

Compulsory Purchase Order Decision

Inquiry held on 11–14 February; 19–21 February; 27 February 2020

Site visit made on 11 February 2020

by Phillip J G Ware BSc DipTP MRTPI

Inspector appointed by the Secretary of State for Housing, Communities and Local Government

Decision date: 29 April 2020

Case Ref: APP/PCU/CPOP/V0728/3226769

Land at the former Redcar Steel Works, Redcar

- The Compulsory Purchase Order was made under the Acquisition of Land Act 1981 and s207 of the Localism Act 2011 by South Tees Development Corporation.
- The purposes of the Order is the bringing about the more effective use of land by enabling the regeneration and redevelopment of the land for employment and industrial uses, together with supporting infrastructure and ancillary development.
- The main grounds of objection relate to the alleged lack of need for the Order and the alleged lack of negotiations with Objectors.
- When the Inquiry opened there were 23 Remaining Objections. 13 objections were withdrawn and one late representation was lodged¹.

Abbreviations used in this decision

Air Products	Air Products Plc. and Air Products Renewable Energy Limited
COMAH	Control of Major Accident Hazards Regulations
DEBIS	Department of Business, Energy and Industrial Strategy
ECHR	European Convention on Human Rights
Master Plan	The South Tees Regeneration Master Plan (Updated 2019)
The Framework	National Planning Policy Framework (2019)
Order Lands	The land which is the subject of the CPO
RBT	Redcar Bulk Terminal
RBS	Royal Bank of Scotland
SoR	Statement of Reasons
SPA	The Teesmouth and Cleveland Coast Special Protection Area
SSI	Sahaviriya Steel Industries
SSSI	The South Gare and Coatham Sands Site of Special Scientific Interest
STDC	South Tees Development Corporation (The Acquiring Authority)
STSC	South Tees Site Company
Tarmac	Tarmac Trading Limited and East Coast Slag Products Limited
Thai Banks	Thai Banks – Siam Commercial Banks, TISCO and Krung Thai
The Council	Redcar and Cleveland Borough Council
The CPO	The South Tees Development Corporation (Land at The Former Redcar Steel Works, Redcar) Compulsory Purchase Order 2019

¹ Set out at STDC-INQ-02-5

The Guidance	Guidance on Compulsory purchase process and the Crichel Down Rules (2019)
The Heseltine Report	Tees Valley: Opportunity Unlimited (2016)
The Local Plan	The Redcar and Cleveland Borough Council Local Plan (2018)
The SPD	The South Tees Area Supplementary Planning Document (2018)

Decision

1. For the reasons given below and having regard to all matters raised I confirm the Compulsory Purchase Order.

Procedural matters

2. On 28 June 2019 the Secretary of State confirmed that, pursuant to s14D of the Acquisition of Land Act 1981 and applying the criteria in paragraph 27 of the Guidance, the decision in this case had been delegated to an appointed Inspector.
3. The Inquiry sat for eight days, as identified in the heading to this decision. On the afternoon of the first day I undertook a site visit round a large proportion of the Order Lands and part of the surrounding area. This was undertaken in a minibus organised by STDC and I was accompanied by some objectors and by the Programme Officer.
4. The Acquiring Authority confirmed at the Inquiry that all the statutory formalities had been complied with. Leaving aside for the moment the earlier representations by those representing SSI, RBS/Thai Banks (to which I will return below), no party suggested that the formalities had not been complied with.
5. The position of SSI and RBS/Thai Banks merits some introductory comment. The objection from SSI² was withdrawn during the course of the Inquiry. The advice to the Inquiry from those appearing for the SSI, RBS³/Thai Banks⁴ and (this latter objection is essentially parasitic on the Thai Banks objection) was that the latter two objections would also be withdrawn, and that only "administrative matters" remained to be resolved. Accordingly no witnesses were called for those objectors, although the proofs of evidence remained as written objections. Accordingly, to protect their position, STDC submitted evidence in rebuttal and called the witnesses relevant to the RBS/Thai Banks written objections. However, as the objections remain outstanding to the best of my understanding, I have dealt with them below.
6. During the Inquiry I was assisted by Joanna Vincent, the Programme Officer, who dealt most efficiently with administrative and programming matters, and I wish to record my appreciation of her role. For the avoidance of any doubt the contents of this decision are mine alone.

² OBJ-04

³ OBJ-02

⁴ OBJ-03

Reasons

The Order Lands

7. The STDC area comprises around 1,820 hectares and is located at the mouth of the River Tees, with excellent river access including the major port of Teesport. The area is well connected by road to north-south routes (via the A19) and east-west routes (via the A66), and thence to the M1 and the M62. The area also benefits from rail links to the East Coast Main Line and Trans Pennine routes. Durham Tees Valley Airport completes the accessibility package of the area.
8. The regeneration area covers a large extent of land comprising the former Redcar Steel Works. For over 150 years heavy industry has predominated, focussed around iron and steel making along with port related activities and chemicals. In 2015, with the liquidation of SSI, the Redcar iron and steel complex closed - along with the Leckenby steel plant. The South Bank Coke Ovens closed just before the liquidation. This ended iron and steel making in the area, with a resultant loss of around 4,000 jobs (including contractors and indirect jobs).
9. The Order Lands are bounded by the private access road known as South Gare Road to the north, the A1085 to the east, Tees Dock Road and South Bank to the south and the port and the River Tees to the west. The Order Lands are some 709 hectares in extent. The land to be acquired is described more fully in the Statement of Reasons⁵ as are the various new rights being sought⁶.

The background to the CPO

10. In 2016 the independent Heseltine Report described the area in the following terms "four miles of the south bank of the Tees is a scene of desolation, a memory of industrial activity now gone. Yes there are some conspicuous examples of recent investment but the contrast with the north bank is stark". In 2020, although there have been some further examples of investment and activity by STDC, the general impression of the area as described in the report cannot be bettered.
11. The general state of parts of the Order Lands and the need for action is further illustrated by the fact that, in 2016, in view of the inability of SSI (by then in the hands of the Official Receiver) to look after the land, STDC assumed responsibility for its safe management. STDC is a wholly owned subsidiary of DEBIS. DEBIS has allocated £117m in Keep Safe Funding, which is not recoverable from SSI due to its liquidation.
12. The Heseltine Report considered inward investment in the Tees Valley and the role of the SSI site following its closure. Amongst many other matters which form the backdrop to the current position, the report recommended that STDC should be established as quickly as possible and that government and local partners should put the relevant resources in place.
13. STDC is the first Mayoral Development Corporation outside London. It was created in 2017 with the objective of securing the regeneration of the STDC

⁵ Paragraph 3.6

⁶ Paragraph 3.7

area⁷. In particular its aim is to convert assets in the area into opportunities for business investment and economic growth. STDC has compulsory purchase powers under s207 of the Localism Act 2011.

