Title: Technical Improvements to Compulsory Purchase Powers

Impact Assessment (IA)

Date: 01/08/2015
Stage: Final
Source of intervention: Domestic
Type of measure: Primary legislation
Contact for enquiries: Robert Segall - robert.segall@communities.gsi.gov.uk; 0303 444 1717

Summary: Intervention and Options

**Cost of Preferred (or more likely) Option**

<table>
<thead>
<tr>
<th>Total Net Present Value</th>
<th>Business Net Present Value</th>
<th>Net cost to business per year (EANCB on 2009 prices)</th>
<th>In scope of One-In, Two-Out?</th>
<th>Measure qualifies as</th>
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<td>£0m</td>
<td>£-6.9m</td>
<td>£0.6 m</td>
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**What is the problem under consideration? Why is government intervention necessary?**

Compulsory purchase powers are an important tool for assembling land needed to help deliver social, environmental and economic change. Used properly, compulsory purchase can contribute towards effective regeneration. A number of changes have been made to improve the system in recent years. However, there continues to be concern that the existing process is too convoluted and complex.

**What are the policy objectives and the intended effects?**

The Government has developed a package of technical improvements to make the process clearer, faster and fairer. All parties will be better informed by clearer, more accessible guidance and benefit from a faster system. The system will also be fairer for both those whose interests are compulsorily acquired and for the acquiring authorities. This Impact Assessment deals with those compulsory purchase reform measures being included in the Housing Bill.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

We are keen to use non-regulatory approaches wherever possible. Key elements of the wider reform proposals taken forward in addition to the Bill measures include updated Government guidance on the compulsory purchase process from end to end and revised guidance to encourage public authorities to offer good levels of compensation to avoid the need for compulsory purchase. For a number of elements of the package, however, only an amendment of legislation can deliver the proposed reform. Further information on options considered is set out in the detailed commentary.

**Will the policy be reviewed?** It will be reviewed. **If applicable, set review date: 12/2020**

Does implementation go beyond minimum EU requirements? | N/A
---|---
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base. | Micro Yes | < 20 Yes | Small Yes | Medium Yes | Large Yes
---|---|---|---|---|---
What is the CO₂ equivalent change in greenhouse gas emissions? (Million tonnes CO₂ equivalent) | Traded: 0 | Non-traded: 0

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: ___________________________  Date: 01/08/2015
### Policy Option 1

#### Description and Scale of Key Monetised Costs by ‘Main Affected Groups’

We have not been able to monetise the costs to acquiring authorities but they are offset by the benefits to claimants. We estimate the net cost to private business of the change in advance payments to be approximately £800,000 per year. Responses to our consultation confirmed that our estimate is reasonable.

#### Description and Scale of Key Monetised Benefits by ‘Main Affected Groups’

We have not been able to monetise the benefits to claimants but they are offset by the costs to acquiring authorities.

#### Other Key Non-Monetised Costs by ‘Main Affected Groups’

Acquiring authorities will in some cases incur increased costs in relation to the earlier payment of compensation and may find entry onto land delayed by a matter of weeks. Those subject to compulsory purchase (claimants) will in some cases be unable to delay the process to the same degree or achieve ransom levels of compensation.

#### Other Key Non-Monetised Benefits by ‘Main Affected Groups’

Acquiring authorities will in some cases incur increased costs in relation to the earlier payment of compensation and may in a very limited number of circumstances find entry onto land delayed by a matter of weeks in comparison to existing arrangements. Those subject to compulsory purchase (claimants) will, in some cases: obtain greater notice of entry onto land; obtain earlier advance payments of compensation; and achieve higher levels of interest on outstanding compensation.

### Key Assumptions/Sensitivities/Risks

- When offsetting orders where the acquiring authority involves a business interest with orders where the claimants are businesses, we have assumed that on average each order has the same value.
- When there is an acquiring authority with a business interest and claimants that are all households we have assumed there are 15 households on average with homes of average value.
- We have assumed acquiring authorities and claimants have a 7% cost of capital.

