, has the potential to secure contracts for both nacelle and blade manufacture. It would be developed to meet the demands of the new and emerging larger size towers. The facility will generate 1,000 to 1,500 direct jobs, with numerous supply chain job opportunities.
- 6.18 If realised, the project would also offer the opportunity for significant offshore oil and gas rig decommissioning, which could produce a major feedstock for metals production projects for

which interest has also been received for the STDC area. The requirement also has the potential to create substantial additional demand for land and buildings at the site from supplier companies and STDC has received numerous enquiries from investors, including the manufacture of: gravity foundations; monopiles and transition pieces; top sides; blades; nacelles; and gearing systems.

- 6.19 The securing of this 200-acre offshore wind base requirement would be in line with the deal agreed between the offshore wind industry and Government, and with the Governments Clean Growth Strategy, in doubling UK offshore wind generated electricity to 30GW by 2030. This would involve the manufacture of over 2000 new wind turbines with the Government mandating that contracts must attain a minimum of 50% UK content.
- 6.20 Apart from the advanced discussions for the 200 acre (81ha) offshore wind base described above, interest has also been shown in establishing an onshore engineering base to serve the Dogger Bank off-shore wind farm developments.
- 6.21 Carbon Capture, Utilisation and/or Sequestration/Storage (CCUS)
- 6.22 In addition to the Clean Gas Project (which includes an element of CCUS), STDC has received approaches from investors interested in establishing energy storage facilities on South Tees.
- 6.23 The first of these, to be operated by Net Zero Teesside would seek to capitalise on the locale's beneficial geology, utilising rock caverns running deep beneath the seabed to store energy as compressed air. The concept involves taking energy produced from major power generators in periods of low demand and using this to compress and store air, which can be released under pressure to produce electricity in periods when demand is high; thereby enabling power plants to operate optimally by enabling maximised peak production. The project will create up to 4000* jobs (direct and indirect) during its construction and store CO2 in volumes equivalent to the annual energy use of 2 million* UK homes.
- 6.24 The second project involves the establishment of a very large scale battery storage project. It would realise up to 100MW of storage capacity, enabling peak demands for energy to be supported by release of stored energy and, in terms of the proposed South Tees development, the opportunity for future high energy consumption operators to potentially source power at lower prices in periods when tariffs from Grid power are high.
- 6.25 Both of these projects fit well with the aspirations of the Master Plan and can bolster the area's attractiveness as a destination for major new industry.
- 6.26 Hydrogen Economy
- 6.27 The South Tees area is the preferred location for the establishment of a refuelling and maintenance hub for hydrogen trains, with expansion potential to serve commercial vehicles such as buses and HGVs. STDC is engaged in ongoing dialogue with the consortium of transport operators behind the project. The attractiveness of the South Tees location comes from the availability of a large-scale (former SSI) locomotive shed with expansion potential, the site's existing internal rail network, and on-site connectivity to Network Rail infrastructure. The abundance of a hydrogen fuel feedstock is clearly a major determinant in considering Teesside as the destination for the project.

*Source: Website for Net Zero Tees (netzerotees.wpengine.com/project/)

It is anticipated that around 100 direct jobs would be created from the project, which would exist on a relatively small footprint of around 10 acres (4ha). Supply chain jobs will also be numerous. This project also has the backing of the Department for Transport.

6.28 Subsea Power Transmission Cable Manufacture

6.29 This enquiry involves the development of a 1,500km long sub-sea High Voltage Direct Current (HVDC) power transmission cable to deliver up to 1.2GW of mainly hydro-electric, with some geothermal, power ('green power') from Iceland to the UK; a power provision equating to 3% of the total energy demand of the UK, that could serve up to two million homes.

6.30 The developer is seeking to establish a cable manufacturing facility with sufficient capacity to meet the productivity and output needs of the Icelandic project, on a site that would afford the opportunity for potential future expansion, as demand grows for the same or similar cable technology manufacture.

6.31 The manufacturing facility will occupy around 50 acres (20 ha) on North Industrial Zone and has the potential to create between 500 and 600 direct jobs, with many more indirect jobs in the supply chain. The developer advises of a desire to commence construction of the new facility in 2020, with cable manufacturing commencing in the second half of 2022, subject to completion of funding discussions.

6.32 Advanced Waste Processing and Energy Capture

6.33 The existing contract for handling the domestic waste of the Tees Valley boroughs of Redcar & Cleveland, Middlesbrough, Stockton-on-Tees and Hartlepool comes to an end in 2025. With the addition of Darlington Borough Council, the Tees Valley's five boroughs are now, as a collective, making preparations for the procurement of a new waste recycling contract that will involve the building of a new, state-of-the-art processing and energy capture facility, commencing in 2021, with a 3½ year construction and commissioning period. STDC has agreed to the allocation of a 25-acre (10.1 ha) plot as the reference location for the project when it goes to market. STDC's support for the project is on the basis it optimises the circular economy outcomes possible from such an opportunity.

6.34 Aligned to this opportunity is interest from a UK investor utilising new technologies, currently in use by the company in the US. Their business model transforms the ability to recover and reuse the valuable components within wastes, whether those wastes are of a general/mixed variety or of a more specific nature. The plants enable efficient separation and cleaning of plastics to enable their recovery in forms shown to be ideal for onward reuse of many kinds including bio-fuels and alcohols.

6.35 Various other proposals have been received by STDC concerning energy, by-products and recycling from waste facilities. Through its excellent transport connections, including deep-sea port facilities, the South Tees area offers significant potential for creating energy and bi-products from recycling on a large scale, where proposals fit with the principles, objectives and ethos of the Master Plan.

6.36 Metals Processing

6.37 The following interest has been received from this sector:

6.38 a) Interest from an existing steel sections producer seeking to expand facilities close to British Steel. The company in question currently has no additional space at its existing base and sees the STDC site as an opportunity to develop a small initial extra facility of around 10-20 acres

(4.1- 8.2 ha) creating an additional 15-20 jobs in 2020. This would increase to a larger facility, within 2 years, of up to 100 acres (40.5 ha) increasing the jobs total to 200-300 in Redcar.

- 6.39 b) STDC has been in dialogue with a global steelmaker wishing to establish a new steelmaking facility utilising electric arc furnace technology and the processing of scrap steel to produce various grades of new steel, including higher grades, such as are used in white goods and the automotive industry; a move that would transform the UK scrap recycling industry to a status closer to the USA and Germany, where sophistication in scrap steel recycling is already seeing automotive production utilising recycled steel for inner panels. This proposal would utilise two electric arc furnaces, located in an existing former steelmaking facility within the STDC area. The plant would produce over 4 million tonnes of steel per annum, of varying grades. When in operation, the SSI facility on South Tees averaged around 2.2 million tonnes of basic mild steel slab. The proposal would utilise in the region of 175 acres (71 ha) of land and create 700 direct jobs, supported by over 1,000 supply chain jobs. Negotiations have been ongoing for over a year and are at an advanced stage. The end user is attracted to the South Tees site by the existing heavy industry skills base, particularly expertise in metals production.
- 6.40 c) A second proposal where negotiations are reasonably well advanced concerns the establishment of an electric arc mini mill, to process scrap stainless steel for the production of new stainless steel. This project has been in development for several years and had been targeted for a different Teesside location. But interest has switched to the STDC area further to the establishment of the Mayoral Development Corporation and development of the Master Plan proposals. The project requires a site of 90 acres (36ha) and would create in the region of 300 direct jobs, supported by many jobs in the supply chain. This project is also attracted to the STDC by the existing labour expertise, particularly focused on metals production.
- 6.41 d) STDC has also been working with potential outside investors and an R&D establishment investigating the feasibility of repurposing the former SSI Sinter Plant at Redcar as a rotary hearth furnace by which to process the BOS Oxide on South Tees to produce Direct Reduced Iron (DRI) (or sponge iron) in pellet format, and zinc; both of which are highly marketable products. Should the feasibility be proven, the opportunity that would exist could be extended to Scunthorpe and Port Talbot, as a cheaper alternative to landfill. The South Tees project, if realised, would create in excess of 300 new direct jobs.