14. The CPO was published in April 2019 and submitted to the Secretary of State following the resolution of the STDC Board in July 2018 (and subsequently reconfirmed). The legal basis for the CPO, which is now uncontested⁸, is set out most succinctly in the STDC Opening Submissions⁹.

Planning policy and guidance

15. The Local Plan is the relevant part of the statutory development plan¹⁰, supported by the SPD. Together these form the planning framework within which the STDC area is intended to be regenerated. When the stage is reached at which individual planning applications are submitted for development on the Order Lands, these documents will comprise the planning framework (along with the Master Plan) for consideration of specific proposals.
16. The Local Plan sets out the South Tees Spatial Strategy at Policy LS4¹¹. This includes a very wide range of policies related to the economy, connectivity and the environment. At the heart of the approach is the aim of delivering significant economic growth, regeneration and job opportunities through STDC, support for the expansion of the port and logistics sector, and securing the decontamination and redevelopment of potentially contaminated land.
17. Almost the whole of the Order Lands are allocated for employment use under Local Plan policy ED6, which promotes economic growth. It also notes that proposals should have regard to the SPD. The part of the Order Lands outside ED6 are affected by a range of other policies in the Local Plan.
18. The SPD, to which none of the objectors to the CPO raised concerns, was most recently updated in 2019. This ties the Master Plan (below) into the local planning framework. Priority will be given to uses connected with advanced manufacturing and technology with a focus on highly skilled employment generating opportunities. Redevelopment will be undertaken in a long term sustainable fashion.
19. The SPD aims to secure delivery of the vision of the area by a series of Strategic Development Principles¹². The SPD sets out regeneration priorities and commits the Council and STDC to work together to promote a comprehensive approach to development. The SPD addresses economic, social and environmental goals and sets out site specific principles in respect of each development zone within the STDC area.
20. Of particular relevance to the current situation are two SPD Development Principles:

⁷ Details at Statement of Reasons Section 2

⁸ See the Remaining Objections from RBS/Thai Banks below

⁹ Paragraphs 25-28

¹⁰ Including Minerals and Waste documents, adopted in 2011, and carrying limited weight

¹¹ Set out most conveniently at SoR Paragraph 4.16

¹² SoR Paragraph 4.20

- STDC1 resists piecemeal development where this would conflict with the comprehensive redevelopment of an area that is uniquely suited to large scale uses and/or clusters of compatible uses. It positively supports a joined up approach to redevelopment.
 - STDC2 states that there will be a proactive approach to land assembly to maximise the development and regeneration potential of the area. There will be negotiations with landowners to assemble land and, where necessary, compulsory acquisition will be used.
21. STDC originally produced the Master Plan as a supporting document to the SPD, and it was most recently updated in November 2019. The Master Plan sets out a vision for the comprehensive regeneration of an area of over 1,170 hectares over a 25 year period. The vision includes the creation of some 20,000 direct and indirect jobs, with a focus on higher skilled sectors centred on manufacturing. The aim is a world class industrial business park where plots can be provided in a flexible manner, supported by an area-wide infrastructure system.
22. Turning to the question of national guidance which may be applicable to the CPO, it was accepted by STDC that the Guidance does not include specific advice directly relevant to the current circumstances. That is clearly correct.
23. However position of STDC is that the Guidance should be followed as far as is relevant and applicable to Mayoral Development Corporations. This uncontested position seems eminently reasonable, and I have had regard to the Guidance in this decision. In particular I note paragraph 125 which provides that the acquisition of land and buildings by compulsory purchase is one of the main ways in which an Urban Development Corporation can take effective steps to secure its statutory objectives.
24. I will now turn to the topics which the Guidance advises should be considered, followed by a consideration of the Remaining Objections. In some instances I have amalgamated the topics to avoid repetition.

The need for regeneration, and the recent history/state of the land

25. In many CPO cases a key consideration is whether there is any need for regeneration. However in this case there is no suggestion from any objector that the land and buildings should remain as they are. It is true that there are suggestions by some objectors of a more piecemeal approach (for example the objection by RBS/Thai Banks – as discussed below) or that particular operations should remain on the land (for example Tarmac). However no alternative detailed and comprehensive approach to the problems of the area has been put forward.
26. Referring back to the quoted description of the area in the Heseltine Report, albeit a couple of years ago, it is hard to envisage an area more in need of regeneration. Leaving aside the question of the appropriate agency and mechanisms to undertake the regeneration, it is clear that very significant long term investment is needed, and that this should be undertaken on the basis of a clear and comprehensive strategy.
27. As a result of the ending of iron and steel making in the area there is an evident legacy of redundant major industrial structures, many of which are of a

considerable age and evidently in a state of decay. There are both live and redundant utility structures throughout the site including an array of road and rail infrastructure (including bridges) in various states of disrepair. In addition, there are a number of hazardous substances which has led to the top tier status under COMAH. This results in a major management liability and it has always been unlikely that the private sector would be able to deliver the necessary Keep Safe arrangements. This continues to be the position. Since the closure of the plants the situation has got worse, and considerable amounts of central government money has been expended to date and committed for the future. This is a situation which is clearly highly undesirable, and the safety situation and its financial ramifications add to the urgency of the situation.

28. Overall, there is a very clear need for regeneration, which is emphasised by the recent history and current condition of the land.