### Business Assessment (Option 1)

<table>
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<tr>
<th>Direct Impact on Business (Equivalent Annual) £m:</th>
<th>In Scope of OIOT?</th>
<th>Measure Qualifies as</th>
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<td>Costs: 0.6</td>
<td>Yes</td>
<td>IN</td>
</tr>
<tr>
<td>Benefits: 0.0</td>
<td></td>
<td></td>
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<tr>
<td>Net: -0.6</td>
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OVERVIEW OF PACKAGE OF PROPOSALS

1. Compulsory purchase powers are an important tool for assembling land needed to help deliver social, environmental and economic change. Used properly, compulsory purchase can contribute towards effective regeneration. Because the process interferes with the human rights of those with an interest in the land affected, there must be adequate safeguards in place to protect those rights. A number of changes have been made to improve the system in recent years. However, there continues to be concern that the existing process is too convoluted and complex.

2. The Government has, therefore, put together a further package of proposals for technical process improvements and guidance to make the process clearer, faster and fairer with the aim of bringing forward more brownfield land for development. In March 2015 the Government published a consultation paper: *Technical consultation on improvements to compulsory purchase processes*, setting out a range of proposals aimed at making the compulsory purchase process clearer, faster and fairer for all. The consultation closed on 9 June. A link to the consultation paper is here: [Consultation Paper](#).

Response to Consultation proposals

3. Alongside the formal consultation process we attended a number of events and meetings with interested groups such as the Compulsory Purchase Association and Royal Institution of Chartered Surveyors. We held a seminar to discuss impacts (see further details in paragraph 10).

4. There were 75 responses to the consultation from a cross-section of those with an interest in compulsory purchase. All the proposals were supported and for the majority there were very high levels of support with an average of over 80% in support of the package of measures. Having carefully reviewed all the responses to consultation, the Government has decided to take forward the majority of measures, in line with the consultation proposals. Implementation of these measures will in most cases require primary legislation and we propose to seek the necessary powers through provisions in the Housing Bill. This impact assessment deals with all the measures that will be included in the Housing Bill. The final impact assessment has also been updated to reflect any changes to the detailed elements of these measures, in the light of the consultation proposals. In most cases, the changes are minor and technical in nature and will have no material impact for the purposes of this assessment.

5. There are two consultation proposals - facilitating the transfer of mortgages to avoid negative equity; and the introduction of a fast track decisions over claims for advance payments of compensation, that the Government is keen to take forward, but will require further work so detailed proposals will not be included in the Housing Bill. Finally, in relation the proposal to improve the minimum rate of interest on unpaid compensation, the Government has decided to amend its proposals and will, as a consequence, no longer require primary legislation. This measure will be brought forward in a separate Impact Assessment which will be drafted to accompany the secondary legislation.
Summary of proposals covered in this Impact Assessment

6. In summary, the package of consultation measures which are included in the Housing Bill and are the subject of this Final Impact Assessment are:

- **Streamlining of Government Processes** - Various process improvements to the compulsory purchase order (Order) confirmation stage, with the aim of making the system faster and more transparent. Specifically, this will include the introduction of statutory targets, a new statutory requirement for the Secretary of State with confirmation powers to report annually to Parliament and allowing the Secretary of State to delegate certain decisions.

- Making the **powers of entry for survey purposes** prior to a CPO fairer and more consistent. Currently only local authorities and some other public sector acquiring authorities have this power. The Government recognises that all acquiring authorities need to have the power to enter land at an early stage to assess whether their proposals are viable.

- **Reforming High Court Challenges.** Widening the remedies available to the Courts to allow them to quash the Secretary of State’s decision to confirm a compulsory purchase order as an alternative to quashing the order (either in whole or part) following a successful challenge, so allowing faster reconsideration of a compulsory purchase order which has been successfully challenged. Allowing the period for implementing a compulsory purchase order to be extended for a flexible period of up to 1 year where there is an unsuccessful legal challenge to the decision to confirm the order.

- **Entry to take possession of acquired land.** Increasing and standardising at three months the minimum notice periods for entry to take possession, and introducing an expedited notice process in specified circumstances, to ensure that the processes are not unnecessarily extended where the acquiring authority has complied with all regulatory requirements.

- **Advance payments of compensation.** Improving the system of advance payments to allow clearer and better structured claims and earlier payments. This will remove undue stress and economic hardship, particularly to individuals and small businesses required to move.