6.42 Methanol Production

STDC is presently engaged in advanced discussions with a global producer wishing to refurbish and utilise former SSI Redcar plant to generate gas to produce methanol via a new-technology methanol plant and also to fuel a 100MW power plant. Other sophisticated by-products management will be deployed to produce marketable chemicals. There is a growing global market for methanol, especially as an alternative to petroleum-based fuels. By virtue of the advanced technology by-products management, this project satisfies the circular economy credentials set within the Master Plan; without this, the project would not have received STDC support. The project requires a land area of some 300 acres (121 ha), and will utilise, in part, some land within Redcar Bulk Terminal (RBT) ownership, so demonstrating how development on RBT can be brought forward in unison with the wider STDC area. It will create in the region of 500 direct jobs, plus many indirect jobs in the supply chain. The interested party is currently securing funding commitments for the project.

6.43 Bulk Fertiliser Storage and Production

6.44 STDC has reached agreement with Sirius Minerals through Heads of Terms and then an Option for Lease for a further 40 acres (16ha) of land on the North Industrial Zone, for expansion and diversification of production, which will create 100-150 direct jobs. These jobs will be additional to those that Sirius is already creating through construction of its polyhalite mine in North Yorkshire, which will see the extraction of between 10M and 20M tonnes of polyhalite per annum for use as an advanced fertiliser product for agriculture. The product will be transported by tunnel to Teesside, where it will be processed and exported. Export will be via ship from Redcar Bulk Terminal, with whom Sirius has signed contracts for storage and port handling.

6.45 APCR Blocks

6.46 A recent interest for part of the former Coil Plate Mill is the manufacture of Air Pollution Control Residue (APCR) blocks for use in stabilising the roadways at the local polyhalite mine. APC residue is typically a mixture of ash, carbon and lime. It is a hazardous waste which is currently disposed of at a hazardous waste landfill or undergoes further processing such as washing or stabilisation to send to a non-hazardous landfill. Utilisation of this material supports the circular economy ethos of the Master Plan. The investment will be provided by an international parent company and following construction commencing production would commence in around 12 months later. In addition to creating 85 new jobs this opportunity may also safeguard existing jobs at the mine. This enquiry typifies the way industry supply chains work to create additional property enquiries and demand.

6.47 Rail

6.48 STDC has received two separate enquiries from entities wishing to establish facilities on the Central Industrial Zone to meet the demand for rolling stock recycling and refurbishment, including establishing a test track. The good rail connections, abundance of existing on-site rail infrastructure and the availability of large land areas are seen as key attributes in favour of South Tees as a prime location for establishing a UK centre for such operations.

6.49 The first project would realise 300-500 direct jobs, with many more in the supply chain. The second, approximately 15-200 technical jobs would be provided at the outset.

6.50 Enquiries from other industry sectors where negotiations are less well advanced include:

6.51 1) Data Centres

6.52 There have been a number of parties interested in the existing Data Centre facility adjacent to Steel House. Whilst there have as yet been no firm proposals we understand that there is still significant interest.

6.53 2) Automotive Supply Chain

6.54 One recent proposal would provide support to two OEM (original equipment manufacturers) with electric vehicle development through production of aluminium extrusion, battery structural enclosures and a re-melt facility. This project is at the early stages of identifying a site of around 15-20 acres (6.1 – 8.09ha) for a new facility that would create around 700 jobs.

6.55 New enquiries continue to emerge regularly. For example, on the 15th November 2019 Colliers received an enquiry from Cushman and Wakefield acting on behalf of an undisclosed client looking for between 123.5 – 370.5 acres (50 -150 hectares) of land in connection with an energy based project. Discussions with the agent's representative indicated their keenness to receive

information on the STDC site in view of their anticipation of there being ‘relatively few alternative sites for their client to consider’.

6.56 Developments Under Construction

6.57 It should be noted that two complementary developments are already committed and under construction within the STDC area:

6.58 1) MGT Power - involving the ongoing construction of a 299MW biomass power plant that will be generating power by early 2020.

6.59 2) Sirius Minerals – whose project to export polyhalite mined in North Yorkshire through the STDC area (described more fully in Para 6.18 above) has now entered the construction phase and will be operational by 2022.

6.60 Most of the uses proposed by the interested parties for the site span the range of sectors anticipated in the Masterplan/Vision.

6.61 Several of the existing enquiries have arisen through supply chain networks between individual companies where companies may wish to cluster together. For example, the APCR block manufacturer highlighted at 6.10 point 10) above arose as a result of supply chain connections. This accords with the STDC Regeneration Master Plan (section 3.02) which aims to deliver zones where companies in similar industries can cluster together, grow and feed off integrated supply chains. The desire for companies to cluster is also evidenced at other sites with which I have been involved including Wilton Centre, AMP and SAEZ. The supply chain network around Nissan’s Sunderland facility is also a good example, attracting major investments from Lear, Vantec and most recently SNOP, creating large numbers of jobs in the process. All three companies supply Nissan with components.

6.62 The level and scale of enquiries and interest in the STDC area is unprecedented in my experience, particularly given that it has not even been formally marketed.

6.63 Also unexpected is the level of commitment being shown by interested parties with some having reached agreement of heads of terms for development pending land assembly being confirmed.

6.64 With the implementation of a full marketing strategy we would expect the level of enquiries to increase significantly.

6.65 I understand from STDC that the formation of the shadow Mayoral Development Corporation in May 2016 and the attendant publicity regarding the likelihood of comprehensive development of the STDC area was the catalyst for the raft of enquiries received up to date. None of the enquiries were received prior to May 2016. It is, therefore, fair to assume it was the scale of the STDC site and its unique attributes which led to the serious expressions of interest received, particularly as there are other employment sites available elsewhere in Teesside and across the North of England.

6.66 It is my opinion that the volume of enquiries received to date for the STDC Area and the willingness of a number of those interested parties to enter into detailed negotiations represents the best indicator of the strength of future market demand for the site and of the type of development and range of uses for which there will be strongest demand given the more or less unique scale and other characteristics of the site.

7.0 Evidence of Demand for Other Manufacturing Parks

- 7.1 An alternative approach for consideration of the likely demand for the type of development set out in the Master Plan for the STDC area is to consider the take up at other purpose built manufacturing parks in the UK.
- 7.2 Whilst the nature and characteristics of these individual manufacturing parks may differ, the schedule in Table 1 below serves to identify the strong level of demand from the manufacturing sector for a range of sites, none of which offer the scale or flexibility as that offered by the STDC area.