Alternative proposals and whether regeneration is more likely by CPO

29. Consideration should be given to alternative proposals, and it is often the case that those affected by a CPO put forward the argument that the regeneration objectives of the Acquiring Authority can be achieved without the need for compulsory purchase. However the simple position in this case is that no comprehensive alternative proposals for the Order Lands have been put forward by any party. I will deal below with the position as it relates to objections from RBS/Thai Banks and Tarmac, but it is worth mentioning at this point that the former does not set out a detailed approach to the whole of the Order Lands and the latter essentially only envisages the retention of one existing operator.
30. I am also conscious of proposals by Redcar Bulk Terminal and Sirius Minerals related to development on their own land. However these proposals are in line with the overall approach to the area and relate to land outside the Order Lands.
31. The overall ownership of the Order Lands shows a varying array of individual, irregular, interspersed parcels of ownership. It is clear from policy and the Guidance that a CPO is a last resort, but that it is an essential tool to achieve economic growth in a timely manner. One of the first tasks for STDC when it was set up – or even earlier in its shadow form – was to assemble land in order to progress the development of the most deliverable areas, along with remediation works. STDC made very significant progress with land acquisition both before making the CPO and subsequently – leading to agreements with some Remaining Objectors before and during the Inquiry.
32. The Guidance advises that the acquiring authority should demonstrate that they have taken reasonable steps to acquire all of the land and rights included in the CPO by agreement. This has been done in this instance. I will deal below with the position of specific Remaining Objectors.
33. I will also deal below with the positive funding position and the lack of any impediments which might prevent regeneration progressing.
34. Overall, it is clear that even if there were any alternative proposals, there is no credible suggestion that (with regard to the history and condition of the Order Lands) overall regeneration could be achieved on a piecemeal basis. Given the history of the area and the condition of many of the sites and infrastructure, it is clear that regeneration is extremely unlikely to be achieved by any individual

landowner, consortium of landowners or by any organisation aside from STDC – which was set up for this specific purpose.

35. If land assembly does not occur this would limit the amount of available land and compromise the type of development which could be achieved - with a harmful knock on effect on land value. In turn, this would depress the attractiveness and marketability of remaining sites. If the CPO is confirmed, STDC would be able to deliver contiguous and flexible sites which would lead to a much improved likelihood of regeneration.

The existence, quality and timescale of the comprehensive regeneration scheme

36. The CPO is founded on a recently adopted planning framework as described above. Based on the Local Plan and the SPD, the Master Plan aims to facilitate the comprehensive regeneration of the Order Lands and beyond. The Master Plan provides an overall development framework, with built in flexibility, which would enable the development of high quality regeneration across the Order Lands and the wider STDC area. The strategy is to produce a world class industrial business park with a number of individual zones. This strategy is in line with the statutory objectives of the STDC.
37. No relevant party raised objections to the planning framework as it emerged, nor to the various versions of the Master Plan – including the latest iteration which was produced shortly before the CPO Inquiry. This attests to its quality and to the uncontroversial nature of its underlying approach.
38. The quality of the regeneration scheme, even at this stage where there remain ownership issues and where no relevant planning permissions have been granted, is also attested by the extent and range of early investor interest in the area. I will return to this matter below, but it is indicative of the perceived quality of the regeneration scheme.
39. I am in no doubt that the regeneration scheme which underlies the CPO has the clear potential to deliver the development. In terms of the Guidance there is more than a realistic prospect of the Order Lands being brought into beneficial use in a reasonable timeframe. It is noted that the timescale envisaged in the Master Plan is significantly longer than might be anticipated in many CPO cases. However given the size of the area, the complexity of the ownerships and the extent of the problems resulting from the previous uses, this is entirely to be expected and is reasonable.

The availability of resources

40. The Guidance provides that an acquiring authority must show that all the necessary resources are likely to be available within a reasonable time scale. In particular the sources of funding both for acquiring the land and implementing the scheme need to be demonstrated. However, especially given the timescale of this large regeneration scheme, this does not mean that all the necessary funding must be in place at the current time. What is necessary is that a robust financial model identifying the current position and potential funding sources should exist.
41. The current funding position includes monies for land acquisition, agreed by the Council's Cabinet in 2019, along with substantial central government funding

- related to a range of decontamination and infrastructure works. In addition there is very substantial funding allocated for the Keep Safe arrangements.
42. The existing public sector funding has been set out in uncontested evidence and there is no need to set it out here. However what is of greater importance is that existing funding is only around 5% of the total needed over the life of the financial model. The bulk of the remaining funding would be sourced by private and public sector investment, financing loans and direct income. The clear and largely uncontested evidence (see section on RBS/Thai Banks below) is that STDC has a clear strategy for the remaining monies and a continuing dialogue with public and private sector funding organisations.
 43. The fact that there are two substantial committed developments within the STDC area (MGT Power and Sirius Minerals) can be regarded as strong evidence of potential market interest in the area.
 44. The largely uncontested evidence of STDC in relation to demand from investors is that there is an increasing focus on manufacturing and logistic assets and that there is particular interest in large scale investment opportunities. This position was carefully supported by persuasive expert evidence. The existence of a single comprehensive scheme, as set out in the Master Plan and supported by the CPO, would be highly likely to prove attractive to the investment market.
 45. It was explained in further uncontested evidence that there has already been considerable investor interest in the area – and this is at a time when land ownership issues are yet to be resolved and there are no outstanding planning permissions on the back of the Master Plan. I appreciate that details need to be partly redacted for commercial reasons, but the evidence indicates firm investor interest.
 46. From the viewpoint of end users, the benefit of STDC having an overview across the area based on the Master Plan, as well as landownership if the CPO is confirmed, would be bound to increase the attractiveness of the area to various parts of the manufacturing sector. The area has many beneficial qualities in terms of accessibility (including access to port facilities), and the comprehensive regeneration strategy of STDC would be an important element in stimulating market demand. Even at this stage, the potential range of end user types is impressive. Again, I accept the need for confidentiality, but the evidence shows considerable interest at this stage on the part of potential end users.
 47. A factor of particular note – which could only be assured if the CPO is confirmed – is the flexibility with which the size and shape of land could be packaged, to suit the range of needs of particular occupiers. Additionally the potential for grouping similar uses and the intended provision of an energy network across the area would add to the market attractiveness of the regeneration scheme.
 48. STDC undertook a social cost benefit analysis, using the 2018 Green Book, which included a robust assessment of key assumptions. The unchallenged evidence is that the likely rate of return from the scheme would be sufficient to attract private sector investment.
 49. The sources and timing of funding for the scheme were clearly explained in the evidence of STDC. With reference to the overall financial model there is a

realistic prospect of the Order Lands being brought into beneficial use in a reasonable time frame.