- **Extending the right to override easements and restrictive covenants** currently restricted to planning authorities and regeneration agencies. This right will be extended to all acquiring authorities, provided the development is undertaken with planning permission (or deemed planning permission) and has been acquired for the fulfilment of their statutory functions.

- **Harmonising procedures for settling disputes about material detriment.** Providing a system which allows the acquiring authority to enter and take possession of the land they are authorised to take, before any dispute about material detriment has been determined by the Upper Tribunal, to prevent unacceptable delays in taking forward developments.

7. There are two main groups who will be affected by these proposals:

- **Acquiring authorities** – these can be either public sector bodies (mainly local authorities) or private sector authorities (mainly utilities companies). Average figures for compulsory purchase orders in the last 3 years (2012, 2013 and 2014) show that
of an average of 167 submitted per year, only 16 were from private sector acquiring authorities. However, we estimate some 33 compulsory purchase orders made by local authority acquiring authorities are done in collaboration with developers i.e. there is an indemnity agreement between the local authority and the developer and any costs incurred by the authority are passed directly to the developer.

- **Claimants i.e. those whose interests are being compulsory purchased** – within this group there are two main types – businesses and residents. Each compulsory purchase order will have a unique array of business and residential interests and we do not hold detailed information on the type and nature of interests being acquired. Based on the experience of the National Planning Casework Unit, which is the Secretary of State’s decision-making branch, in handling around 75% of compulsory purchase orders each year, we estimate that around 10% involved business as the only claimants; a further 20% involved some (but not all) claimants as private business; with the remainder mostly involving households. How we arrived at these estimates is explained in more detail on pages 19 and 20. The National Planning Casework Unit, as the decision branch, receives all compulsory purchase orders submitted to the Secretary of State for Communities and Local Government for confirmation; all objections to the compulsory purchase order; arranges inquiries with the Planning Inspectorate; receives the Inspectors’ Reports; and makes decisions on whether to confirm compulsory purchase orders on behalf of the Secretary of State.

8. There are, therefore, interests on both sides of these proposed changes. So a change which might result in cost savings or benefits to acquiring authorities might impose a cost on a claimant whose interest in land is being acquired and vice versa. In our commentary on each measure, we examine the likely impact on both acquiring authorities and claimants, drawing upon the limited detailed information that is available.

9. In terms of the quantitative impact of these proposals, we have undertaken a review of available evidence about the number of orders submitted each year across all Whitehall departments. In addition, we have worked closely with the National Planning Casework Unit (who deal with the majority of orders) to obtain information about timescales for handling casework. There is no source of comprehensive information about the stages in the process once the order has been confirmed, (when central government involvement in the process has stopped). Nor is there comprehensive information on the levels of compensation paid. This is because the level of compensation paid is a matter for the parties concerned and is not a matter of public record, unless it has been determined by the Upper Tribunal (Lands Chamber). Only a limited number of cases are dealt with each year and even where a case has been so determined, it will not necessarily cover all the compensation paid for the compulsory purchase order, especially for large schemes.

10. Attempting to collect comprehensive information would involve disproportionate cost and may not be obtainable in some instances. However, in consulting on the draft proposals we sought views on the assumptions about the nature and scale of impacts of the proposals. We also held an Impacts Seminar during the consultation exercise with leading practitioners specifically focussed on testing our understanding of the likely impact of the measures and the assumptions underpinning that understanding. Neither the consultation nor the Impacts Seminar brought forward any alternative evidence to identify that the impacts of the proposals would be different to those already identified.

11. The majority of respondents to the consultation questions on the Impact Assessment supported the assumptions made, and over 85% considered that the proposed package of measures would, overall, provide modest net benefits or have negligible impact. The
only matter to raise a negative response was in relation the assumption, that there is an average of 15 household claimants per compulsory purchase order. Nearly 65% of respondents disagreed with the assumption but no clear alternative was offered. In the absence of an alternative approach or proposition, and in the light the general level of support for the IA assumptions from respondents, the impact remains assessed on the basis of 15 households.

