



The logo for FIVE ESTUARIES features the word "FIVE" in a grey sans-serif font. The letter "V" is stylized with a purple-to-pink gradient. To the right of "FIVE" are three horizontal wavy lines in blue, green, and yellow. Below this is the word "ESTUARIES" in a larger grey sans-serif font, followed by "OFFSHORE WIND FARM" in a smaller grey sans-serif font.

FIVE
ESTUARIES
OFFSHORE WIND FARM

FIVE ESTUARIES
OFFSHORE WIND FARM
FUNDING STATEMENT

Application Reference	EN010115
Application Document Number	4.2
Revision	A
APFP Regulation	5(2)(h)
Date	15th March 2024



Project	Five Estuaries Offshore Wind Farm
Sub-Project or Package	DCO Application
Document Title	Funding Statement
Application Document Number	4.2
Document Reference	005023895-01
APFP Regulation	5(2)(h)
Revision	A

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Revision	Date	Status/Reason for Issue	Originator	Checked	Approved
A	15/03/2024	DCO Application	VEOWFL	VEOWFL	VEOWFL



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Term, abbreviation, acronym or initialism	Definition
2008 Act	Planning Act 2008
2009 Regulations	Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009
Applicant	Five Estuaries Offshore Wind Farm Limited
Application	The application for development consent made to the Secretary of State for Energy Security and Net Zero by Five Estuaries Offshore Wind Farm Limited to construct and operate the proposed Five Estuaries offshore wind farm and associated development.
DM	Dalcour Maclaren
DCO	Development Consent Order
EACN	The proposed National Grid East Anglia Connection Node Substation
Funding Statement	This Funding Statement
GW	Gigawatt
MW	Megawatt



Term, abbreviation, acronym or initialism	Definition
NGET	National Grid Electricity Transmission
North Falls	North Falls Offshore Wind Farm
NSIP	Nationally significant infrastructure project
OnSS	Onshore substation
VE	Five Estuaries Offshore Wind Farm



1. Introduction

- 1 This Funding Statement has been prepared by and on behalf of Five Estuaries Offshore Windfarm Limited (registered in England and Wales under company number 12292474 and having its registered office at Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB) (the 'Applicant').
- 2 This Funding Statement is one of a series of documents which accompanies the application to the Secretary of State for a Development Consent Order (DCO) submitted in accordance with Section 37 of the Planning Act 2008 and Regulations 5 and 6 of the Infrastructure Planning (Applications: Prescribed Forms and Procedures) Regulations 2009 (the 'Application'). This Funding Statement should be read in conjunction with the full suite of Application documents.

2. Purpose of the Funding Statement

- 3 The purpose of this Funding Statement is to demonstrate that the development of the Five Estuaries Offshore Wind Farm (herein referred to as 'VE') will be adequately funded and therefore that funding is no impediment to the delivery of the Project.
- 4 Additionally, this Funding Statement has been prepared as it will be necessary to compulsorily acquire land and rights over land for the purposes of developing VE and such powers have therefore been included in the draft DCO (application document number 3.1). This Funding Statement therefore explains how the Applicant will provide for the payment of compensation to those affected by compulsory acquisition, temporary possession, or blight claims.
- 5 This Funding Statement has been prepared in accordance with the requirements of Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 and the Department for Communities and Local Government (now the Department for Levelling Up, Housing and Communities) guidance 'Planning Act 2008: Guidance related to procedures for compulsory acquisition' (September 2013).

3. Project Description

- 6 The Five Estuaries Offshore Wind Farm (VE) is the proposed extension to the operational Galloper Offshore Wind Farm. The project includes provision for the construction, operation, maintenance and decommissioning of an offshore



wind farm located approximately 37 kilometres off the coast of Suffolk at its closest point in the southern North Sea; including up to 79 wind turbine generators and associated infrastructure making landfall at Sandy Point between Frinton-on-Sea and Holland-on-Sea, the installation of underground cables, and the construction of an electrical substation and associated infrastructure near to the existing Lawford Substation to the west of Little Bromley in order to connect the development to National Grid's proposed East Anglia Connection Node substation, which would be located nearby.