Potential impediments

50. The Guidance provides that the acquiring authority will need to be able to show that the scheme underpinning the CPO is unlikely to be blocked by any physical or legal impediments to implementation. Examples are given related to infrastructure or remedial work and any need for planning permissions or other consents or licences. In the current case, these are both relevant matters.
51. It is clear that it may sometimes be necessary for land assembly to take place in circumstances where there are no specific proposals beyond a general framework for regeneration. In this case there is a clearly worked up framework, in the form of the Local Plan, the SPD and the Master Plan. These have been consulted upon and agreed, and are recent documents. Given the approach of STDC to give potential investors and end users a considerable degree of flexibility – once land assembly is completed – it would be unreasonable to expect detailed permissions and consents to exist at this stage of such a large project.
52. That said, the planning framework is clearly permissive, and indeed supportive, of the regeneration scheme. There is no reason to suppose that planning permission will be problematic, subject to details, for any particular proposal. There are no obvious reasons why it might be withheld as the scheme accords with planning policy.
53. There is one part of the Order Lands which is not allocated in the Local Plan for employment use. Although the Council has confirmed that proposals in line with the Master Plan would be a departure from the Local Plan, there is no obvious reason why planning permission should not be granted. I see no reason why this should not be the case, given the widespread policy support for the principle of employment-led regeneration.
54. In a planning context, it is noted that both the Local Plan and the SPD were subject to Strategic Environmental Assessments (forming part of a Sustainability Appraisal in relation to the Local Plan) as well as a Habitats Regulations Assessment. The overall conclusion was that the SPD would be likely to have significant beneficial effects on the environment and that no significant adverse effects are likely. There is no reason to suppose that these matters, including effects on the SPA and the SSSI will be impediments to the scheme underpinning the CPO.
55. Given the nature of large parts of the Order Lands, one potential physical impediment to the scheme could have been the extent of contamination, hazardous materials and the need for remedial work. However a considerable amount of work and costing has been undertaken on the question of hazardous materials and contamination and this has been recognised in the scheme. The uncontested evidence of STDC is that these matters are not such as to adversely affect future development.
56. There is an operational railway line (Darlington to Saltburn) which crosses the site. This is clearly an asset to the area and discussions with Network Rail have taken place to ensure that the scheme does not interfere with this important link.

57. In addition, there are significant above and below ground utilities, including major offshore gas pipelines, the Sembcorp Utilities Corridor, and the former coke ovens gas main. The Corridor is at a lower ground level and is/will be crossed by a range of bridges, and there is central government funds to decontaminate and decommission the gas main.
58. None of these, or any other matters, indicate that the scheme underpinning the CPO is likely to be blocked by any physical or legal impediments to implementation.

Remaining objection - RBS and the Thai Banks¹³ (Ref nos.2 and 3)

Background to the objections

59. SSI went into liquidation in 2015 and the Official Receiver was appointed to manage its assets and landholdings. It is understood that RBS is the security agent on behalf of three Thai Banks who are mortgagees to SSI (in liquidation) related to freehold and leasehold interests in a range of parcels of land. The Official Receiver has been advised that it cannot dispose of the SSI land without the agreement of RBS and the Thai Banks.
60. SSI, RBS and the Thai Banks were separate objectors to the CPO but were due to give joint evidence to the Inquiry, and it is stated in their evidence that the interests of SSI and Thai Banks are aligned. (The RBS objection was stated at the Inquiry to be essentially parasitic on that of the Thai Banks.) That was the position at the start of the Inquiry.
61. However during the course of the Inquiry the objection by SSI was withdrawn, and it was stated several times by those representing the Thai Banks/RBS that it was highly likely that the objections by RBS/Thai Banks would be withdrawn during the course of the Inquiry, as negotiations had reached a very advanced stage. (This did not happen during or after the Inquiry closed.)
62. On that basis no witnesses were called by the Thai Banks/RBS although the evidence which would have been called remained outstanding as written objections. STDC called their witnesses to rebut this evidence in case the objections were not withdrawn.
63. STDC submitted that significantly reduced weight should be given to these objections in the light of the SSI withdrawal and the inability to test the evidence. I was not able to question witnesses about the position where one of the group of objectors was satisfied and withdrew their objection, whereas the other objectors, whose position was stated to be 'aligned' did not do so. There may well be perfectly good and proper reasons for this position, but I am not aware of them. The evidence of RBS/Thai Banks could not be tested by cross-examination, nor was I able to seek clarification of a number of points. For these reasons I agree with the position of STDC and give the evidence of these objectors reduced weight.

Previous legal submissions by the objectors

¹³ Plots 1, 2, 3, 20, 37, 44, 45, 51, 66, 67, 69, 70, 71, 80, 81, 107, 145, 146, 148, 150, 154, 157, 158, 159, 166

64. In correspondence with various parties, including the Planning Inspectorate, during December 2019, SSI argued that the CPO was invalidly made¹⁴. This largely related to the validity of making the Order, which matter was the subject of a confirmatory resolution by the STDC Board in January 2020. STDC responded to those arguments. At the Inquiry it was confirmed by those representing SSI/Thai Banks/RBS that these arguments were not being pursued, and I have no need to consider them further.

The progress of negotiations

65. The objectors' position is that STDC has not taken reasonable steps to acquire the land by negotiation. There has also been an alleged failure on the part of STDC to provide sufficient information to enable negotiations to be meaningful.
66. In general terms it is clear that STDC has been actively engaging with a range of parties before and during the CPO process. This is most obviously indicated by the acquisition of considerable areas of land (most notably the 600 hectares owned by Tata Steel) and by the withdrawal of various objections both before and during the Inquiry – particularly the withdrawal of the SSI objection.
67. Turning to the negotiations with the Thai Banks, I naturally have limited evidence as to the detailed content of meetings and contacts between the parties, and this is as it should be for reasons of commercial confidentiality. What is clear however is that engagement between the shadow STDC and the Thai Banks began in March 2017, after the publication of the Heseltine report but before the formal establishment of the authority in August 2017.
68. Witnesses for STDC, who were personally involved in the correspondence and meetings, gave clear evidence as to the attempted negotiations with the Thai Banks and the way in which information was provided. The evidence is compelling that the efforts on the part of STDC have been extensive and continuing. These negotiations appeared to have progressed, albeit sometimes sporadically, to the point at which, at the beginning of the Inquiry, it was stated for RBS/Thai Banks that all that remained were various signatures. It was subsequently stated that only one signature was outstanding.
69. The evidence is entirely persuasive that STDC has engaged as best it could with the objectors and provided all information which was in its possession and which could be released.