12. We considered if there would be any familiarisation costs associated with these proposals and do not expect this to be the case for acquiring authorities or claimants. This is because:

- **Acquiring authorities** – in the majority of cases, an acquiring authority would not have previously carried out a compulsory purchase order, or at least not recently enough to not need to review the legislation thoroughly. Given the importance of compulsory purchase orders in assessing the viability of acquiring authorities’ projects and the bespoke nature of compulsory purchase orders, even in instances where an acquiring authority or an individual in an acquiring authority has carried out a compulsory purchase order previously, it would be expected that they would need to consult the legislation thoroughly regardless of whether or not it had changed. Any costs to an acquiring authority of familiarising itself with the regulations would therefore, also be incurred in the counterfactual. This is consistent with the arguments made in the validation impact assessment on reducing planning regulations to support housing, high streets and growth (ref. RPC14-FT-CLG-2147(2)).

- **Claimants** – it would be very unlikely that a claimant would have previously been subject to a compulsory purchase order or at least recently enough to not need to review the legislation thoroughly. Therefore, as with acquiring authorities, any costs to claimants of familiarising themselves with the legislation would also be incurred in the counterfactual.

13. Acquiring authorities and claimants in most cases make use of professional advisors. We do not expect the amount of professional advice required or the associated costs of this advice to acquiring authorities or claimants to change as a result of the proposed changes.
INDIVIDUAL MEASURES IN THE PACKAGE

STREAMLINING OF GOVERNMENT PROCESSES

14. The process of confirming a compulsory purchase order can be lengthy and the timescales for a decision unclear. The lack of clarity about timescales is unhelpful for all parties involved in this process, not just the acquiring authority. It is also difficult to monitor performance or identify where systemic problems may exist. In addition, some relatively straight-forward cases are unnecessarily delayed because of a need to refer the final decision to the Secretary of State.

15. We will introduce two important changes:

a) statutory targets for the timing of the confirmation stage of the compulsory purchase order process; and

b) provision for the Secretary of State to delegate decisions on orders to an Inspector.

Expected level of impact

16. Acquiring authorities – the proposals to shorten the timescales for the consideration of orders by the Secretary of State will have a beneficial impact on all acquiring authorities as they will result in quicker decisions, thus reducing the overall timescale of the process and bringing greater certainty for project planning.

17. Claimants – there will be no substantive impact from these proposed changes on claimants. No changes are proposed to either the ability of claimants to make representations or the timescale for doing so, as the changes of timescales will be focussed on shortening the period after all the parties have submitted their evidence. Whilst this may ultimately mean that the date of entry to take possession is earlier than might otherwise have been the case, these changes will not impose additional costs and may provide some benefit in providing certainty earlier to claimants about when a compulsory purchase order will be implemented.

18. These proposals were overwhelmingly supported in the response to the consultation and these changes impose no substantive costs on claimants including those who are businesses and should benefit all acquiring authorities, both public and private sector.

POWERS OF ENTRY PRIOR TO A COMPULSORY PURCHASE ORDER BEING MADE

19. All acquiring authorities may need to enter land for survey purposes prior to a compulsory purchase order being made, for example, to identify the location of utilities or to ascertain whether there are any subterranean structures or areas of contamination which might hamper a proposed scheme. However, at present, the only acquiring authorities with powers of entry for these purposes are local authorities or other public bodies.

20. Without these powers, private sector acquiring authorities, must negotiate with the landowner if they require entry to land they may wish to include in a compulsory purchase order. For these acquiring authorities, the compulsory purchase process can be considerably delayed because of the unwillingness on the part of a landowner to allow a proper survey, or alternatively schemes are developed without the benefit of full information which can then mean subsequent delays, and additional costs to address constraints that emerge.
21. There is no justification for the difference in the powers of entry available to acquiring authorities which currently exists. All acquiring authorities may need to have the power to enter land at an early stage to assess whether their proposals are viable.

22. We will amend legislation to give all acquiring authorities the same power of entry in these circumstances with the same period of notice required to gain entry. In developing the amendments we have had regard to the Home Office’s Power of Entry Gateway Guidance 2011. In line with that guidance we will introduce a warrant provision for circumstances where entry is refused or is required urgently.