- 7 All onshore connection infrastructure would be located in the administrative area of Tendring District Council, within Essex County Council. VE will have an overall capacity of greater than 100 Megawatts (MW) and therefore constitutes a Nationally Significant Infrastructure Project (NSIP) under the Section 15 (3) of the Planning Act 2008.
- 8 A full Project description is included in the Environmental Statement, in particular Volume 6, Part 2, Chapter 1: Offshore Project Description and Volume 6, Part 3, Chapter 1: Onshore Project Description (application document numbers: 6.2.1 and 6.3.1).
- 9 The key offshore elements of VE will be as follows:
 - Up to 79 offshore wind turbine generators, associated foundations;
 - Up to 200 km of inter- array cables;
 - Up to 2 offshore substation platforms; and
 - Up to 196 km offshore export cables, each in its own trench within the overall cable corridor.
- 10 The key permanent onshore components of VE will include:
 - Infrastructure at landfall, where the offshore cables are brought ashore;
 - Up to two transition joint bays connecting the offshore cables to the onshore cables;
 - Underground cable ducts, joint pits and cables;
 - The construction of the proposed onshore substation (OnSS); and
 - Underground cable ducts, joint pits and cables for the grid connection from the proposed OnSS to the proposed new National Grid East Anglia Connection Node Substation (EACN).
 - The onshore cable corridor will be approximately 22 km from the landfall compound to the EACN substation.



4. The project companies

- 11 Five Estuaries Offshore Windfarm Limited (registered in England and Wales under company number 12292474 and having its registered office at Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB) is the Applicant for the purposes of the Application and this Funding Statement. The Applicant has signed an Agreement for Lease with the Crown Estate as the owner of the seabed in order to develop VE.
- 12 The Applicant is owned by four entities:
- ✦ **RWE Renewables UK Swindon Limited** (33.3%). RWE Renewables UK Swindon Limited is registered in the UK with company number 02550622. RWE Renewables UK Swindon Limited is ultimately owned by RWE Aktiengesellschaft (RWE AG) which is registered in Germany with company number HRB 14525.
 - ✦ **Galloper Extension Investco Limited** (25%). Galloper Extension Investco Limited is registered in the UK with company number 12412596. Galloper Extension Investco Limited is a Macquarie-led Joint Venture with shareholders being MEIF5 Infrastructure Ventures FE Ltd (50%), Green Oxford Ltd (25%) and OSW Investments Galloper JVCO (UK) Ltd (25%).
 - ✦ **ESB II UK Limited** (20.9%). ESB II UK Limited has its registered offices at Tricor Suite, 4th Floor, 50 Mark Lane, London, EC3R 7QR and is 100% owned by the ESB Group.
 - ✦ **Sumitomo Corporation** (20.9%) is registered in Tokyo, Japan.
- 13 **RWE Renewables UK Swindon Limited** has substantial financial resources in its own right, plus, as a wholly owned subsidiary, it has the financial backing of RWE AG. RWE AG is one of Europe's five leading electricity and gas companies, with significant expertise in oil, gas and lignite production; in electricity generation from gas, coal, nuclear and renewables; in energy trading; as well as electricity and gas distribution and supply. Moody's and Fitch rated RWE AG as Baa2 and BBB+ respectively as of October 2023, with a stable outlook across both ratings agencies. RWE AG's annual report for 2022 declared earnings before interest, taxes, depreciation, and amortization of €6.3billion.¹
- 14 **Galloper Extension Investco Limited** is a Macquarie-led Joint Venture. Macquarie Asset Management is a global asset manager trusted by

¹ <https://www.rwe.com/en/investor-relations/online-report/>



institutions, pension funds, governments and individuals. Macquarie Asset Management provides access to specialist investment expertise across a range of capabilities including infrastructure, green investments, real estate, agriculture & natural assets, asset finance, private credit, equities, fixed income and multi asset solutions. Macquarie Asset Management is part of Macquarie Group, a diversified financial group providing clients with asset management, finance, banking, advisory and risk and capital solutions across debt, equity, and commodities. The total value of assets under management as at 31 March 2023 were \$A870.8billion.