Table 1: Manufacturing Led take up commitments at UK Industrial Parks

AMP/AMID, South Yorkshire			
Developer: Harworth Estates (AMP), University of Sheffield and Sheffield Business Park Ltd			
Size: 100 Acres/41ha (AMP) with the possibility of up to 2,000 acres/809ha (AMID)			
Start date: 2005 (AMP) - phased			
Company/Phase	Site Area(acres)	Building Size sq ft (m2)	Comment
Boeing		66,736 (6,200)	Boeing's first European plant
McLaren Automotive		75,348 (7,000)	Advanced composites chassis tub manufacture
Factory of the Future		68,889 (6,400)	Boeing and University of Sheffield
Factory 2050		72,441 (6,730)	University of Sheffield
AMP Tech Centre 2		32,000 (2,973)	
R-evolution		100,000 (9,290)	Speculative – various tenants
AMRC Training Centre		59,202 (5,500)	
Evolution		87,000 (8,083)	Speculative, various tenants
Rolls Royce	33	150,689 (14,000)	Plus expansion land to accommodate additional 226,000 sq ft factory
Nuclear AMRC		86,112 (8,000)	

CTI		90,000 (8,360)	
AMP Tech Centre		27,000 (2,508)	
TWI		20,000 (1,858)	The Welding Institute
	TOTAL FLOORSPACE	935,417 sq ft (86,902 m2)	
IAMP, Sunderland Developer: JV between Sunderland Council, South Tyneside Council and Henry Boot Developments Size: 370 acres/150ha Start date: Planning permission granted May 2018			
Company/Phase	Site Area (acres)	Building Size sq ft (m2)	Comment
SNOP	16	194,000 (18,023)	French car parts business linked with Nissan contracts
Undisclosed	15.57	131,891 (12,253)	
CESAM	10.6	126,279 (11,732)	Facility for Centre of Excellence in Sustainable Advanced Manufacturing
	TOTAL FLOORSPACE	452,170 sq ft (42,008 m2)	
Gateway 36 Enterprise Zone, Goole Developer: East Riding of Yorkshire Council/Homes England Size: 100 acres Start date: 2003-phased and subject to infrastructure phasing			
Company/Phase	Site Area (acres)	Building Size sq ft (m2)	Comment
Tesco		720,000 (66,890)	
Guardian Industries		678,311 (63,016)	Glass manufacturer – they employ 250 staff

Drax Power		34,432 (3,200)	
Y-pellets		27,000 (2,508)	Wood pellet manufacturer
Siemens Mobility	67	913,800 (84,894)	£200m rail rolling stock plant which will employ 700 people and create up to 1,700 UK supply chain roles
Croda Chemicals		232,000 (21,553)	Worldwide hub for products and training facility which will create 200 jobs
	TOTAL FLOORSPACE	2,605,543 sq ft (242,060 m2)	

MTC, Anstey Park, Coventry

Developer: An independent Research Technology Organisation (RTO)

Size: Not disclosed

Start date: 2011 (phased)

Company/Phase	Site Area (acres)	Building Size sq ft (m2)	Comment
Manufacturing Technology Centre		600,000 (55,741)	Expanded in 3 phases
	TOTAL FLOORSPACE	600,000 sq ft (55,741 m2)	

Green Port, Hull

Developer: Hull City Council/ East Riding of Yorkshire Council/ APB

Size: 1,235 acres (500 ha)

Company/Phase	Site Area (acres)	Building Size sq ft (m2)	Comment
Siemens Gamesa		269,000 (25,000)	Major facility for the manufacture of wind turbine blades opened 2017
	TOTAL FLOORSPACE	269,000 sq ft (25,000 m2)	

Bro Tathan Park, St Athan, Wales Developer: The Welsh Government Size: 200 acres/18.58 ha (estimated) Start Date:			
Company/Phase	Site Area (acres)	Building Size sq ft (m2)	Comment
Aston Martin Cars		Converted existing building	Facility for the manufacture new DBX series of vehicles - plant to employ 750 people
	TOTAL FLOORSPACE	N/A	
I54, Wolverhampton Developer: St Modwen/Staffordshire County Council/South Staffordshire Council and Wolverhampton Council Size: 239 acres (96.7 ha) Start Date: 2011 (delivered in phases)			
Company/Phase	Site Area (acres)	Building Size sq ft (m2)	Comment
Jaguar Land Rover		775,000 (72,000)	£500m engine factory
Eurofins		40,000 (3,716)	Food testing facility
MOOG	11	210,000 (19,508)	Aircraft systems
ERA		135,000 (12,542)	Home security
ISP		70,000 (6,503)	International security printers
Atlas Copco		26,000 (2,415)	Swedish engineering group
Morris Site Machinery		60,000 (124,117)	Local site machinery business
TOTAL LAND AREA/FLOORSPACE TAKE- UP	215 acres (87 ha)	1,336,000 sq ft (124,117 m2)	

Samlesbury Aerospace Enterprise Zone (SAEZ), Lancashire Developer: Lancashire County Council Size: 120 acres (48.6 ha) Start Date: 2017 (delivered in phases)			
Company/Phase	Site Area (acres)	Building Size sq ft (m2)	Comment
Wincanton		150,000 (13,935)	Defence Logistics Facility operated on behalf of SAE Systems
Academy for Skills and Knowledge		75,000 (6,968)	Academy for engineering apprentices operated by BAE Systems
AMRC (University of Sheffield)	3	45,000 (4,180)	Advanced manufacturing research centre under construction
TOTAL LAND AREA/FLOORSPACE TAKE- UP	23acres (9.3 ha)	270,000 sq ft (25,083 m2)	

Source: Colliers Research and Press Commentary

- 7.3 IAMP, Sunderland is particularly relevant given that it is the other major manufacturing led development in the North East of England, albeit on a far smaller scale than the STDC site. Publicly announced in May 2018, the site has already seen nearly 500,000 sq ft (46,450m2) of occupier commitments since that time, taking up more than 11% of the gross site area available. The site is effectively in single control and with suitable infrastructure and the appointment of a development partner (Henry Boot Developments) construction is already underway.
- 7.4 A noticeable feature of many of the manufacturing parks listed in Table 2 is that they are in single public sector ownership and control. It is this single control which in my opinion assists both with maintaining the strategic vision for the site and also helps with the delivery of the comprehensive infrastructure solutions usually necessary to unlock such sites.
- 7.5 For example, at i54, Wolverhampton, the site was developed as part of long term planning by three Councils to stimulate economic growth. This involved them investing more than £40million to build a new motorway junction on the M54 motorway and extensive site infrastructure. This strategic investment has paid dividends with over 1.33million square feet (124,000 m2) of factory space developed creating more than 2,700 jobs to date including many in highly skilled roles. i54 industrial park is becoming an internationally recognised centre of manufacturing excellence within the automotive sector with further phases of development recently announced.
- 7.6 At Gateway 36 Enterprise Zone, Goole, the site has also benefitted from public sector land owners working together to deliver over 2.6million square feet (242,000 m2) of industrial development. The latest phases of development for Croda and Siemens Mobility will, in combination, create around 900 new jobs on site together with potentially 1,700 further UK supply chain roles. The later phases of development necessitated a new roadway providing

direct access to the port of Goole from the site and provision of 7MVA of electrical power on site, funded mainly by the public sector.

- 7.7 The Advanced Manufacturing Park (AMP) in South Yorkshire has become a globally recognised centre of excellence for advanced manufacturing and process engineering (see para 1.8 and 1.9 above). The Park was the result of a joint venture between the landowners, UK Coal, Yorkshire Forward and the University of Sheffield based on a very clear Vision for the site focussed on advanced manufacturing. It is this single focus that appealed to the major manufacturing companies which have since located there, combined with the presence of the Advanced Manufacturing Research Centre on site. The development agreement also required high quality landscaping and the delivery of quality buildings in accordance with a formal Design Guide for the project which has helped potential occupiers have confidence that the vision for the Park will be maintained into the future.
- 7.8 The extension of the AMP into the wider 2,000 acre (809ha) Advanced Manufacturing Improvement District (AMID) has proved less successful to date. Whilst development of Sheffield Business Park for Boeing and University of Sheffield was already committed to, as was the Advanced Wellbeing Research Centre at Olympic Legacy Park, the balance of the site is in multiple ownership and to date hasn't attracted significant investment by funders or end-users because, in my opinion, it lacks the cohesive control and vision end users require.
- 7.9 This section of my proof has evidenced the strong level of demand for premises and sites from manufacturers based on take up and commitments from end users at other manufacturing park developments in the UK. The evidence also points to the success of developments where sites are in single comprehensive control, the land assembled and where there is a strong vision as to how the site is to be developed.