23. The effect of these changes is to make the compulsory purchase process fairer and more consistent by giving all acquiring authorities the same powers of entry for surveying purposes prior to making a compulsory purchase order, while ensuring that there is a clear and fair process in place to resolve any disputes about whether entry is necessary.

Expected level of impact

24. Acquiring authorities – the main impact will be on businesses which are private sector acquiring authorities (as other acquiring authorities already have the powers). The acquiring authorities who do not already have a power of entry account for around 16 compulsory purchase orders a year (10% of the total). The change will be beneficial as it will give them the same power to enter land to obtain information that is necessary to decide if or how they take forward a compulsory purchase order scheme. It will mean that they are able to progress a compulsory purchase order at the same rate as other acquiring authorities as there will not be any delays associated with having to negotiate with landowners/occupiers for entry to the land. It will remove the need to obtain insurance to guard against later risk. It will also reduce the risk of delays or costs later in the process arising from a lack of information about the land in question and potentially therefore, could have a significant positive impact. The impact of bringing all the timescales for notifying parties into line and introducing warrant provisions will be marginally beneficial for all acquiring authorities in giving greater certainty in the process.

25. Claimants – landowners/occupiers of land which is included in a compulsory purchase order may be affected by this change, but it is difficult to say that there will be any substantive additional impact. In both the counterfactual (no change in policy) and the proposed change, survey work is likely in most cases to be very limited in scale and duration. The acquiring authority will have to give notice of entry and they will be liable for compensation for any damage or disturbance caused. If landowners/occupiers refuse entry there will be a clear and fair process – applying to a justice of the peace for a warrant – if acquiring authorities want to pursue the matter. Whether a survey has been allowed or refused will not impact on whether the order is confirmed or not.

26. We have also considered the Information Commissioner’s document, Conducting privacy impact assessments code of practice, and undertaken an initial screening of impacts on which we concluded that a Privacy Impact Assessment is not necessary.

27. This proposal received a high level of support in the response to the consultation and, the change will have a positive impact for private sector acquiring authorities.

REFORMING HIGH COURT CHALLENGES

28. Confirmed compulsory purchase orders can be challenged by any aggrieved person who wants to question the validity of the order or any of its provisions through an application.

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to the High Court under section 23 of the Acquisition of Land Act 1981. At present, the Court has the power to quash the whole or any provision of the order. Where a challenge is successful and the whole compulsory purchase order is quashed, an acquiring authority would have to restart the whole compulsory purchase process if it still required the land, this would have significant time and cost implications.

29. However, where a challenge is solely on the grounds of an error in the Secretary of State’s decision in considering and confirming the order and it is successful, it would be more proportionate for the Courts to have the power to send the order back to the Secretary of State for reconsideration rather than quash the whole compulsory purchase order.

30. We will introduce changes to:
   a) widen the remedies available to the Courts where there is a successful challenge to a decision to confirm a compulsory purchase order; and
   b) make provision to ‘stop the clock’ on a compulsory purchase order pending the outcome of a legal challenge to allow acquiring authorities sufficient time to implement the order if the challenge fails.

31. The intended effect of these changes is to allow, where appropriate, faster reconsideration of a compulsory purchase order that has been successfully challenged and ensure that the process for challenging decisions is clear and fair.

Expected level of impact

32. Figures for the last 3 years (2012, 2013 and 2014) show that there have only been four statutory High Court challenges in that period and none of the challenges were successful. Therefore, it is likely that the change will only have an impact in very rare cases where there is a successful challenge and the reason it is successful is an error in the Secretary of State’s decision.

33. Acquiring authorities - where such a case arises, the proposed change will be beneficial to the acquiring authority as they are likely to save considerable time and costs from not having to restart the compulsory purchase process from the beginning.

34. Claimants – the proposed change is likely to be beneficial to claimants by providing certainty earlier in the process that a compulsory purchase order will or will not proceed and may reduce costs as the process does not have to restart from the beginning. The proposed change may mean that if the compulsory purchase order is subsequently confirmed, entry to take possession may occur earlier than would be the case if the whole order had been quashed but this would not lead to additional costs to business.

35. These changes received a high level of support (over 90%) in the response to the consultation and the changes impose no substantive costs on claimants, including those who are businesses. They will provide benefits for acquiring authorities in rare cases where the confirmation is quashed and it is procedurally acceptable not to have to restart the compulsory purchase process from the beginning.