- 15 **ESB II UK Limited** is 100% owned by the ESB Group. Electricity Supply Board (ESB) was established as a statutory corporation in the Republic of Ireland under the Electricity (Supply) Act 1927. ESB, including its subsidiaries, is a vertically integrated energy corporation with operations at all levels of the electricity sector including power generation, electricity transmission, electricity distribution and the retail supply of electricity. ESB also has related businesses, including an international engineering consultancy business, telecoms, and electric vehicle charging infrastructure. With the exception of its international consultancy business, ESB's activities are undertaken principally in Ireland and the UK. ESB has a regulated asset base of approximately €10.9 billion (comprising ESB Networks €8.8 billion and NIE Networks €2.1 billion), a 33% share of generation in the all-island market and supply businesses supplying electricity and gas to over 1.9 million customer accounts throughout the islands of Ireland and Great Britain. ESB has a credit rating of A3 (stable) and A- (stable) from Moody's and S&P respectively, as of July 2023.
- 16 **Sumitomo Corporation (SC)** is a leading Fortune 500 global trading and business investment company with 131 locations (Japan: 20, Overseas: 111). The entire SC Group consists of 893 companies. SC conducts commodity transactions in all industries utilizing worldwide networks, provides customers with financing, serves as an organizer and a coordinator for various projects, and invests in companies to promote greater growth potential. SC's core business areas include six business units: Metal Products; Transportation and Construction Systems; Infrastructure; Media and Digital; Living Related and Real Estate; and Mineral Resources, Energy, Chemical and Electronics. The value of assets as of 31 December 2023 is JPY 10,719 billion (c. GBP 57 billion), and the credit rating as of July 2023 is Baa1 (stable) – Moody's Investors Service.
- 17 The Applicant will also be the undertaker (as defined in Article 2 of the DCO; application document number 3.1) for the purposes of exercising the compulsory purchase powers under the DCO.



5. Funding

- 18 The Applicant has taken professional advice regarding the estimated cost of acquiring the land and interests required to deliver VE, and is satisfied that the requisite amount of funding is available to meet this cost.
- 19 The funding required in relation to land assembly will be provided by the Applicant. It will not be necessary to obtain any third party funding in respect of the land assembly requirements of VE This is because RWE AG, Macquarie Group, ESB and Sumitomo Corporation have made allowances for these costs, as they would with any large infrastructure project they undertake, and will ensure that the necessary funds will be available when they are due.
- 20 As such, no funding shortfalls are anticipated. The possibility of either RWE AG, Macquarie Group, ESB or Sumitomo Corporation being unable to meet its financial commitments in respect of land assembly is extremely remote as demonstrated by the sound credit ratings of the companies.
- 21 The Applicant has included in Article 34 of the DCO a provision which prevents the Applicant exercising the powers of compulsory acquisition granted by the DCO until guarantees or alternative forms of security in respect of the liability of the undertakers to pay compensation are in place. The form of guarantee or security and the amount of these must be approved by the Secretary of State.

6. Onshore construction coordination

- 22 VE was offered a connection into a new East Anglia Connection Node (EACN) substation by National Grid Electricity System Operator (ESO). The siting of the EACN, where the project connects into the national electricity transmission system, was undertaken by National Grid Electricity Transmission (NGET).
- 23 NGET identified a location on the Tendring Peninsula in Essex, which could be integrated as part of the Norwich to Tilbury reinforcement project, as an economic and efficient site for the EACN as set out in the Corridor and Preliminary Routeing and Siting Study published by NGET in 2022.
- 24 VE and Norwich to Tilbury are being developed in parallel with the same ambition to be operational by 2030. Throughout the development the project teams meet regularly to share updates on the designs and explore opportunities for coordination to reduce impacts on local communities.
- 25 Should both projects receive development consent, these efforts will continue throughout the construction and operational phases.



26 As explained in the draft Development Consent Order (application document number 3.1) and Co-ordination Document (application document number 9.30), the onshore export cable corridor and onshore substation arrangement have been designed in coordination with the adjacent North Falls offshore wind farm project ('North Falls'). A coordinated delivery of both projects presents opportunities to minimise environmental and community disruption. Three scenarios for onshore delivery with North Falls are foreseen:

- Scenario 1 (secured as 'build option 1' in the draft DCO) - VE proceeds to construction and undertakes additional onshore cable trenching and ducting works for North Falls as part of a single civils campaign. VE would undertake the cable installation and onshore substation build for its project only. The two projects would share accesses from the public highway for cable installation and substation construction. The projects would utilize and share the same temporary construction compounds for the cable installation works;
- Scenario 2 – Both VE and North Falls proceed to construction on different but overlapping timescales (between 1 and 3 years apart). Civil works are undertaken independently, but opportunities for reuse of enabling infrastructure such as haul roads and site accesses are utilised, with the later (second) project reinstating;
- Scenario 3 – North Falls does not proceed to construction; or both VE and North Falls proceed to construction on significantly different programmes (over 3 years apart). In the latter case the significantly different programmes would mean that haul roads and temporary construction compounds are reinstated prior to the second project proceeding.