Objections related to the STDC financial model

70. The written evidence for the objectors includes a range of criticisms related to the financial approach taken by STDC.
71. The objectors, in their written evidence, criticised the funding and viability position of STDC. The acquiring authority has put forward rebuttal evidence to deal with these various matters, and this was helpfully explained at the Inquiry – and obviously not tested by the objectors. In a number of respects STDC stated that the objectors had not properly understood the STDC evidence relating to finance, viability and investment. This was a matter which I would have wished

¹⁴ Letters on file, summarised at STDC opening at paragraph 29.

to explore, but I am left in the position that I fully understand the position of the acquiring authority, but have some uncertainties as to the approach of the objectors.

72. The balance of the evidence before me is overwhelmingly that the STDC model is comprehensive and sound, and was the basis for reasonable negotiations with the objectors.
73. The objectors maintain that STDC were unwilling or unable to offer terms comparable to what could be obtained in the market. However it appears that STDC made an offer following an independent valuation of the land. What would normally then take place would be for the landowners to put forward their own valuation case and/or negotiate over value. The evidence clearly indicates that the objectors were supplied with sufficient information to meaningfully engage in such negotiations, but that these did not occur.
74. A secondary objection related to the assertion that there is no requirement for the objectors' land at this stage and that not all the funding for the overall regeneration scheme is in place. I have dealt with the first matter in relation to the compelling need for a comprehensive approach. The fact that far from all the funding is in place is inevitable given the scale and duration of the project. What matters is that there is a coherent strategy for the remaining funding – contrary to the objectors' suggestion. It would be entirely unreasonable to expect all the funding for a project of this magnitude to be in place at this stage.

Alternative schemes

75. At a late stage in the process, with the submission of final evidence, the objectors put forward three alternative schemes, including a very indicative plan showing a broad layout. STDC responded by producing rebuttal evidence and addressing the position at the Inquiry. As before, there was no cross examination of the objectors on these alternatives or any further explanation.
76. A criticism of all the objectors' alternatives is that they do not represent a clearly worked out option for the comprehensive development of the Order Lands. I have already made clear my view of the necessity of this, and I will not repeat my position here.
77. The first alternative is for comprehensive redevelopment for B2/8 and sui generis uses across Plots 1, 2, 3 and the RBT land (outside the Order Lands). It has been suggested by STDC that the extent of land necessary for this option was inconsistent within the objectors' evidence, and certainly the exact scope of the option is not entirely clear. It also appears that part of the land under this option is within the SSSI, and this constraint would need to be further explored and resolved.
78. The objectors' position is that, following various agreements, the land available to RBT is reduced, and could be increased on the Order Lands. However, although some detail of the position was given in the objectors' evidence, it is far from clear if there is actually a demand from RBT, nor for what use.
79. The second alternative is the reintroduction of iron and steel making using the existing infrastructure. This, it is said, would not require planning permission (a matter not accepted by STDC). However the specialist evidence put forward in

rebuttal by STDC persuasively suggests that the Thai Banks have significantly underestimated the cost of refurbishment, which is said to be close to one billion pounds. Given the age and condition of the facilities and the environmental standards to which they were originally constructed and operated, the persuasive evidence is that there has been a significant underestimation of the cost of the works. For that reason, given the apparently enormous expense of this approach, the evidence is persuasive that it would be unviable to adopt this alternative as opposed to the current scheme.

80. In addition it is not clear how this option would relate to the approach to overall regeneration in various adopted documents - to which RBS/Thai Banks did not object. It is unclear to me how the restart of steel making using the existing facilities would align with the adopted vision of the area.
81. The third alternative is the sale of the objectors' land to a private sector developer to bring forward a scheme related to offshore windfarm equipment. There is very little evidence to support this option, nor of the way in which it might align with overall proposals.
82. For the above reasons, the alternatives suggested by the Thai Banks need considerably more evidence to justify and explain the options. Importantly the concept of a limited development on discrete land parcels would potentially prejudice the overall vision of the area and could be unattractive to the market. In the light of the current evidence, it is not considered these alternatives are capable of being or likely to be, implemented. To omit the RBS/Thai Banks land would be contrary to planning policy which is to resist piecemeal development, would diminish the offer which could be put to the market by STDC, and would jeopardise the scheme which underpins the CPO.

Remaining objection - Tarmac¹⁵ (Ref no.6)

83. The land occupied by Tarmac is used as an asphalt and two concrete plants, largely using the considerable quantity of blast furnace slag on the site. Most of the area is used as the slag stockpile. The business employs eight people on the site and four contractors.
84. The objector's main submission is that the present use should continue as it is a viable business and it would be wrong to confirm the CPO without an alternative location as this would result in a loss of employment.
85. I agree that it would be undesirable for an existing business to be forced to close with a consequent loss of employment. However the operation is a low employment generator and I consider that this is a very inefficient use of land. The solution to this would be to negotiate relocation/contraction of the use (which the objector accepts does not need the whole of the current land area) rather than jeopardise the scheme which underlies the CPO. STDC stated their willingness to continue negotiations.
86. I do not agree that the type of regeneration necessary in the area can be achieved without the acquisition of Tarmac's plots. I have already referred to a range of reasons leading to the need for a comprehensive approach. Omitting

¹⁵ Plots 2, 3, 67, 68, 142, 148, 150, 151, 154, 155, 158, 159

this objector's land would prejudice that approach, which is a key element of Local Plan and SPD policy and the approach of the Master Plan.