8.0 Evidence of Demand from Manufacturing-Led Inward Investment into the UK

- 8.1 Examination of major manufacturing-led inward investment projects in the UK during the period 2009-2019 also supports the strong investment by the sector in the UK.
- 8.2 Many inward investment enquiries of this type involve large scale projects for which the STDC area is highly suited.
- 8.3 Table 2 below lists some of these commitments, covering projects which involve the construction of new plants and also a larger number where the investment involves expansion at a company's existing facility.

Table 2: Major Manufacturing-Led Inward Investment Projects (UK) 2009-2019

Year	Investing Company	Home Economy	Manufacturing Sector	Location Selected	Description	Investment	Other impact
2009	Bombardier	Canada	Aerospace	Belfast	Purpose built wing manufacturing facility	£520m	800 new jobs
2011	Toyota	Japan	Automotive	Derby	Investment in existing plant – to building new hatchback model	£100m	1500 new jobs
2011	Lear Corporation	US	Automotive	Sunderland	First UK plant to manufacture foam for Nissan car seats		
2011	BMW	Germany	Automotive	Various	New production facilities and equipment at the Mini assembly base in Oxford	£500m	Job security
2011	Nissan	Japan	Automotive	Sunderland	Investment in existing plant to build new premium Infiniti model	£250m	280 direct jobs
2012	Meritor	US	Automotive	Cwmbran	Updating the brake disc factory	£36m	100 new jobs
2012	GM/Vauxhall	US	Automotive	Ellesmere Port	Investment in existing plant – to build next generation Astra	£125m	700 new jobs

2012	Honda	Japan	Automotive	Swindon	Investment in existing plant	£267m	500 new staff
2012	BMW	Germany	Automotive	Various	In 3 existing plants	£250m	
2012	Nissan	Japan	Automotive	Sunderland	Investment in existing plant to build new model	£125m	400 direct jobs
2013	TRW	US	Automotive	Sunderland	Investment in existing plant	£15m	
2013	Muller	Germany	Food	Market Drayton	New butter production plant at existing site	£17m	
2014	Siemens	Germany	Offshore wind	Hull	New wind turbine blade factory. Site at Hull's Alexandra Dock is the size of 78 football pitches	£310m	1000 direct jobs
2014	Moy Park	Brazil	Food	Northern Ireland	Expansion to existing facilities	£170m	628 new jobs
2014	Heineken	Netherlands	Food	Herefordshire	Investment in existing cider making facility	£58m	
2014	EEW SPC Blade Industries	Germany Denmark	Offshore wind	Teesside	Acquired the former TAG Energy Facility. Acquisition, Development and upgrade of the facilities	Up to £30m	350 direct jobs
2014/5	TRW	US	Automotive	Sunderland	Doubling factory floor space	£4.6m	130 new jobs
2015	Toyota	Japan	Automotive	Derby	Plant upgrade	£240m	
2015	London Taxi Company	China	Automotive	Coventry	Electric car plant for new generation of revolutionary ultra-low emission London taxis	£325m	Up to 1000 new jobs

2015	Jaguar Land Rover Ltd	India	Automotive	West Midlands	Double the size of its engine factory	£450m	100's of new jobs
2015	Hitachi	Japan	Transport	County Durham	New manufacturing and assembly plant	£82m	730 new jobs
2015	Nissan	Japan	Automotive	Sunderland	Investment in existing plant	£100m	Job security
2015	Honda	Japan	Automotive	Swindon	Investment in existing plant	£200m	
2015	Jaguar Land Rover Ltd	India	Automotive	West Midlands	Bought 62 acres at the Coventry site, which will be used to expand the company's R&D centre and increase its focus on low-emission vehicles	£400m	
2015	Jaguar Land Rover Ltd	India	Automotive	West Midlands	New engine factory in Wolverhampton	£500m	
2015	Lear Corporation	US	Automotive	Sunderland	Doubled size of foam plant at the Rainton Bridge Industrial Estate		100 new jobs
2017	ZF Group	Germany	Automotive	Durham	Investment in existing plant to increase production of cameras for driverless cars	£30m	70 jobs
2019	Moy Park	Brazil	Food	UK wide	Investment across existing plants	£45m	
2019	Jaguar Land Rover Ltd	India	Automotive	West Midlands	Generation of electric and hybrid jaguar models	£1 Billion	

Source: Colliers Research and Press Releases

- 8.4 A number of the major manufacturing led investments identified in Table 2 involve development in the North East of England, particularly those around Nissan's Sunderland car plant and involving both Nissan themselves and their supply chain. This evidence supports the potential for similar supply chain based development within the STDC area supplementing take up by the primary end users. It also supports the creation of development zones in which specific industry groups can cluster and collaborate (including automotive) as proposed by the Master Plan.
- 8.5 Table 2 also indicates a concentration of major inward investment in offshore wind in and around the north east coast of England. This is also evidenced by the enquiries received for the STDC area and justifies offshore wind being one of the target industry sectors identified in the Regeneration Master Plan.
- 8.6 The investment by Hitachi Trains of Japan in a new plant at Newton Aycliffe supports the interest in the STDC area from two other rail related manufacturers and the decision to allocate the Central Industrial Zone for rail related uses.
- 8.7 The number of the major manufacturing led investment projects which involve expansion of existing plants illustrates the importance of providing for such future growth. The scale of the STDC Area makes it far easier for end users to have confidence that future expansion needs can be accommodated when compared with available sites of smaller scale.
- 8.8 In my opinion the content of Table 2 evidences the need for large scale sites in the STDC area to accommodate major manufacturing led inward investment and the demand which exists from this sector for land for future expansion.

9.0 Unique Characteristics of the STDC Area from a market perspective

9.1 This section will review the property related factors manufacturers consider when looking for new premises/sites and compare these with the characteristics of the STDC site given the high level of interest already received.

Having dealt with the property requirements of manufacturing companies throughout my career, I have become familiar with the typical drivers of such requirements and also the aspects which distinguish them from other types of industrial property demand (mainly logistics). Typical characteristics of manufacturing led property requirements are scheduled in Table 3 below:

Table 3: Typical characteristics of manufacturing-led property requirements

Characteristic	Comment
Skilled labour force	Manufacturing generally requires a higher proportion of skilled staff within its workforce. In searching for premises manufacturers look to locate in areas which historically possess the types of skills appropriate for their business. In addition they also look to locations which demonstrate an availability of labour and have a skills training agenda geared towards the education of new entrants to the workforce. This latter characteristic has become increasingly important as skills shortages have emerged across the UK over the last few years. UK companies regularly cite skills shortages as a major constraint to business expansion.
Electrical power and other utilities	Manufacturing, particularly large scale and heavy manufacturing processes, almost invariably consume significant amounts of electrical power and often other utilities as well. However availability of these services to industrial sites is often limited, requiring significant levels of capital investment to provide the necessary level of supply, also often involving lengthy delays. As a result manufacturing companies requiring new sites and premises are very explicit about their power requirements when entering into discussions with landowners /developers. Companies tend to favour sites where either the power is already in place or where there is a clear and deliverable strategy for providing suitable utility supplies.
Suitably sized sites	<p>Large scale or heavy manufacturing often involves the take up of large areas of land. The size of some of the enquiries already received for the STDC area (section 6) illustrate the point. Factories (as opposed to other types of industrial building) can have sizeable areas of plant outside the building envelope, external storage areas, greater amounts of car parking and land required for future expansion, all of which differentiate them from other types of use.</p> <p>The nature of the UK property markets is such that developer-tied industrial sites tend to be developed out at a ratio of 40% building area to site area. This density of development suits most warehousing and logistics requirements for which there is usually strong demand. There is therefore little incentive for developers to effectively surrender development profit by offering larger less densely developed sites to manufacturing companies.</p>