27 Through coordination, VE and North Falls have been able to:

- Almost fully align the onshore export cable corridors;
- Identify possible shared works accesses and construction compounds;
- Exchange data and share surveys;
- Agree on a shared location for each project's substation and identify possible shared access and screening concepts;
- Increase the coordination of engagement with landowners;
- Exchange information on project design at an early stage to carry out cumulative seascape, landscape and visual impact assessments.



7. Estimated project cost

- 28 The current cost estimate for VE is approximately £3.5bn (three point five billion pounds). This includes the costs of construction, development, project management, financing, land acquisition and operation.
- 29 In the event that the Applicant elects to proceed with scenario 1 (as described above, and secured as 'build option 1' in the draft DCO), funding for the additional cable ducts associated with that option would be secured either by a commercial agreement between the Applicant and North Falls offshore wind farm or alternatively through the anticipatory investment framework being developed by Ofgem.
- 30 The Applicant is confident that VE will be commercially viable based on the assessments it has undertaken.

8. Compensation claims

- 31 The Applicant has sought advice from Dalcour Maclaren (DM) who are expert chartered surveyors with experience of offshore wind farm development. DM have provided possible heads of liability for:
- Compulsory acquisition of freehold land and permanent rights;
 - Compensation arising out of temporary works (disturbance);
 - Blight;
 - Severance and injurious affection;
 - Claims arising under Part 1 of the Land Compensation Act 1973;
 - Claims arising under Section 10 of the Compulsory Purchase Act 1965;
 - Business Loss Claims;
 - Development and Minerals;
 - Part 1 of the Land Compensation Act 1973 claims; and
 - Third Party Professional Fees.
- 32 Further details are provided in Appendix 1.
- 33 Of the 3 delivery scenarios outlined above, the scenario with the greatest impact on the heads of liability, being scenario 3, has been taken forward as the basis for the assessment of costs associated with compulsory acquisition and potential compensation claims.



- 34 DM have considered blight in relation to the Project and have concluded that the Project will not blight any properties so the quantum of liability under this head of claim is £0.
- 35 Overall DM estimate the costs associated with compulsory acquisition and potential compensation claims, including contingency, to be in the region of £26.4million (twenty-six point four million pounds). Further details are provided at Appendix 1.
- 36 Article 34 of the DCO provides that the Applicant may not exercise a number of powers until it has put in place a guarantee or security equal to its potential liability to compensation payable under the DCO.

9. Conclusions

- 37 The Applicant will be responsible for providing funding to cover the costs of the delivery of and the compulsory acquisition associated with VE. This funding will be provided by the Applicant partners: RWE Renewables UK Swindon Limited, Galloper Extension Investco Limited, ESB II UK Limited and Sumitomo Corporation with backing from parent companies RWE AG, Macquarie Group, and ESB Group. Each of these companies have substantial assets in their own right and considerable experience in infrastructure development.
- 38 The DCO secures that powers of compulsory acquisition cannot be exercised unless and until the Secretary of State is satisfied that funding for the potential liability for compensation has been secured.
- 39 The Secretary of State can accordingly be satisfied that sufficient funding will be available to develop VE and that any liability arising from the exercise of compulsory acquisition powers under the DCO will be met. The project is well-resourced financially and there is no reason to believe that, if the DCO is made, VE will not proceed.



Appendix 1

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**DALCOUR
MACLAREN**

Property Cost Estimate Report

Client: RWE Renewables UK

Project: Five Estuaries Offshore Wind Farm

Date: 11th March 2024

Project Name:	Five Estuaries Offshore Wind Farm
Version	v.2
Prepared by:	
Name	Adam Canning

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Introduction

Background

This Property Cost Estimate (PCE) has been produced to inform the Funding Statement in accordance with instructions from Five Estuaries Offshore Wind Farm Limited (the 'Applicant') in respect of the Five Estuaries Offshore Wind Farm (the 'Project').

The Funding Statement is submitted by the Applicant as part of its application to the Secretary of State for a Development Consent Order (DCO) for the construction, operation and decommissioning of the Five Estuaries Offshore Wind Farm.

The Project is the proposed extension to the operational Galloper Offshore Wind Farm. The project includes provision for the construction, operation, maintenance and decommissioning of an offshore wind farm located approximately 37 kilometres off the coast of Suffolk at its closest point in the southern North Sea; including up to 79 wind turbine generators and associated infrastructure making landfall at Sandy Point between Frinton-on-Sea and Holland-on-Sea, the installation of underground cables, and the construction of an electrical substation and associated infrastructure near to the existing Lawford Substation to the west of Little Bromley in order to connect the development to National Grid's proposed East Anglia Connection Node substation, which would be located nearby. All onshore connection infrastructure would be located in the administrative area of Tendring District Council, within Essex County Council. VE will have an overall capacity of greater than 100 Megawatts (MW) and therefore constitutes a Nationally Significant Infrastructure Project (NSIP) under the Section 15 (3) of the Planning Act 2008.