ENTRY TO TAKE POSSESSION OF THE ACQUIRED LAND

36. Once a compulsory purchase order has been confirmed, the process of acquisition of the land by the acquiring authority may commence. The main problem is that there is a lack of consistency and certainty in the timing of the acquisition process, with differing and, in
some cases, inadequate notice periods for those affected (the claimant) by an order. In some cases, the acquiring authority does not take possession on the expected date leaving claimants in an uncertain position. The consultation also highlighted that under the general vesting declaration process a notice of intention to make the general vesting declaration is published two months before the declaration can be made. However, there is no onus on the acquiring authority to execute the general vesting declaration and so the occupier has no certainty as to when, or if, the acquiring authority will ever execute the general vesting declaration and pay any compensation. It was considered that the initial notice should be removed, particularly in light of the proposal to extend the notice of entry to a minimum of 3 months.

37. A further problem is that the quality of data used to prepare the notices relies on responses from third parties and if inaccuracies are discovered before possession then it lengthens the time required to take possession as a new notice of entry must be served. There is currently no protection from delay for the acquiring authority, even where it has diligently taken all appropriate steps to obtain the necessary information to serve a notice.

38. The current system benefits neither claimant nor the acquiring authority and so unnecessarily increases cost, programme time and risk.

39. We will make the following changes to the current arrangements:

a) extend and harmonise the process for taking entry following compulsory purchase powers becoming available to provide a minimum of 3 months’ notice before entry (from 14 or 28 days, depending on the procedure);

b) enable a claimant to require entry by serving a notice on the acquiring authority once the date specified in the notice by when entry could be taken has passed (this is called a reverse notice of entry);

c) provide additional protection for acquiring authorities when new interests in land are discovered after notice of entry has been given, but before entry is taken; and

d) Change the General Vesting Declaration procedure by removing the need to publish a notice of intention 2 months before the Declaration can be made.

40. We will also make a small related improvements to the process:

e) repeal the obsolescent Schedule 3 Compulsory Purchase Act 1965 method of obtaining entry

41. The intended effect of these changes is to give certainty to claimants as to when entry on to land will take place.

Expected level of impact

42. The impacts for the key changes under this element of the package are set out below.

43. Acquiring authorities – the impact of these changes will be minimal:

- in terms of extending the period of notice – this does not impose any additional requirement/action on the acquiring authority and current good practice is to offer notice periods longer than the minimum. So the number of cases where this applies is likely to be limited. The removal of the general vesting declaration initial notice will
remove a stage in the process making it a simpler procedure for the acquiring authority.

- furthermore, properly organised acquiring authorities should have no difficulty in conforming to the new notice period and it should not, therefore, delay the date on which they take possession

- the reverse notice of entry is simply designed to enforce the timescales the acquiring authority has itself imposed on the claimant – it does not impose an additional cost or burden

- the expedited notice process, when a new interest is discovered late in the process and the new party is not in occupation, will reduce the time delays if a new interest comes to light and thus potentially benefit all acquiring authorities (including private sector ones)

44. **Claimants** - the impact of these changes will be beneficial:

- although the number of cases may be limited, the longer periods for notice of entry may enable claimants to re-order their affairs with more certainty. Having a guarantee of a minimum period of notice does allow the claimant to plan more effectively and in a very limited number of cases may very significantly assist a business to relocate successfully. The removal of the general vesting declaration initial notice will remove the uncertainty of when or if the acquiring authority will then execute the general vesting declaration and pay compensation.

- a reverse notice of entry or the alternative of making the acquiring authority responsible for the property from the specified date of entry regardless of whether they take possession in reality will benefit businesses and other occupiers of affected land because they will be able to move at a time of their choosing (if the acquiring authority does not take possession on the date in the notice of entry). This will reduce any double costs for renting two sets of premises, for example.

- the new provision to allow an expedited notice process would only apply to new interests which were not in physical occupation of either land or buildings on the site. Given there are no logistical or physical matters to resolve, a shortened notice period would have no discernable impact on any businesses that may be caught by this new procedure.