	<p>Companies who prefer to locate close to their supply chain partners prefer large scale sites likely to allow supply chain companies to cluster near to or alongside the company in question. The evidence in section 6.0, 7.0 & 8.0 above illustrates the importance of supply chain relationships.</p>
Bespoke nature of many factory buildings	<p>Manufacturers, particularly those with large plant requirements, often require bespoke buildings. The standard specification for industrial building delivered on developer-tied sites in the UK revolves around the requirements of the warehousing and distribution sectors.</p> <p>The standard specification is unsuited to the bespoke needs of manufacturers in many ways:</p> <ul style="list-style-type: none"> - The lack of external plant areas, storage, car parking and expansion space as highlighted immediately above. - Standard specification building heights of 10meters + is often too high for manufacturers. The extra height may incur extra construction and heating costs that are not necessary. - Above specific items of plant there may be a need for far greater built height than the standard specification provides. - A requirement for thicker/stronger floors to accommodate heavy items of plant and an ability for the floor to resist vibration/movement in the case of machining and other operations which involve very small manufacturing tolerances - Specialised drainage and air extraction systems to deal with substances which would otherwise be harmful to the environment. - The incorporation of overhead crane within the structure of the buildings which will otherwise be more costly to fit retrospectively. <p>For some large scale process based industrial requirements there can be a requirement for an on-site health and safety regime and possibly specific mitigation measures such as hazard control measures. These services are not often provided within smaller scale developer-tied sites because of the complex nature of such arrangements and the fact that warehousing and logistics occupiers don't usually require such arrangements.</p>
Accessibility and transport infrastructure	<p>Accessibility to transport infrastructure is critical for most manufacturing operations. Operations usually involve heavy goods vehicles and often the need to be able to handle and transport bulky or oversized goods and materials.</p> <p>Access to a manufacturer's supply chain and customers is also critical and direct access to main transport infrastructure is often a vital requirement.</p> <p>Movement of goods by sea, rail, air or canal is often the only effective means of transporting goods within certain sectors and industries and proximity to suitable ports, rail depots, airports and canal wharfs can determine the choice of location for any new facility.</p>

Deliverability	<p>Once a manufacturing company decides it needs to expand or move to a new site, it often has to have its new production up and running in accordance with a specific delivery programme. Sometimes the timescales are so short that only existing premises/sites will suffice. Where timescales permit new sites and buildings to be considered it is usual for the company to investigate the delivery programme to ensure that the necessary timescales can be met. In some cases companies prefer to control the delivery process by building their own premises rather than relying on the landowner/developer to supply them.</p>
Compatibility of user	<p>Intensive and large scale manufacturing can often involve elements of production which aren't compatible with close proximity to other uses such as housing, schools or healthcare facilities. Many manufacturers also have experience of the environment changing around existing premises to the point where the industrial user becomes a nuisance to other, often more recent development.</p> <p>In selecting a new site therefore, the company in question will often wish to ensure their proposed operations at a site are unlikely to become incompatible or be 'crowded out' by other newer development. In the case of sites dedicated to manufacturing based uses, the company will want to be sure that the future vision for the site is well anchored with support from key stakeholders, the local planning authority etc.</p>
Quality of working environment	<p>Increasingly, manufacturing companies seek higher quality working environments as UK businesses position themselves higher up the supply chain. Such companies often require to recruit highly qualified staff and the quality of place and the workplace environment can be very important to their success in attracting new staff. A good quality environment may also be important to potential customers of the business and therefore influence the future success of the company.</p> <p>Newly developed manufacturing parks in the UK usually provide an attractive business park environment with carefully managed landscaping and provision of services on-site. Owners, developers and funders recognise the importance of these factors to potential occupiers and expend significant sums on the necessary works.</p>
Range of property tenure	<p>A higher proportion of manufacturing based companies prefer to purchase or rent the land in order to construct their own buildings and plant. There are a variety of reasons for this including accounting/cost, control of the build programme and the bespoke nature of the building/plant prohibiting delivery via the standard UK delivery model. Many sites/buildings are only available 'to let' because they are held as medium to long term investments by the owner or where fragmentation of a site between freehold and leasehold ownerships would cause administrative issues managing the site from an operational perspective.</p>
Research and Innovation	<p>Modern manufacturing businesses increasingly choose to locate to environments where there is the opportunity for shared research either with academia or other businesses. Access to innovation is also important to some businesses and the presence on site of innovation, laboratory or meeting/conference space within the development provides them with the</p>

	opportunities to link with other businesses and innovative ideas on a range of different levels.
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9.4 The Masterplan for the STDC area and its general offer to potential occupiers clearly responds to most if not all of the specific requirements of manufacturers. This is evidenced by the number of enquiries received for the site to date and the willingness of some of the interested parties to enter into agreements with STDC, subject to land assembly.

9.5 The STDC site provides a comprehensive offer to each of these market requirements as follows:

9.6 Skilled labour force

9.7 Appendix 5 contains a presentation used by Tees Valley Combined Authority when discussing new projects with potential employers. Key points of importance to manufacturers considering the STDC Master Plan site will include:

- i. Tees Valley already has significant numbers of trained staff and a pipeline of apprenticeships able to meet increased labour demand.
- ii. The Tees Valley has substantial capabilities in process engineering, energy (including renewables, oil and gas and nuclear), steel, automotive and aerospace. The closure of historic heavy engineering businesses in the area will also have boosted the reservoir of expertise locally.
- iii. It has a well-developed cluster of process manufacturing that has for decades underpinned our contribution to growth across the UK.

Around 750 advanced manufacturing businesses are based in Tees Valley, many of which operate in global markets.
- iv. Tees Valley has circa 5,000 people employed in engineering design, particularly focused upon the advanced manufacturing, process and low-carbon industries. This expertise means that Tees Valley has some of the highest level of knowledge-intensive business services in the UK.
- v. Employment rates in the Tees Valley sit at 68.6%, compared with 75.5% nationally. This represents a difference of 28,100 people which represents a potential labour pool for an end user intending to locate within the Tees Valley.
- vi. Salaries are around 11% lower than the UK average and significantly below the level in the South East of England. This is of importance give that staff costs are usually the most significant cost for businesses.
- vii. Local higher education institutions (5 HE Colleges and Teesside University) are aligned with the skills requirements of the manufacturing sector.
- viii. There are a number of specialist training organisations serving the Tees Valley eg. NETA's £1.12m engineering training centre and the Faraday Centre which provides Electrical Power Training.
- ix. Dedicated research, consultancy, training, design, prototyping and pilot production are services available from Teesside University and the Materials Processing Institute (MPI).

