

# Outer Dowsing Offshore Wind

## Compulsory Acquisition Information

### Compulsory Acquisition Funding Statement Appendix 5: Property Cost Estimate

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**DALCOUR  
MACLAREN**

# Property Cost Estimate Report

**Outer Dowsing Offshore Wind  
GT R4 Limited**  
Wednesday, 13 March 2024



## Project

<b>Project Name</b>	Outer Dowsing Offshore Windfarm
<b>Scheme Number</b>	22000087
<b>Report Number</b>	V3

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# Introduction

## Background

This Property Cost Estimate (PCE) has been produced to inform the Funding Statement in accordance with instructions from GT R4 Limited (the 'Applicant') in respect of the Outer Dowsing Offshore Wind Project (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 for the construction, operation and decommissioning of the Project.

The Project will have a maximum export capacity greater than 100 megawatts (MW), with expected maximum export capacity to be approximately 1.5 gigawatts (GW) in total and comprises an offshore generating station and covers an area of seabed of approximately 436km<sup>2</sup>. The Project is proposed to be located approximately 54km off the coast of Lincolnshire, England. The Project will require both offshore and onshore infrastructure to transmit the power generated by the turbines to an onshore substation (OnSS) and subsequently into the National Grid Transmission System.

The Project will be connected to shore by offshore export cables installed at landfall at Wolla Bank, on the Lincolnshire coast. From there, the onshore export cables travel approximately 70km inland to a new OnSS which will be connecting into a proposed National Grid Substation (NGSS).

During construction the working width of the onshore Export Cable Corridor (ECC) will be 80 metres with the section between the OnSS and NGSS being 60 metres. The corridor may be wider in certain locations due to complex crossings, obstructions, or storage areas, along the onshore cable route.

For the purpose of this PCE, a worst-case scenario of the Project construction has been adopted which equates to a total area required for construction in the region of 908 hectares including an allowance for severed areas. The width of the area over which permanent rights will be required for the onshore cables is 60 metres between landfall and the OnSS and then a 40-metre width between the OnSS and NGSS.

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 Project since our instruction in 2022. Consultations and negotiations with landowners, tenants and occupiers affected by the onshore cable route, the onshore substation and construction compounds have been ongoing since 2022. The DM team has an excellent working knowledge of the proposed cable route and associated sites and all plots have been assessed to produce this PCE.

## Dalcour Maclaren Experience

DM have been working in the utilities and infrastructure sectors since 2004 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

## **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 upon 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 March 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 (including imposition of restrictions)
- Compensation arising 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 acquisition of plots will be acquired for the OnSS, to include any landscaping and mitigation land. Freehold acquisition will also be required at Landfall for the transition joint bays and the permanent bellmouth providing access of Roman Bank Road. 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, inspect, repair, replace, move, renew, operate, maintain, monitor, retain, decommission and remove the cables/circuits, associated infrastructure and any ancillary apparatus or landscaping. Permanent rights will also be sought for certain mitigation land and utilities required to service the substation. Permanent access rights will also be sought for the following:

- i) to a landlocked area at Youngers Lane,
- ii) an access off the B1195 to an area of land south of the Wainfleet Relief Channel
- iii) permanent access rights to maintain landscape mitigation planting and to maintain both new and existing drainage systems associated with landscape mitigation planting.

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, 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 and claimants justified time.
- 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.
- The assessment includes allowances for run off claims, following completion of the temporary works.
- The assessment does not include the cost of any physical mitigation works which will be undertaken by the Applicant.
- A contingency sum of 10% has been added to allow for losses sustained after the Valuation Date.
- The assessment does not include any subsidy payments due to the nature of farming practices along the route. With the phasing out of the Basic Payment Scheme (BPS) and the introduction of the Environmental Land Management Scheme (ELMS), it is unlikely that these will be utilised within the scheme corridor, noting the intensive farming along the route.
- The assessment of compensation for loss of crop includes 3 crops grown in 2 years applicable for land used for vegetable production, thus accounting for the intensive growing systems along the route. Current cropping information sought from landowners and occupiers along the cable corridor was used to identify the percentage of vegetable production across the scheme, and this was then used to estimate an average crop percentage going forward to ensure the cropping output was as accurate as possible.

## **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 and energy balancing infrastructure. 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 those residential properties which are in close proximity to the OnSS, 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.

A review has also been undertaken of businesses which are affected, an assessment has also 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 endeavours 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.

To ensure that the funding assessment caters for any 'blight risk' properties, we have included a contingent liability for Blight claims. However, our assessment suggests the likelihood of blight claims being received is nil.

## **Loss of Development**

It is acknowledged that certain land parcels may have development potential and the implementation of any such development (which as the benefit of planning permission under the Town and Country Planning Act 1990) 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 compensatable.

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). 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.

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 businesses 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 endeavours 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 SDLT arising as a consequence of the property transactions.

Due to the nature of the land affected within the Order Limits, SDLT rates for non-residential and mixed land and property have been used. Stamp Duty Land Tax is only payable under this category where property or rights are acquired for a value in excess of £150,000. We have applied the prevailing rates of 2% for acquisition values between £150,000 and £250,000 and 5% on any balance over £250,000.

An allowance is included within the claim items above where SDLT may be payable.

## **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 5% per annum through to 2034, being the estimated timescale for consenting, programming and construction. 5% is 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 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 Early Signing Bonus 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 the 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 include the contingency, are inflated by 5% per annum for a period of 10 years through to 2034.



## **Exclusions**

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

- Operational highways, 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 with surveys
- 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 (£)	Interest (£)	Contingency (£)	Total (£)
1. Acquisition of Freehold Land	1,894,831	1,265,929	189,483	3,350,243
2. Acquisition of Permanent Rights	7,694,017	5,140,342	769,402	13,603,761
3. Disturbance Compensation	16,209,796	10,829,700	1,620,980	28,660,476
4. Severance and Injurious Affection	206,576	138,013	20,658	365,246
5. Third Party Professional Fees	1,904,371	1,272,303	190,437	3,367,111
6. Blight	200,000	133,619	20,000	353,619
7. Claims under Section 10 (CPA 1965)	267,500	178,716	26,750	472,966
8. Claims under Part 1 (LCA 1973)	-	-	-	0
9. Business Loss Claims	533,715	356,573	53,372	943,659
10. Development and Minerals	-	-	-	0
<b>TOTAL</b>	<b>28,910,806</b>	<b>19,315,195</b>	<b>2,891,081</b>	<b>51,117,081</b>

In completing this PCE we have maintained a 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 **£51,117,081 (fifty one million, one hundred and seventeen thousand, and eighty one pounds)**.



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