87. Leaving aside the spatial consequences of omitting these plots from the overall regeneration area, I also share the concern of STDC that the processing of slag and similar activities would be incompatible with the policy approach of encouraging advanced manufacturing and new technologies. That is not to say that the current activity is in any way inessential, simply that it may not be compatible in land use terms with the overall vision for the area. In this context it is noteworthy that the objector made no representations to the emerging documents which clearly encompassed this vision.
88. The objector also contends that the ending of their operations on the land would be a loss of a site for minerals processing, which would be contrary to Framework policy¹⁶. It is correct that mineral processing is safeguarded in national policy terms¹⁷ and it is sustainable to locate the processing activity close to the supply of materials. However this is a matter for plan making by way of a Minerals Safeguarding Area and, as far as I have been told, there were no representations to this effect in the minerals and waste local plan documents, nor the emerging Local Plan. In any case the definition of a Minerals Safeguarding Area in the Framework requires it to have known deposits of mineral resources, and as far as I am aware the objector's land does not include defined mineral deposits.
89. The objector asserts that there has been inadequate engagement and that there have not been any real discussions until recently. However it is clear that there have been meetings with STDC as early as 2017, before the organisation was formally established. Evidence was presented of engagement in 2018. It also seems that there has always been a wish on the part of Tarmac to vacate, in a managed form, from the majority if not all of the land.
90. Potential relocation sites have apparently been discussed, although I understand the objector's concerns about transport and sustainability implications. From the evidence at the Inquiry it is clear to me that the objector has no long term plans to remain on the land after the expiry of their lease in nine years' time, and it appears that Tarmac could operate from a much smaller site.
91. One further point needs mentioning. In submissions for Tarmac, a CPO decision related to Harlow District Council was cited and submitted. However this was a very different case, where there was held to be a reasonable prospect that the objector would develop the land in question without the need for compulsory purchase. Even leaving aside the very different scale of the land area and proposals, this is not the case in this instance. The objector's witness was unaware of this case and could not be cross examined on it.
92. Overall, the objection, which envisages Tarmac remaining on the land, is not an alternative scheme for the Order Lands, and the evidence is such that for Tarmac's holding to be excluded from the CPO would be contrary to policy and would prejudice the implementation of the scheme underpinning the Order.

¹⁶ Although the objector did not advance any planning evidence to this effect

¹⁷ Framework Section 17

Remaining objection - British Steel Limited¹⁸ (Ref no.7)

93. The majority of British Steel's interests are not in the Order Lands. Their main interest, the Lackenby Works/Teeside Beam Mill, are excluded. However, a small portion of their site is included within the CPO (plot 63), and they also have assets located within plot 64. Plot 51 within the Order relates to road and rail access for Lackenby. It is suggested that there may be some discrepancies on the ownership boundaries, but this is a detailed matter which could be resolved.
94. The evidence of STDC clearly demonstrates the difficulties in progressing negotiations since British Steel went into liquidation in 2019. STDC does not believe that the acquisition of the Order Lands will have a serious adverse impact on the objector's operation, and has stated that the acquiring authority supports proposals to secure the future operation of the objector's site.
95. With that background, and given the overall need for the CPO, this objection does not represent a reason for failing to confirm the CPO or excluding these plots.

Remaining objection - Ineos UK SNS Limited¹⁹ (Ref no.9)

96. The objector does not have an in principle objection to STDC's aim to deliver regeneration in the area. Around 100km offshore is the Breagh natural gas field, which is a nationally significant asset which is anticipated to remain in production for at least another 15 years. It is the onshore element of this pipeline which is affected by the CPO.
97. The evidence of STDC demonstrates that the acquiring authority and the objector have been in dialogue for some time. STDC recognises the importance of the objector's operation and apparatus and does not wish to compromise it. STDC has confirmed that it does not intend to acquire the objector's leasehold interests or existing rights, and that it is agreeable to put in place certain asset protection measures.
98. It had been hoped that an agreement could be secured before the Inquiry and the objection withdrawn, but this has not happened. However given the stated intention of STDC and the overall need for the CPO, this objection does not represent a reason for failing to confirm the CPO or excluding these plots.

Remaining objection - Redcar Bulk Terminal²⁰ (Ref no.11)

99. Since the closure of the steelworks, the business of the Bulk Terminal has been refocussed. The Redcar Bulk terminal itself is not the subject of the CPO but the road and rail access and various assets are on land that is the subject of the Order.
100. The evidence is that aims of STDC and the Bulk Terminal are closely aligned, and the intention of STDC is to work to maximise the benefits of the port. However the interests of the objector need to be protected.

¹⁸ Plots 63, 64, 51

¹⁹ Plots 5, 6, 7, 9, 10, 15, 16, 31, 32, 33, 35, 39, 48, 56, 57, 60, 142, 171

²⁰ Plots 1, 5, 6, 7, 23, 27, 63, 64, 71, 75, 79,80, 83, 95, 96, 100, 101, 104, 105, 108, 115, 117, 118, 120, 123, 124, 125, 126, 127, 130, 131, 133

101. With this in mind, I understand that a memorandum of understanding was concluded between STDC and Redcar Bulk Terminal in August 2019 and Heads of Terms have been drafted.
102. It had been hoped that an agreement could be secured before the Inquiry and the objection withdrawn, but this has not happened. However given the stated intention of STDC, the overall need for the CPO and the position which has been reached between the parties, this objection does not represent a reason for failing to confirm the CPO or excluding these plots.

Remaining objection - Mr and Mrs Hall²¹ (Ref no. 17)

103. The objectors have an interest in one of a group of fisherman's cabins. They object to the purchase of their cabin, which provides family and social space. The community life of the cabins is much valued. The redevelopment would harm the character of the area and wildlife.
104. The evidence from STDC is that they have sought to engage with the objectors but have not received a response.
105. The cabins are not included in the Order Lands so the objectors' use of the facility will not cease and access will be maintained and improved. The evidence of STDC is that that overall the regeneration of the Order Lands will have a positive impact on the local area because it will enable improvements to be made to the area around the cabins at South Gare and South Gare and Coatham Sands SSSI. There is no evidence to the contrary.
106. Given the overall need for the CPO and the fact that this property is not within the Order Lands, this objection does not represent a reason for failing to confirm the CPO.

Remaining objections - Air Products²² (Ref no. 22) and Millennium EFW Limited²³ (Ref no 23)

107. These objections are considered together, as they essentially raise the same concerns.
108. The objectors' rights relate to pipelines running along the Sembcorp Utilities Corridor. These provide waste water disposal to Bran Sands and if this were not possible there could be a significant financial burden and delays whilst other facilities were constructed.
109. These objections were not notified to STDC until late in the CPO process, through no fault on the part of the objector or the acquiring authority. Since they were notified of the objections STDC has made efforts to contact the objectors with a view to discussions, without success.
110. However it is clear that STDC has no intention to prejudice the utilities using the Sembcorp Corridor, and this is reflected in the agreement with Sembcorp itself. There is therefore every reason to suppose that the objectors' concerns can be

²¹ Owners of a fisherman's cabin (18K)

²² Plots 47, 48, 49, 54, 55, 56, 57, 58, 59, 60

²³ Plots 47; 48; 49; 54; 55; 56; 57; 58; 59; 60

overcome by negotiation. Given this position and the overall need for the CPO, these objections do not represent a reason for failing to confirm the CPO or excluding these rights.