- 9.8 The availability of a skilled workforce, competitive wage rates and a range of support from higher education and training institutions makes the site attractive to potential occupiers and has been commented upon by a number of the existing parties interested in The STDC area.
- 9.9 Utilities
The STDC site benefits from a comprehensive network of utilities infrastructure (detailed in the Master Plan and in the evidence of my colleague Mr McNicholas):
- a) The Sembcorp utilities corridor across the STDC area which provides power, water and other services available to new users;
 - b) Potable, industrial and estuary water supply;
 - c) Foul and surface water drainage infrastructure including onsite package effluent treatment works;
 - d) Bran Sands Waste Water Treatment Works, which has capacity and already accommodates industrial waste water;
 - e) A fibre telecoms network;
 - f) Other utilities such as oxygen and nitrogen are available, and there are liquid and gas storage facilities, weighbridges, good security and a surplus of steam;
 - g) Three gas pipelines;
 - h) The Master Plan proposes a dedicated/separated utilities corridor running through the site to ease connectivity for end users;
 - i) Proximity to utility companies allows private wire connections to sources of power and other supplies. This includes one of the largest biomass generators in the world, located on the STDC area; and
 - j) A heavy fuel oil line.
- 9.10 The range of facilities and the opportunity for users of high levels of electrical power will make this site attractive to large scale manufacturers against the background of a widely acknowledged shortage of sites in the UK with adequate utilities, particularly electrical power. The utilities and other services available have the potential to save companies moving to the site significant capital costs. Furthermore the potential for the private wire network, proposed in the Master Plan, to provide 'green' electricity from renewable sources would be very attractive at a time where most businesses are seeking to reduce their carbon footprint.
- 9.11 The proposals some of the parties have for the site involve green and low cost power generation, which will further improve the attractiveness of the STDC area in the marketplace.
- 9.12 Suitably sized and configured sites
- 9.13 The STDC Master Plan site is the largest regeneration opportunity in the UK. There are no other sites in Teesside able to offer over 200 acres (81 ha) of land in a single contiguous plot.
- 9.14 The Master Plan provides for a number of contiguous Development Zones of significant scale (described in greater detail in Mr McNicholas's evidence STDC 2/2):
- The North Industrial Zone
930 acres (376 ha) accessible via the existing road network.
- The North East Industrial Zones
230 acres (93 ha) accessible by the existing road network. It includes an existing passenger railway station (Redcar British Steel).
- The South Industrial Zone
880 acres (356 ha) of land adjacent to 1.3km of river frontage.

The Central Zone

Close to 200 acres (81 ha) bounded on two sides by existing rail spur lines.

- 9.15 The STDC Master Plan site is far larger than any of the manufacturing park sites highlighted in Table 2 or any of the sites available in Teesside. The size of the opportunity has been given by a number of the parties interested in the site as a reason for their interest in the STDC area.
- 9.16 The size of the site once comprehensively assembled allows it to respond to a wide range of enquiries and to deliver efficient development platforms of regular shape.
- 9.17 Ability to accommodate bespoke buildings
- 9.18 Discussions with many of the existing parties have involved them developing bespoke facilities to meet their specific requirements. The flexibility to accommodate end user requirements which would not normally be delivered via the traditional developer/funding model exists because the site is not developer tied. The development of the STDC area will be able to accommodate the requirements of those companies who wish to develop the buildings themselves or require sizeable external plant, storage areas, parking or land for future expansion, whilst also ensuring they fit in with the principles of the Master Plan and infrastructure provided to the site as a whole.
- 9.19 The flexibility the STDC area offers in this regard distinguishes it from many other industrial sites in the marketplace.
- 9.20 Accessibility and Transport Infrastructure
- 9.21 The STDC area site enjoys excellent accessibility and transport connections which will be further improved with the implementation of the regeneration scheme for the site as described in greater detail in the Proof of Evidence of John McNicholas.
- 9.22 The STDC Area has excellent road connectivity with the A66 East-West route, easy access to the A19 North-South route, both of which provide access to the M62 and A1(M) strategic routes. Delivery of the Master Plan for the site proposes works to reinforce the existing highway 'infrastructure spine' running through the site to provide the necessary capacity to accommodate the increased volume of traffic the development will generate. Without this accessibility by road, the site would not be attractive to most of the parties who have expressed interest in locating within the STDC area.
- 9.23 The area also benefits from onsite national rail connectivity for passengers and freight, with, uniquely, 3 operational rail stations within the boundary of the site (2 passenger and 1 freight) and direct rail links to the East Coast main line and Trans-Pennine routes; providing access to the UK's mainline rail network. The rail line connects the STDC Area to the national and international gateway at Teesside International Airport; providing access to over 200 worldwide destinations and supporting the connectivity of Tees Valley to global markets. The Master Plan proposes a consolidated, future-proofed rail freight zone, improved rail freight systems and upgrades to the two passenger stations on the site. The presence of a national rail corridor running through the site adds significantly to the market appeal of the site. The STDC area would not be attractive to a number of the existing interested parties without it, particularly the rail related enquiries.
- 9.24 Being at the mouth of the River Tees, the area benefits from river access and access to the major port facilities of Teesport, and includes major operators such as PD Ports, Redcar Bulk Terminal, British Steel, BOC and Northumbrian Water.

- 9.25 Teesport, located at the heart of the site is a major deep sea complex owned and operated by PD Ports and a national asset for trade. Handling 28 million tonnes per year, the port supports the movement of international imports and exports throughout the North of the UK; affirming its position as a key driver and enabler of the Northern Powerhouse strategy. Teesport has seen significant recent investment which has seen it experience a greater increase in container volume over the last eight years than any other UK port. The Port is intermodal offering transshipment by rail from the quayside or by road.
- 9.26 The STDC Master Plan site also has access to the Redcar Bulk Terminal (RBT), a deep water bulk materials handling, storage and transshipment facility. RBT will be advantageous to end users requiring regular bulk materials supplies and to the off-shore wind industry (RBT has already been involved with two such projects over the last two years).
- 9.27 The STDC Area is ideally located to capitalise on the unique selling points of excellent sea transport connectivity and the deepest port on the eastern coast of mainland UK. This is a major asset to attract international businesses and realise an international-scale industrial centre of excellence on the River Tees. This is evidenced by Redcar Bulk Terminal's heavy involvement with the Walney Extension Off Shore Wind Project in 2017 and in 2018 with the Hornsea 1 Project. RBT expect this to continue as further North Sea wind energy projects reach the installation stages.
- 9.28 Without the deep water port facilities within the STDC area and the potential for further quayside to be developed, the site would not be attractive to a number of the existing interested parties, for example the offshore wind manufacturer.
- 9.29 Deliverability
- 9.30 The Proof of Evidence of John McNicholas (Ref. STDC 2/2) deals with the aspects of delivery including the programme and phasing of the works to the site and work which has already been undertaken.
- 9.31 It is clear that the site delivery will be phased in accordance with the timescales envisaged in the Master Plan to ensure that certainty can be given to end users. In this regard the Master Plan for the site will be of prime importance, together with the support of the STDC and key stakeholders and an adherence to the site vision. The evidence regarding the funding commitments to the site (by my colleagues Gary Macdonald and John Knowles [Refs. STDC 3/2 and 6/2 respectively]) will also provide certainty to end users regarding delivery of the STDC opportunity.
- 9.32 Compatibility of Use
- 9.33 The guiding principles behind the Master Plan for the STDC area (Section 4.2 above) make it clear to any end user that the site will be an industrial park focussed on major space users and clusters of such companies and zoned to accommodate compatible users. It will be clear that industrial uses will not be 'forced out' by other forms of development now or in the future given that residential, retail and distribution uses were ruled out at the time of the preparation of the Plan (see paragraph 4.3 above).
- 9.34 The process of arriving at the Master Plan, combined with the very public commitment of key stakeholders to it and the comprehensive control of the site by the public sector on confirmation of the CPO are, in my opinion sufficient to give end-users confidence to choose the STDC site for a manufacturing use of the type envisaged by the Plan.

9.35 Quality Working Environment

9.36 One of the guiding principles set out within Master Plan for the STDC site is that it should create a world-class integrated industrial park that is home to industries based on new and emerging technologies. Such users will require a quality 'business park' environment. Anticipating this requirement the Scheme for the site proposes that areas of public open space will be developed to a high quality, consistent theme and standard, as part of a site wide strategy. STDC have commissioned a consultant to prepare 'Design Guidelines for Development' to ensure the bold quality aspirations for redevelopment of the STDC area set out by the Master Plan are delivered.