The parameters of the onshore infrastructure are set out by the Applicant in the DCO Application documents, including the Onshore Project Description (application document number 6.3.1) and the Non-Technical Summary (application document number 6.1.5).

The advice relates to compensation arising from the compulsory acquisition of land and rights and imposition of restrictions, together with other statutory claim liabilities arising out of the Project and is based on a detailed assessment of anticipated claims.

Project Experience

Dalcour Maclaren ('DM') has represented the Applicant since our instruction in 2021. Consultations and negotiations with landowners, tenants and occupiers affected by the onshore cable route, the onshore substation and construction compounds have been ongoing since 2021. The DM team has an excellent working knowledge of the proposed cable route and associated sites and all plots have been assessed against the Funding Statement requirements.

Dalcour Maclaren Experience

DM have been working in the utilities and infrastructure sectors since 2003 and have acted for and on behalf of numerous statutory undertakers and offshore wind farm developers since then.

During this time, DM have provided strategic advice to clients relating to Compulsory Purchase Orders (CPO) and Development Consent Orders (DCO). DM have also been responsible for securing voluntary agreements for rights associated with large scale projects including Option Agreements, Deeds of Grant of Easement, Leases, and Freehold Acquisitions with a broad spectrum of land interests including owners, occupiers and third parties.

Advice has been provided to multiple offshore wind DCO projects, including:

Project Description	Location	Approximate Length (km)
Hornsea Project One	Lincolnshire	40
Hornsea Project Two	Lincolnshire	40
Hornsea Project Three	Norfolk	55
Hornsea Project Four	Humberside	38
Burbo Bank Extension	Denbighshire	11
East Anglia ONE North	Suffolk	12
East Anglia Two	Suffolk	12
Dogger Bank A&B	Humberside	32
Dogger Bank C	Teesside	10
Sofia	Teesside	10
Triton Knoll	Lincolnshire	57
Awel y Mor	North Wales	11
Sheringham Shoal and Dudgeon Offshore Wind Farm Extension Projects	Norfolk	60

Limits or Exclusions of Liability

To the best of our knowledge, all information provided within this report is accurate and has been based on information provided by the Applicant and the land take required for all plots contained within the DCO application, as well as areas temporarily and permanently impacted adjacent to the DCO plots. Should any of the information we have used to form our opinions or the scope of the work change then we reserve the right to revisit our assessment. The PCE will remain under constant review and will be updated if and when new information becomes available that suggests values may change.

The PCE provides an indication of the compensation for the entire cable route on a holistic basis. Given the nature of the information available and enquiries made, this estimate should not be relied upon to inform the valuation of individual interests or for the purposes of negotiation.

A precautionary approach has been taken in the assessment of the required funding in light of the requirement for the Applicant to demonstrate that adequate funding is likely to be available to enable the compulsory acquisition within the time period authorised in the DCO.

Methodology

Valuation of Property Interests

For the purposes of providing this assessment we have relied on the following general methodology:

- The acquisitions of all property interests are progressed under the powers of compulsory acquisition and the Compensation Code will apply.
- Compensation is payable in accordance with the Compensation Code which includes the rules set out in Section 5 of the Land Compensation Act 1961 and other applicable legislation and case law.
- The Valuation Date for all estimates is February 2024.

Government guidance on the compulsory purchase process, which was updated in 2021, provides guidance to acquiring authorities and sets an expectation that compulsory purchase should only be used as a last resort. This encourages negotiation of property interests by agreement in advance of compulsory purchase. The Applicant will demonstrate its progress in this regard during the Development Consent Order process.

- Any property or interests acquired in the shadow of compulsory acquisition could still attract compensation payments and costs should be similar whether acquisition is before or after the award of compulsory acquisition powers.

Value of the Land Taken

The PCE assesses the required funding associated with the acquisition of land and rights and imposition of restrictions using extensive experience of other similar projects.

DM has advised the Applicant on the compensation arising from the compulsory acquisition of land and rights and the imposition of restriction and is based on a detailed assessment of anticipated claims. Whilst that detailed advice is confidential, the approach is explained within this report.