45. The minor related proposal associated with this element of the package will have no discernable impact on business or other parties because:

- repealing the Schedule 3 method of obtaining entry - these provisions are obsolescent and no longer used.

46. These changes received a high level of support in the response to the consultation. These measures are marginally beneficial for claimants, which could include both business and/or residential interests.

**ADVANCE PAYMENTS OF COMPENSATION**

47. The process of obtaining payments in advance of final settlement of compensation claims is not fair or fast enough for claimants.
48. At present, statute provides for the making of an “advance payment” on account of compulsory purchase compensation where an acquiring authority has taken possession of land. In response to a request for an advance payment, the acquiring authority must pay 90% of their estimate of the compensation due (or 90% of the compensation agreed to be due) within 3 months of the request or on the date of entry and taking possession, whichever is the later. This means that the claimant must make a claim at least 3 months in advance of the date of entry in order to receive payment on that date.

49. The purpose of advance payments is to put the claimant in a financial position, so far as is possible and as early as is possible, so that they can re-order their affairs and go about life with the minimum of disruption. However the phrase “advance payment” means a payment in advance of the final settlement. As described above is it currently not possible to make a payment in advance of the date of entry of the acquiring authority on the property.

50. In the majority of cases, the claimant will find it necessary either to move house, or to move to other business premises, in order to avoid closure of their business. Yet, even if the advance payment is made on time, this may be after the claimant has had to vacate the premises but will almost inevitably be after the date on which payments must be made for new premises (eg rent in advance). Such payments would have to be financed from their own resources or from a bridging loan. This can cause undue stress and economic hardship, particularly to individuals and small businesses. In extreme cases, it can make relocation impossible and effectively the activity or business is terminated.

51. A further aggravating factor is that acquiring authorities do not always make advance payments within the 3 month period required by statute. The current legislation does not provide a sanction for failing to make a payment, nor require that the offer must be realistic in terms of quantum.

52. The explanation often given by acquiring authorities for delayed payment is that claimants have not provided sufficient information to enable an assessment of compensation upon which an advance payment can be based.

53. We will introduce changes to include:

a) a new formal claim form which claimants must submit to obtain an advance payment; and

b) bringing forward the earliest date when advance payment must be made and give greater flexibility to acquiring authorities to make early payments, if they want to, without infringing local authority financing rules.

54. The intended effect of these changes is to provide for an improved system of advance payments with more coherent claims and earlier payments, in particular, advance payments of compensation before entry.

**Expected level of impact**

55. **Acquiring authorities** – the impacts are:

- a formal claim form should ensure that as full information as possible is provided in preparation of a claim for compensation, including advance payment. This will focus the assessments by claimants and should be beneficial for acquiring authorities who will have better information on which to assess claims
acquiring authorities will face financing costs associated with having to pay compensation up to 3 months earlier than at present. We have included this in respect of claimants that are businesses in our estimate of the net annual costs of business of our proposals below.

enabling early advance payments will reduce the costs to claimants (eg by enabling early relocations) and so reduce the final compensation claim.

56. Claimants - the impact of these changes will be largely beneficial:

- a formal claim form will not add to the costs of business, as it is not proposed to expand or change the information that is already required to accompany a claim, merely to make the position clearer for all parties.

- bringing forward the date of advance payments will result in cost savings to claimants. We have included this for claimants that are businesses in our estimate of the net annual costs of business of our proposals below. In extreme cases, bringing forward the earliest date on which advance payments may be made will potentially save claimants that are businesses from going out of business, where they cannot finance these costs themselves. In some cases it will save claimants the inconvenience of having to finance relocations before compensation is paid where claimants were able to do so.

- Enabling early advance payments will ease relocations resulting in better business continuity.

57. These changes received a high level of support in the response to the consultation. These measures are beneficial for claimants, which could include both business and/or residential interests.

EXTENDING POWERS TO OVERRIDE EASEMENTS AND RESTRICTIVE COVENANTS

58. To deliver regeneration, an acquiring authority often intends to sell on land that has been compulsorily acquired to a third party developer. To ensure that the proposed regeneration is implementable, it is often important to ensure that a number of restrictive covenants and easements benefiting both the land to be developed and neighbouring properties (known as third party rights) no longer act over the land. These are typically rights of light and covenants restricting development to certain uses or density.