9.37 Range of Tenure

9.38 The STDC Master Plan site is capable of offering end users a full range of tenure options including:

- Freehold sales of land or buildings
- Sales of land on a long lease
- Letting of land or buildings

9.39 This range of tenure options distinguishes the STDC site from most other sites on the market which are developer tied and often offer only standard specification units on traditional lease terms on sites where large scale industrial operations are unlikely to be accommodated because of land and funding constraints.

9.40 Research and Innovation

9.41 The size and scale of the development envisioned in the Master Plan development will give companies within the STDC area the opportunity to collaborate and work with the large number of other businesses which will be operating from the site. The site will attract businesses who are part of the supply chain to companies already operating from the site and the scale of the development opportunity at the Masterplan site means there will be the land available into the future for such co-location.

9.42 The area benefits from being co-located with the region's innovation ecosystem, particularly the Material Processing Institute (specialising in metallurgy and steel making), Centre for Process Innovation (the advanced manufacturing catapult for the process industry) and The Welding Institute (specialising in fabrication). The presence of these organisations (MPI and CPI are effectively adjacent to the Master Plan area) is a major attraction to many of the target industries identified in the Plan because of the services and support they can offer. More detail on these organisations is included at Appendix 5 which contains presentation material prepared by Tees Valley Combined Authority for companies considering moving to South Tees.

9.43 Appendix 5 also details the support the local university, Teesside University can provide to the manufacturing sectors through a broad range of engineering expertise including electrical and electronic, advanced materials, instrumentation and control, civil and construction, mechanical, chemical and biotechnology environmental sustainability, energy and waste management and CAD/CAM (computer aided design software). Its research expertise includes advanced processing, engineering management and sustainability. Areas of particular strength are 4D simulation in large construction projects, nanotechnology and lab on a chip design and synthesis, lean manufacturing and studies into data transfer protocols.

- 9.44 The research, innovation and support structure available to companies interested in locating on the STDC Masterplan site is a major benefit and will support the choice of it as their preferred location.
- 9.45 In addition to meeting most if not all of the likely requirements of manufacturing companies, as identified above, the STDC site also offers further potent advantages including:
- i. Special Economic Area (SEA) Status - the UK's first SEA will give the Tees Valley Mayor and the Development Corporation board the powers to retain business rates to reinvest in developing the STDC Master Plan site. The SEA status will give potential occupiers confidence in the future financing of the transformation of the site in coming years and is a sign of the commitment of Government to the project.
 - ii. Freeport Status - Free Ports provide special freedoms to trade, within a specific area around a major port. Free Port status supports the expansion of international trade by offering exemptions from certain operational, regulatory and customs requirements. There are different models of Free Ports, which have operated successfully in many countries around the world.
- 9.46 Establishing a Free Port in Tees Valley is a key priority of Mayor Ben Houchen. In January 2018, he launched a campaign to look at the creation of a Free Zone as a test case for the UK, backed by more than local 50 leading employers in the area, including Hitachi Rail, Sirius Minerals, Liberty Steel and Quorn Foods. The Government has since announced that a Free Ports Commission will be established to create up to ten such zones across the UK likely to be linked with the UK's departure from the European Union. The Mayoral Authority estimate that a Free Port in the Tees Valley could provide a net boost of £2billion to the UK economy and up to 32,000 new jobs over 25 years. The STDC Master Plan site will be one of the main beneficiaries of Free Port designation.
- 9.47 The strength of the STDC site's offer is demonstrated fully by the fact that for many of the large number of companies who have expressed interest in it, they haven't chosen to locate to the many sites available elsewhere in Teesside or the wider North East of England in spite of there being numerous development sites available.
- 9.48 Taking all of the characteristics of the STDC site together I am of the opinion that, given the implementation of the Master Plan for the site, it offers a unique and compelling offer to potential occupiers/end users and that it will become a globally competitive proposition once fully marketed. The fact that so many companies have chosen to express interest in the site at such an early stage speaks of its unique offer and evidence of its competitive offer.

10.0 Rationale for the Comprehensive Regeneration of the STDC Area

- 10.1 Modern manufacturing and advanced manufacturing businesses will need to be confident that the site is going to be comprehensively regenerated in line with the Master Plan for the site as a whole before committing the significant levels of investment required to locate to the STDC site. It was the plans for the STDC area revealed at the time of the formation of the shadow Mayoral Development Corporation which stimulated the large number of end user enquiries which have been received for the site.
- 10.1 As it currently stands the STDC site comprises a varied array of more than 30 individual, irregular-shaped, interspersed plots of land dominated by mostly functionally obsolete large scale industrial plant which appear to be in a decaying condition (please refer to the site plan and photographs in Appendix 1). The site also has major health and safety hazards and is subject to a stringent site management regime. It presents a wholly unattractive and hostile environment for the type of large scale businesses the Master Plan and Vision for the site seek to attract.
- 10.2 From a market perspective, the current fragmentation of the STDC area does pose a significant barrier to attracting companies to locate their operations to it. It can be seen from the land parcels plan (Appendix 1) that as it stands, it would be difficult to accommodate some of the largest of the existing enquiries, not taking account of new enquiries or the future expansion and potential supply chain requirements attaching to companies who might relocate to the site. Furthermore, the current fragmentation limits the range and choice of available sites given the different characteristics of parts of the STDC area. For example fragmentation within the South Industrial Zone limits opportunities to accommodate large scale requirements from companies wishing to have access to the extensive quayside running across the northern boundary of this zone.
- 10.3 At a practical level, the complex land ownership structure which exists currently will deter potential end users because of the significant commercial risk it presents to the delivery of a new project.
- 10.4 The Thai Banks Objection (3.29) states “.....acquisition of the whole of Order Land requires agreements to be reached with only five private parties. Of those, the Official Receiver Mr Kenneth Beasley holds the majority of the land in question.” The history of the recent attempts by STDC to assemble the balance of the STDC area suggest however that assembly of the site in the absence of the CPO may be far from straightforward, with a risk that it would never be achieved. If I were advising a potential occupier considering the site in the absence of confirmation of the CPO I would be flagging land assembly as a major risk. None of the currently interested parties have progressed their interest to legal completion which supports my view. I’m uncertain why a party interested in the STDC area should conclude that the SSI land could be assumed to be available as part of a comprehensive regeneration of the site if the Thai Banks’ interest isn’t compulsorily acquired.
- 10.5 Apart from the ownership structure which fragments the STDC area, lack of a coordinated approach to the other site constraints (caused by items such as topography, ground conditions, infrastructure and utilities) will quickly limit the ability to accommodate certain large requirements even though the volume of land required is theoretically available.