This report sets out an estimate of the total contingent liability for the acquisition of land and rights to be acquired and restrictions imposed by the Project for the purpose of delivering the onshore works element. This assessment outlines the likely Heads of Claim associated with a project of this nature, if land and rights are acquired via compulsory acquisition in the event that voluntary negotiations are unsuccessful and the associated financial figure that may be required as payment to all landowners, tenants, occupiers and third parties affected by the Project.

The following claim items will be considered in this assessment:

- Acquisition of freehold land and land rights (and imposition of restrictions)
- Compensation arising from temporary works
- Injurious Affection and Severance
- Blight
- Loss of Development
- Claims arising under Section 10 of the Compulsory Purchase Act 1965
- Claims arising under Part 1 of the Land Compensation Act 1973
- Claims arising under Section 152(3) of the Planning Act 2008
- Business Loss Claims
- Third party Professional Fees

The relevant legislation covering the claim items listed above has also been considered in this assessment including Compulsory Purchase Act 1965, Land Compensation Act 1961 and 1973 and the Planning Act 2008.

Any figures for the above claim items are based on professional judgement and experience of similar schemes.

The values provided represent a current view, rather than a projected view, and allow for existing use values and, where relevant, potential development values.

Acquisition of Freehold Land

It is proposed that the freehold interest shall be acquired in all plots associated with the substation and any associated landscaping and ecological mitigation where permanent and exclusive control is required for operation. The value of those plots has been assessed by reviewing the market value of the land in its existing use but disregarding the fact that the land is being compulsorily acquired. Consideration has been given as to whether any development value and hope value might exist. Disturbance costs associated with the freehold acquisitions have also been included.

Acquisition of Land Rights

It is proposed that permanent rights will be acquired to install, access, inspect, maintain, repair, alter, renew, replace and remove the cables and associated apparatus. Permanent rights will also be sought for certain mitigation land (on a time limited basis) and utility connections required to service the substation. Restrictions will also be imposed on the land so as to ensure that the rights can be exercised without impediment. Disturbance costs associated with the acquisition of Land Rights have also been included.

Compensation arising from Temporary Works

This comprises a number of Heads of Claims including:

- Compensation for loss or damage will arise as a consequence of temporary occupation of land for the undertaking of temporary works for the cable installation, substation construction, Bentley road and A120 improvement works and other associated works including use of accesses, visibility splays, environmental mitigation measures and drainage.
- The compensation is assessed having measured the extent of the Order Land over each holding, the nature of the works involved and the existing land uses.
- The estimate covers loss of crops, business losses, losses associated with above ground structures, reinstatement costs and extra field workings, temporary site compounds, claimants justified time and loss of subsidies and grants. Loss of subsidies includes all losses associated with the Basic Payment Scheme (BPS), environmental schemes and any future replacement schemes, being the government's rural grants and payments in support of the farming industry
- Our understanding of the likely impact on individual businesses is still incomplete due to minimal evidence being presented to date and, in consequence, general assumptions have been made and an assessment has been included in the PCE.
- A contingency sum of 10% has been added to allow for losses sustained after the Valuation Date.

Injurious Affection

Injurious affection is the depreciation in the value of the land retained by the owner as a result of the proposed construction on, and use of, other land acquired from that owner for the Project. It is the impact of the whole of the proposed scheme that is to be considered not just the effect on the area acquired from the owner. Compensation is claimable potentially both for the construction of the works and their subsequent use.

An assessment has been made where the project may depreciate the value of property, which includes residential properties close to the substation. The valuation takes into account the market value of the relevant property and the estimated depreciated value caused directly by the Project.

It is considered that the most likely claims for injurious affection may arise from the residential property which is in close proximity to the substation at Ardleigh, this assessment relates to properties where land and rights are to be acquired, where no land and rights are to be acquired, they are detailed under heading, "Claims arising under Section 10 of the Compulsory Purchase Act 1965 and Part 1 of the Land Compensation Act 1973". A review of these properties has been undertaken

and a general assessment made of potential impacts on a graduated basis dependent on the distance from the impact.

A review has also been undertaken of businesses which are affected and an assessment has been made in relation to possible claims.

Severance

Severance occurs when the land, or land over which rights are to be acquired, contributes to the value of the land which is retained so that, when severed from it, the retained land loses value. In this instance, the majority of land along the route is agricultural and, once the underground cables are installed, it is considered that there should be no permanent severance of land.

An assessment has been made where land is severed either permanently or temporarily as a direct result of the Project, in particular around the proposed substation. The valuation takes into account the market value of the relevant property before and after any permanent severance.