Late representation - PD Teesport

111. PD Teesport is the statutory harbour authority for Tees/Hartlepool and has substantial landholdings in the area and beyond²⁴. They did not object to the making of the CPO, and their concerns first came to my attention by letter dated 11 February 2020²⁵ (the first day of the Inquiry). There followed letters dated 17 and 21 February²⁶. I advised the Inquiry, and PD Teesport, that I was not treating these letters as a formal objection to the CPO, but would consider them as a late representation.
112. As the correspondence between PD Teesport and STDC progressed, there seemed to be an increasing emphasis on the allegation that no formal notice of the CPO was served. (STDC maintain this is factually incorrect.) I will deal with this matter first.
113. It is clear from the evidence that PD Teesport have been in dialogue with STDC for some years (since at least 2018), and the intention to proceed with a CPO had been clearly known. PD Teesport were advised of the resolution in principle to make the CPO in May 2018, along with the intention not to acquire any of their land.
114. In the written evidence of STDC it seems clear that the CPO notice was served on PD Teesport (and signed for) in April 2019. In addition, notices were posted around the site, including on land adjacent to PD Teesport's property, for 4 weeks. On the basis of the evidence before me, and as PD Teesport were not represented at the Inquiry to enable me to pursue the matter further, I conclude that notice was served on PD Teesport. However, even if it were not, site notices were posted, and I also note considerable press interest in the CPO. PD Teesport were aware of and were able to be present at the Inquiry. I cannot conclude that there was any prejudice to PD Teesport's position.
115. Turning to the substance of the objection, it is clear that PD Teesport is supportive of wider redevelopment and regeneration in the area, which they see as complementary to their own approach. However a number of concerns have been raised. These include access to the operational breakwater at South Gare, and the continuation of alternative access to Teesport Estate and Bran Sands.
116. The objector asks that, if the CPO is confirmed, it should specifically exclude PD Teesport's interests, that protected rights of access in certain locations should be maintained. However the overall position is that STDC does not intend to remove any rights of access to land occupied by PD Teesport by way of the CPO. Overall there is therefore every reason to suppose that their concerns can be overcome by further negotiation. Given this position and the overall need for the CPO, this representation does not represent a reason for failing to confirm the CPO or excluding these rights.

²⁴ Background in rep-01

²⁵ REP-01

²⁶ REP-01-INQ-01 and 02

Unknown ownerships

117. There are a number of unregistered areas of land within the Order Lands which are said by STDC to be in unknown ownership.
118. I note that PD Teesport criticise STDC's attempts to establish the ownership of certain unregistered parcels of land. However based on the evidence before me I have no reason to doubt that diligent enquiries have been made to identify the owners of these areas, without success. They have reasonably been included in the CPO on that basis.

Other special kinds of land

119. For completeness, it is noted that there are a number of interests held by the Crown Estate in the area. These are not part of the CPO and are apparently the subject of separate negotiations.

Conclusion

120. The scheme underpinning the CPO is wholly in accordance with the Local Plan, which is the key part of the statutory development plan, and the SPD. Both these documents, and the Master Plan, seek decontamination and regeneration of the wider area including the Order Lands with a focus on advanced manufacturing and technology and port related activities. It is also worth noting that the SPD specifically resists piecemeal development and recognises the role of compulsory acquisition.
121. The regeneration of the Order Lands will contribute to sustainable development and accord with the national objective of building a strong, responsive and competitive economy. It would also create an environment which has the potential to support the wellbeing of the community. The decontamination and reuse of the land would contribute to the protection and enhancement of the natural and built environment. The scheme which underpins the CPO is in line with national planning policy.
122. For the reasons set out above, especially related to the condition of the area and its recent history, there needs to be a properly phased programme of demolition, preparation and infrastructure provision across the Order Lands. This has to reflect the future needs of investors and end users.
123. There is no realistic prospect of policy compliance and the achievement of the benefits without compulsory purchase. Adopted policy cautions against piecemeal development and it is clear that individual landowners do not have the resources or ability to deliver the necessary regeneration.
124. The scheme underpinning the CPO has been the subject of consultation, adoption and updating and is capable of delivery within a reasonable time scale. Allied to this, not all the funding could reasonably be expected to be in place at this stage, and there is a clear model for future funding within a reasonable time scale.
125. There are no planning or other impediments, aside from land ownership, likely to hinder the progress of the scheme.

126. It is clear that STDC has made considerable efforts to acquire the Order Lands by agreement, and that the CPO has progressed alongside separate negotiations. This is evidenced by the number of Remaining Objectors with whom an agreement, leading to the withdrawal of the relevant objection, has been achieved during the run up to and the course of the Inquiry. Many of the outstanding objections, which are not sufficient to lead to the CPO being rejected or amended, seem to have the potential for resolution even at this stage.
127. That said, the CPO would clearly interfere with the Human Rights of those who still have an interest in the land. In particular this relates to the provisions of Article 1 of the First Protocol to the ECHR which provides that no one should be deprived of possessions except in the public interest. The public interest in this case has been set out above and it is considered that there is a fair balance between the public interest and the private rights which will be affected by the order. The implementation of the scheme underlying the CPO justifies the interference with the human rights of those with an interest in the land.
128. Article 6 of the ECHR provides that everyone is entitled to a fair and public hearing. This has been met by the procedures for objection and confirmation of the CPO.
129. Overall it is concluded that there is a compelling case in the public interest for the CPO to be confirmed, that there are no impediments to the regeneration of the Order Lands, and that there is a reasonable prospect of the scheme being delivered within a reasonable time scale.
130. For the reasons given above and having regard to all matters raised I therefore confirm the Compulsory Purchase Order.

