

# **A1 in Northumberland: Morpeth to Ellingham**

**Scheme Number: TR010059**

## **7.17.3 Applicant's Written Summary of Oral Submissions at Hearings - Appendix C – Calculation of Compulsory Acquisition Budget**

Rule 8(1)(c)

Infrastructure Planning (Examination Procedure) Rules 2010

Planning Act 2008

March 2021

Infrastructure Planning

Planning Act 2008

**The Infrastructure Planning  
(Examination Procedure) Rules  
2010**

**The A1 in Northumberland: Morpeth to  
Ellingham**

Development Consent Order 20[xx]

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**Appendix C – Calculation of Compulsory  
Acquisition Budget**

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# 1 APPENDIX C – CALCULATION OF COMPULSORY ACQUISITION BUDGET

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## 1.1 INTRODUCTION

- 1.1.1. This document provides an explanation of the process which the Applicant follows when calculating the budget required for the compulsory acquisition of land on all schemes in order to ensure that the resource implications of land acquisition are taken into account.
- 1.1.2. The District Valuers appointed from the Valuation Office Agency (VOA) by the Applicant follow a standard approach. This document describes the process followed on the Scheme in accordance with that approach.

## 1.2 ESTIMATE STRUCTURE

- 1.2.1. The District Valuer will review each potential claim individually, considering all available information, provided by the Applicant, in order to make their assessment. The District Valuer will set out their considerations, including any assumptions made, in their report to the Applicant. Their assessment will be impacted by the level of information available to confirm ownership and the number and nature of affected land interests. It is therefore a fundamental requirement that the District Valuer has the best information available that reflects a scheme's current design and assumed land take.
- 1.2.2. Land cost estimates are based on current market values at the time of production and not on historical or projected values. The forecast outturn cost is calculated (what will actually be paid to the landowner when the Applicant enters onto the land) using indexation applied to a Lands Cost Estimate (LCE).
- 1.2.3. An LCE for a scheme, calculated in accordance with the Compensation Code, will contain, throughout the life of the scheme, all the financial information relating to completed, live and expected future land acquisition and compensation claims and will include (where appropriate) amounts for:
- a.** compensation for acquiring land and land already acquired, including temporary land take. If the District Valuer is not advised which land take is temporary and which is permanent, an assumption will be made that all identified land take is permanent, as a worse case;
  - b.** injurious affection and severance where land is taken, for the loss of value of a claimant's retained land as a result of the use of a scheme; or its severance, either from the land and/or property acquired or by it being divided into separate parts of a scheme;
  - c.** disturbance – where a claimant is displaced from his/her land by the Applicant in consequence of compulsory acquisition and they incur costs or losses as a consequence;
  - d.** claims under Part I Land Compensation Act 1973;
  - e.** any known potential claims under section 10 Compulsory Purchase Act 1965 for the injurious affection to land arising from the construction works;

- f.** basic, occupier's and home loss payments;
  - g.** compensation in respect of mineral rights;
  - h.** fees – covers the District Valuer fees and the claimant's agent's fees for all compensation cases including Part I claims;
  - i.** Stamp Duty Land Tax;
  - j.** the likely amount of non-recoverable VAT, based on the District Valuer's assessment of the nature of the land interests to be acquired and the number of landowners that may elect to charge VAT on the supply of land.
- 1.2.4. In addition, some properties are valued according to their trade, for example petrol filling stations, pubs and hotels.
- 1.2.5. There is an account and audit requirement that LCE's are never more than six months old. The Applicant manages this, ensuring the District Valuer reviews and updates the LCE's at least every six months or following a revision to a scheme design that significantly increases or decreases the area of land required.
- 1.2.6. The LCE forms part of a scheme estimate. Further details on the Scheme estimate is set out in the Funding Statement [APP-019].
- 1.2.7. The Applicant does not set out the LCE separately in the Funding Statement [APP-019] or otherwise publish it, as there would be the potential for this to affect the Applicant's negotiations for compensation with land interests. However, the Applicant can confirm that all costs in relation to compensation would be met, subject to the process set out above.

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