An allowance has been made for temporary severance as a result of the Project and is included as part of the disturbance compensation figure.

Blight

Blight claims allow a qualifying interest to call for their land to be acquired early i.e., before the acquiring authority would otherwise take it.

For a blight notice to be accepted and compensation to be payable, it must be supported by evidence that the claimant has made reasonable endeavors to sell the land or property in question and that the claimant has been unable to do so or could do so only at a price substantially lower than that for which it might reasonably have been expected to sell.

Throughout the course of consultations and negotiations with all landowners and occupiers along the route, we have not been made aware of:

- any attempts to sell any of the affected land or property that has resulted in the land or property only being able to be disposed of at a significantly lower value or
- any parties intending to serve a Blight Notice.

Our assessment suggests the likelihood of blight claims being received is extremely low due to the proposed screening and mitigation measures for the substation.

Loss of Development

It is acknowledged that certain land parcels may have development potential and the implementation of any such development which has the benefit of planning permission may be prevented or restricted as a result of rights granted and restrictions imposed under the DCO. For the avoidance of doubt,

development in this context may include but is not limited to residential, commercial or mineral extraction.

Where the compulsory acquisition of rights and imposition of restrictions pursuant to the powers in the DCO restricts or prevents such development potential, any proven and mitigated loss of development value will be subject to the payment of compensation.

We have assessed compensation for loss of development and minerals on a worst-case scenario basis, for the purposes of the funding statement.

Claims arising under Section 10 of the Compulsory Purchase Act 1965 and Part 1 of the Land Compensation Act 1973

Section 10 of the Compulsory Purchase Act (CPA) 1965 provides an entitlement to compensation, subject to meeting certain criteria, to the owners of a land interest who suffer damage to their property interest as a result of the execution of works. This entitlement arises where no land is acquired from the owner and equates to a restricted form of nuisance claim.

Claimants can include those whose rights or easements over land are interfered with as a result of the works, for example, a right of way over land being occupied for the Project. Claims can also arise as a result of the effect of physical factors arising from the execution of the works such as noise, dust, light and vibration on properties. The basis of valuation is as set out in this report under the heading, General Assumptions.

Based on the information provided to date, we are only aware of a small number of rights which might give rise to a valid and quantifiable claim. We recognise that, even with detailed referencing information, no absolute guarantee can be given that there are no other rights which could be affected in such a way as to give rise to a justified claim. It is further recognised that, should rights exist, they may be interrupted during construction, e.g. a restriction or temporary interruption to a designated right of way, and as such a claim for temporary injurious affection could arise. However, it is assumed that, as far as possible, alternative arrangements will be made to mitigate the impact on any rights.

In terms of the physical elements of the works which may give rise to a claim, the risk of claims arising as a result of dust, light and vibration is considered to be low. The Project's assessment of the impact of noise on properties in the vicinity of the Project's works areas has been based on a worst-case scenario with works proceeding during nighttime hours and at weekends. It is anticipated that through detailed design and further refinement of the Outline Project's Code of Construction Practice, these impacts shall be mitigated.

The view taken, therefore, is that the likelihood of valid and sustainable claims being made under s10 CPA 1965 is moderately low. We do, however, provide an allowance for such costs as a contingency within the PCE.

Responsible authorities may be liable, under Part 1 of the Land Compensation Act 1973, to pay compensation for the depreciation in the value of an interest in land which is attributable to the use of public works where no land has been taken from the claimant. Compensation is limited to depreciation in the market value of the qualifying land interest caused by the use of the land or works but only in so far as that depreciation is attributable to “physical factors”.

It is our opinion that the likelihood of successful or substantial claims is low based on the particular physical factors which will arise from the use of the works and the distance of the works from potential claimants.

Whilst the risk of such claims remains low, we have provided an allowance for such costs as part of the contingency within the PCE.

Business Loss Claims

It is acknowledged that certain business may be disrupted as a consequence of the Project. Any claims which are accepted by the Applicant will have to demonstrate that they are a natural and reasonable consequence of the Project, with the claimant evidencing they have used reasonable endeavors to mitigate their proven losses.

An assessment has been made of the businesses which could be impacted by the Project.

Third Party Professional Fees

Claimants are entitled to reimbursement of professional costs incurred in connection with the claim for compensation and transfer of their interest to the acquiring authority. Our figures include an allowance for the costs of surveyors and solicitors representing the claimants. This may vary on a case-by-case basis, but overall a 10% contingency has been applied to cover possible additional costs.