P. J. G. Ware
Inspector

APPEARANCES

FOR STDC Mr D Elvin QC and Mr M Fraser of Counsel instructed by Messrs Gowlings LLP	
They called:	
Mr J McNicholas CEng MICE	Engineering and Programme Director, STDC
Mr D Allison CEng	Chief Executive, STDC
Mr G Macdonald CIMA CGMA	Director of Finance and Resources, TVCA and STDC
Mr A Greally MRTPI	Senior Director, Lichfields
Mr G Gilfillan MRICS	Director, Colliers International
Mr J Knowles MRICS	Head of National Capital Markets, Colliers International
Mr D Aylward-Mills MSc MA	Head of Growth and Development, Vivid Economics
Mr M King FRICS	Principal, Avison Young

FOR SSI, RBS AND THE THAI BANKS ²⁷ Mr R Glover QC and Miss Caroline Daly of Counsel instructed by Messrs Mischon de Reya
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FOR TARMAC Mr B Denyer-Green of Counsel instructed by David Walker Limited	
He called	
Mr R Halley	Head of Asset Management, Tarmac
Mr D L Walker FRICS FIQ RICS	David Walker Limited

FOR SEMBCORP ²⁸ Mr D Barry, Legal Counsel for Sembcorp	
He called	
Mr C Ratcliffe	Commercial Manager, Sembcorp

²⁷ No witnesses were called, the objection for SSI (Objection 4) was withdrawn, the objections for RBS/Thai Banks (Objections 2/3) remained as written objections

²⁸ This objection was withdrawn shortly after the evidence was given

INQUIRY DOCUMENTS

South Tees Development Corporation	
STDC-INQ-01	List of Acquiring Authority Witnesses
STDC-INQ-02-1	Objections Status Report as at 10-02-20
STDC-INQ-02-2	Objections Status Report as at 11-02-20
STDC-INQ-02-3	Objections Status Report as at 14-02-20
STDC-INQ-02-4	Objections Status Report as at 27-02-20
STDC-INQ-02-5	Post-Inquiry Objections Status Report as at 06-03-20
STDC-INQ-03	Opening Submissions on behalf of Acquiring Authority
STDC-INQ-04	Report to STDC Board January 2020 (see also Core Documents E-12)
STDC-INQ-05	Minutes of STDC Board January 2020 (see also Core Documents E-13)
STDC-INQ-06	Extract from DEFRA website relating to the changes to the Teesmouth and Cleveland Coast SPA
STDC-INQ-07	Response dated 18 February 2020 to PD Teesport Ltd submission of 17 February 2020
STDC-INQ-08	Mr McNicholas response dated 19 February 2020 to Mr Melhuish-Hancock's Rebuttal submitted by SSI/Thai Banks
STDC-INQ-09	Mr Macdonald response dated 19 February 2020 to Mr Roberts' Rebuttal submitted by SSI/Thai Banks
STDC-INQ-10	Bundle of correspondence between Tarmac Trading Limited/East Coast Slag Products Limited and STDC
STDC-INQ-11	Closing Statement
Tarmac Trading Limited	
OBJ-06-INQ-01	Response to Rebuttal of Mr Greally
OBJ-06-INQ-02	Opening Statement
SSI PCL, RBS and the Thai Banks	
(OBJ-02-04-INQ-01)	(List of intended Appearances)
PD Teesport Limited	
REP-01-INQ-01	Submission received 17 February 2020
REP-01-INQ-02	Further Submission received 21 February 2020

CORE DOCUMENTS

Order Documents	
A1	The South Tees Development Corporation (Land at the former Redcar Steelworks, Redcar) Compulsory Purchase Order 2019
A2	A2 Maps referred to in The South Tees Development Corporation (Land at the former Redcar Steelworks, Redcar) Compulsory Purchase Order 2019
A2-1	Map - Area 1
A2-2	Map - Area 2
A2-3	Map - Area 3
A2-4	Map - Area 4
A2-5	Map - Area 5
A2-6	Map - Area 6
A2-7	Map - Area 7
A2-8	Map - Area 8
A2-9	Map - Area 9
A2-10	Map - Area 10
A3	Statement of Reasons for the Order
A4	Letter from Planning Casework Unit
A5	Statement of Case
Legislation	
B1	Extracts from the Localism Act 2011
B2	Extracts from the Acquisition of Land Act 1981
B3	The South Tees Development Corporation (Establishment) Order 2017 (SI 2017/718)
National Policy	
C1	National Planning Policy Framework (February 2019)
C2	Extracts from the Planning Practice Guidance (2014 as amended)
C3	Extracts from the Guidance on Compulsory purchase process and The Crichel Down Rules (July 2019)
Local Policy	
D1	Report on the Examination of the Redcar and Cleveland Local Plan, The Planning Inspectorate (March 2018)
D2	Extracts from Redcar & Cleveland Borough Council Local Plan (May 2018)
D3	South Tees Area Supplementary Planning Guidance (May 2018)
D4	Tees Valley Joint Minerals and Waste Core Strategy Development Plan Documents Core Strategy DPD (September 2011)
D5	Tees Valley Joint Minerals and Waste Core Strategy Development Plan Documents Policies and Sites DPD (September 2011)
D6	Tees Valley: Opportunity Unlimited (June 2016)

D7	Tees Valley Strategic Economic Plan: The Industrial Strategy for Tees Valley 2016-2026
D8	Tees Valley Investment Plan, 2019-2029 (January 2019)
D9	Tees Valley Local Industrial Strategy, Local Draft (July 2019)
D10	Industrial Strategy: Building a Britain fit for the future (November 2017)
Reports and Minutes	
E1	Report to STDC Board (July 2018)
E2	Resolution of STDC Board (July 2018)
E3	Report to TVCA Cabinet (March 2019)
E4	Resolution of TVCA Cabinet (March 2019)
E5	STDC Board report (February 2018)
E6	STDC Written Resolutions (February 2018)
E7	STDC Board Report (September 2018)
E8	STDC Board Minutes (September 2018)
E9	STDC Board Report (November 2018)
E10	STDC Board Minutes (November 2018)
E11	STDC Board Minutes (January 2019)
E12	Report to STDC Board (January 2020) (STDC-INQ-04)
E13	Minutes of STDC Board (January 2020) (STDC-INQ-05)
Scheme Documents	
F1	South Tees Regeneration Master Plan March 2019
F2	South Tees Regeneration Master Plan November 2019
Other Documents	
G1	South Tees Area Supplementary Planning Document Statement of Consultation (May 2018)
G2	Equality Impact Assessment (December 2019)
G3	Letter from Mishcon de Reya LLP regarding adjournment of Inquiry dated 17 December 2019
G4	Further letter from Mishcon de Reya LLP adjournment of Inquiry dated 23 December 2019
G5	Letter from Gowling WLG in response to Mishcon de Reya LLP dated 6 January 2020
G6	Letter in response to Gowling WLG from Mishcon de Reya LLP dated 9 January 2020
G7	Letter from Mishcon de Reya LLP regarding disclosure of Committee Papers dated 17 December 2019