- 10.6 From my experience, if parts of the site remain in separate control, outside the remit of the Master Plan and STDC's regeneration strategy, what development does take place is likely to be for end users of lower quality for whom the nature of the surrounding environment is less important. Such users typically pay lower rents and prices for land and buildings. Their financial standing is also likely to be much reduced (a lesser quality tenant represents a greater risk to the investor/developer). Both of these factors will adversely impact the viability and fundability of the development making it less likely to be delivered. In my opinion the range and quality of jobs created will therefore be diminished considerably compared with the aspirations set out in the Masterplan.
- 10.7 The STDC area, without confirmation of the CPO and comprehensive delivery in accordance with the Master Plan will in effect be no different from much of the industrial land already available locally and regionally. As such it is likely to remain either undeveloped or occupied by lower grade uses such as storage compounds, scrap yards, haulage yards, vehicle repair garages and builders' yards. These will occupy those limited areas of the site which can practically be utilised assuming the health and safety issues affecting the site are resolvable. It will be difficult to redevelop the site with anything of better quality because of:
- i. The heavily industrialised nature of the site, the ground and environmental conditions on the land and the lack of adequate on-site infrastructure will mean that there will simply be no demand from better quality occupiers; and
 - ii. Better quality development won't be viable because the occupiers will not wish to pay sufficiently high rents for poor quality land
- As a result the site will be unlikely to generate the higher quality jobs for local people which the Master Plan aspires to achieve irrespective of the amount of public sector money that is expended on it.
- 10.8 If the site is not comprehensively controlled it is unlikely that it would be effectively zoned for the differing types of manufacturing use based on the suitability of separate areas of the site for those uses. The result would be uncoordinated development. The opportunity would be lost to cluster uses to create globally significant centres of excellence for that particular specialism or use. The enlarged site, comprehensively controlled and assembled will logically provide greater scope to plan for and accommodate end user requirements more efficiently and in greater numbers.
- 10.9 The CPO, if confirmed, will mean that the site will be under the single control of a public sector organisation. Parties looking to move to the site will take confidence that the site is supported by a strategy for its future development which has strong political support and is therefore less likely to be changed. They will also be aware that STDC and the TVCA will be in a far better position to secure the significant funding necessary to unlock a project of this scale and complexity. The success of the manufacturing park developments identified in Section 7 of this Proof which are mostly being developed out by local authorities and other public sector organisations supports the confidence manufacturing end users have in this type of delivery model.
- 10.10 The Advanced Manufacturing Park in South Yorkshire is an example of a site where the importance of the scale, single ownership, envisioning and master planning are key. The first phase of the scheme was highly successful because it was effectively in the control of a single owner, the land had been assembled in a comprehensive manner and there was an agreed single public vision for the site. However, the expansion of the Park into a much larger 2,000 acre Advanced Manufacturing District (AMID) is proving less successful because of fractured

ownership, no single party in effective control and the fact that, to the end user or investor, it doesn't present as a cohesive opportunity as a platform to develop new manufacturing premises.

- 10.11 Appendix 7 contains a press article regarding the interest expressed in the STDC site by Sir Jim Ratcliffe for the establishment of a new car plant and the reasons why an alternative location in Wales was selected by him. He is quoted by the Financial Times as saying that the STDC site was a "contaminated, muddy field with no road links and at the time of our visit, no clear ownership of the land. There was no guarantee that the necessary infrastructure could be put in place to meet our timescale". The car plant is now being developed close to the soon to close Ford Bridgend plant and will involve investment of £600m creating 200 jobs initially and 500 in the longer term. Production from the new plant is expected to start in 2020. I am of the opinion that the contents of the article sum up perfectly well why the type of end user likely to deliver high quality jobs will require to see the STDC area assembled, in single control and subject to a comprehensive regeneration programme prior to committing fully to locating there.
- 10.12 The evidence of known demand for the STDC area as a result of discussions with potential end users based on the Master Plan and Vision for the site supports the conclusion that there is demand from end users based on the comprehensive regeneration as proposed. Also, given that the site has yet to be marketed we are confident that the enquiry rate from end users will increase significantly once the marketing strategy for the site is implemented.

11.0 Marketing Strategy

- 11.1 My firm have been appointed by STDC to prepare a strategy for the STDC area.
- 11.2 The marketing strategy is in the course of preparation and sign off, but key elements of it will include:
- A full market launch and the start of a comprehensive marketing campaign planned to take place immediately after the confirmation of the CPO.
 - Raising the profile of the site locally, regionally, nationally and internationally both via normally established property marketing routes but, specifically, by engagement with the target industry sectors.
 - Direct engagement with industry through business to business dialogue with key companies in the target sectors and their industry organisations and trade bodies.
 - The appointment of 'site champions' within specific industry sectors (often local business persons) to assist in the promotion of the site.
 - Promotion of the STDC area at a series of key industry sector events (seminars, exhibitions and trade shows) nationally and internationally. The site itself will also be used to host such events in due course so that its profile is enhanced and more potential companies are exposed to the opportunity it presents.
 - Successes within the STDC area, for example securing new occupiers, the commissioning of a phase of new infrastructure or the development of new technologies by local businesses will be utilised as part of proposed press and social media campaign.
 - The establishment of a data portal so that all of the technical data relating to this complex site is available online to potential occupiers.
- 11.3 The marketing strategy will generate a significantly higher level of enquiries for the STDC area over the marketing period than has been received to date. The spread of interest will be wider in that it will reach a far broader audience both within the UK and internationally. This new interest in the site will be converted into take up relatively quickly given that the existing complexities and barriers affecting the STDC area will have been removed as a result both of the confirmation of the CPO and the new investment that will be made in items such as; infrastructure; utilities; services; the downgrading health and safety regime; removal of decaying industrial plant; and the preparation of individual development platforms. The result will be a far more marketable proposition.

12.0 The Role of the South Tees Regeneration Master Plan

- 12.1 The objectives of the South Tees Regeneration Master Plan facilitated by comprehensive land assembly will create the unique attraction in the market place. This is already evidenced by the fact that most of the enquiries where serious discussions have taken place have chosen to focus on the South Tees Area site and not on other land available in the North East of England.
- 12.2 As demonstrated previously the STDC Area is unique in terms of its potential scale and offer backed up with the clarity and political support for the uses envisaged by the Masterplan. These set it apart from other available sites in the UK and provides the confidence regarding delivery which potential occupiers require.
- 12.3 The land use potential, plot sizes and development densities demonstrated within the employment related zones identified within the Masterplan aligns with my expectations both of what the market will need and the evidence of what those enquiries actually received for the site
- 12.4 The Master Plan will provide a consistent approach across a site of sufficient scale to enable the STDC area to compete regionally, nationally and internationally for future industrial business / operator requirements. The nature of the existing enquiries combined, evidence of take up at other manufacturing parks, and manufacturing led inward investment activity into the UK support this contention.
- 12.5 It is my opinion that without the implementation of the comprehensive development envisioned by the Master Plan and confirmation of the CPO, the regeneration of the site as a world class business park simply won't be possible. On a practical level funding, certainty of development, remediation of the site and its transformation into a quality working environment will be very unlikely to take place for the reasons outlined elsewhere throughout my evidence. For example it is not clear to me that the health and safety issues currently affecting the site, which are a major barrier to development, are capable of resolution without the funding commitments by the public sector which in turn are linked to the comprehensive regeneration of the STDC area. In any event the site simply won't be attractive to the type of company STDC seek to bring to its area.

13.0 Conclusion

- 13.1 For the reasons explained in this proof, in my opinion the clarity of direction provided by the Master Plan, allied to the site's availability and the single control of the entire opportunity, will be a compelling reason for end users from many parts of the manufacturing sector to consider the STDC area to establish a business project and to take space on the site in order to do so.
- 13.2 The STDC area is unique in terms of its potential scale and offer evidenced by the range, number and serious nature of enquiries received to date prior to the commencement of formal marketing.
- 13.3 Once the STDC area is promoted in line with a comprehensive marketing strategy I would expect it to generate a far higher amount of interest from parties interested in the site, resulting in significant levels of take up of space linked to the phased release of the site.
- 13.4 I have provided strong evidence of end user demand for the STDC area based on the high level of enquiries received to date and the number of seriously interested parties. This is supported by evidence of strong take up by manufacturing companies at new developments elsewhere in the UK and through manufacturing-led inward investment.
- 13.5 The STDC area has the potential to become an internationally recognised manufacturing park and a destination for significant inward investment.
- 13.6 Without the comprehensive regeneration proposed by the Master Plan and the single control sought through the CPO process I am of the opinion that large tracts of the existing site are likely to remain undeveloped for the foreseeable future, the balance occupied by a mixture of lower quality users.