The Applicant’s professional costs are not included in the PCE.

Stamp Duty Land Tax

The Applicant, as the Acquiring Authority, may be liable for any Stamp Duty Land Tax (SDLT) arising as a consequence of the property transactions. SDLT is payable at the following rates:

Price Threshold	SDLT Rate (%)
The portion up to and including £150,00	0
The portion over £150,000 but not more than £250,000	2
The portion over £250,000	5

Contingency and Interest

In view of the level of information available to us at this stage, a general contingency of 10% has been added to all items included in the estimate. Additionally, because of the deferment of the payments from the date of this assessment, compounded interest has also been added at a rate of 2% per annum through to 2032, being the estimated timescale for consenting, programming and construction, based on the upper estimate from the forecasted Consumer Price Index (CPI), published by the Office for National Statistics.

Valuation Assumptions and Exclusions

General Assumptions

- The estimate has been prepared on the basis of current market value which would be payable in the event of the Applicant acquiring land and rights and imposing restrictions under the terms of the DCO rather than by voluntary agreement. Associated disturbance is included. The disturbance costs associated with surveys which will be undertaken on a voluntary basis and compensated prior to the DCO being confirmed are excluded from this assessment.
- The estimate relies on assessments of buildings from vantage points and internal property inspections have not been undertaken. In addition, further research has been completed via the internet, media, aerial and ground photography and from investigations into comparable local valuation evidence.
- No allowance has been made for any incentive payments which would otherwise be payable for voluntary agreements (subject to meeting various criteria).
- Land values are based on market values in the region.
- We have not generally investigated planning history unless otherwise stated in this report. Our figures reflect existing use value rather than any other value although, where appropriate we have considered potential development values or values associated with potential alternative uses.
- We understand that there may be some closures and diversions of the public highway. No allowance has been made for any potential claims for compensation other than where there are associated losses caused to businesses.
- The assessment does not include the cost of any physical mitigation or reinstatement works which will be undertaken by the Applicant. These costs form part of the overall budget which the Applicant has allocated for the likely costs of implementing the Project under the DCO.
- A 10% contingency has been applied throughout.
- The figures, which includes the contingency, are inflated by 2% per annum for a period of 10 years through to 2032.
- The Valuation Date for assessment of compensation is assumed to be February 2024. It should be noted that the figures stated in the estimate may require revision.
- At the time of writing there has not been a detailed review into the potential value of the any minerals located across the scheme. There are few registered mineral interests across the corridor and given their location the potential for any viable economic extraction is very limited. As such an arbitrary figure has been included for this value.

Exclusions

Costs associated with the following property or interest types have not been included within the PCE:

- Operational highways, railways, rivers and other infrastructure
- Utility apparatus including but not limited to substations, pipes, cables, sewage treatment works, pumping stations, masts and tanks
- The Applicant's professional fees

- Costs associated and already incurred during surveys undertaken prior to the confirmation of the DCO
- No allowance is made for any VAT in this estimate.

Conclusion

Property Cost Estimate

This is an estimate carried out using the information available to date as set out earlier in this report. If required, the estimate can be revised to maintain accuracy as more information becomes available.

It is our opinion that the likely costs to secure the necessary land, interests, rights and make payment of compensation is in accordance with the figures set out in the table below:

Item	Net Value	Contingency @ 10%	Interest @ 2%	Total
Acquisition of Freehold Land	£828,469	£82,847	£199,573	£1,110,889
Acquisition of Permanent Rights	£1,015,024	£101,502	£244,513	£1,361,039
Disturbance Compensation	£3,525,862	£352,586	£848,359	£4,727,807
Severance and Injurious Affection	£750,000	£75,000	£180,670	£1,005,670
Third Party Professional Fees	£1,798,564	£449,641 (25%)	£492,344	£2,740,549
Claims under Section 10 (CPA 1965)	£1,683,000	£168,300	£405,424	£2,256,724
Claims under Part 1 (LCA 1973)	£214,397	£21,440	£51,647	£287,484
Business Loss Claims	£308,769	£30,877	£74,381	£414,026
Development & Minerals	£9,302,080	£930,208	£2,240,814	£12,473,102
Total	£19,426,165	£2,212,401	£4,738,725	£26,377,291

In completing this PCE we have maintained consistency throughout based on our methodology and valuation assumptions and exclusions. For the reasons stated in this report, we have included a contingency so that it can be stated that our estimate of property cost is **£26,377,291**



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