59. Under the Town and Country Planning Act 1990, the regeneration Acts and the Planning Act 2008, promoters (acting through the public authority or directly) are able to get the power to override third party land rights. The land owners with the benefit of the rights are entitled to compensation under the Compensation Code.

60. However, no such rights exist for compulsory purchase powers authorised under different legislation such as road schemes under the Highways Act; transport schemes under the Transport and Works Act; or transport schemes by Transport for London under the Greater London Authority Act. They may be present in hybrid legislation: the Crossrail Act 2008 does not contain such powers, but the High Speed 2 Bill\(^2\) does.

\(^2\) High Speed Rail (London – West Midlands) Bill [Schedule 14 para2]
61. To protect the acquiring authority from injunctions in relation to both the purpose for which it was acquired and any development of surplus land, we propose to extend rights under the Town and Country Planning Act 1990 and equivalent legislation to other relevant compulsory purchase enabling Acts.

Expected level of impact

62. **Acquiring authorities** - this measure will benefit all acquiring authorities who do not already have the powers. These bodies will be freed from restrictive covenants and easements on their developments, the need for insurance against these rights and will have greater certainty at the outset as to the development potential of sites.

63. **Claimants** - any beneficiaries of the easements or covenants overridden by this measure will lose the opportunity to demand ransom levels of compensation and receive compensation code levels instead.

64. This proposal received a high level of support (around 90%) in the response to consultation. The overall effect on acquiring authorities of this measure would be positive. The total benefits to acquiring authorities who do not currently have these powers must always be greater than the total dis-benefits to the beneficiaries of third party rights, because acquiring authorities will always pay compensation according to the Code, rather than be at risk of ransom claims. They will also no longer have to take out insurance policies or be vulnerable to injunctions.

HARMONISING THE PROCEDURES FOR SETTLING DISPUTES ABOUT MATERIAL DETERIMENT

65. Land needed for development projects often cuts across numerous parts of landowners’ property. In such cases, developers would only seek to compulsorily purchase the relevant parts required. Where a partial purchase cannot be taken without “material detriment” to the remainder of a landowner’s property, claimants can apply to the Upper Tribunal (Lands Chamber) to compel the acquiring authority to purchase the entire property.

66. There are two different procedures that allow acquiring authorities to exercise compulsory purchase powers, a ‘notice to treat’ or a ‘general vesting declaration’. Where claimants wish to challenge the acquiring authority’s proposal to take only part of their land, because of the material detriment that will be suffered to their retained land, they can serve a counter-notice on the acquiring authority. The acquiring authority can either withdraw, decide to take all the land or refer the matter to the Upper Tribunal (Lands Chamber) for determination.

67. There is a difference in process between the two acquisition procedures. When a general vesting declaration has been served, the procedure is set out in statute. Reference to the Upper Tribunal will prevent entry to land being taken until the issue of material detriment is resolved. Decisions on material detriment currently take around two years to conclude and this can mean that the acquiring authority has no programme certainty as to when work will commence. For some schemes, this would constitute an unacceptable programme risk and cause a project to fail.

68. Under notice to treat, there is no statutory procedure for requiring the acquiring authority to purchase the whole of land: the procedure is established in case law. Unlike the statutory procedure for general vesting declarations, the title does not vest until compensation is settled, which can create a number of delivery issues, particularly where sub-soil for tunnels is required. This was a problem for the High Speed 1 (Channel
Tunnel Rail Link), but subsequent hybrid legislation has solved this problem for the projects concerned by dis-applying the material detriment provisions for acquisitions of subsoil. While this approach could also be followed for development consent orders and Transport and Works Act orders, it would not be possible for standard compulsory purchase orders unless specific legislative provision was made.

69. We propose to provide a unified statutory system that clearly allows for claimants to serve a counter-notice requiring the whole of their land to be taken if taking only part would cause material detriment to their retained land. We propose that under both the general vesting declaration and notice to treat procedures entry can be taken and title vested before the issue of material detriment is decided by the Upper Tribunal, in the same way that entry can be taken and title vested – and works could therefore commence - before the issue of compensation is decided by the Tribunal in the event of a dispute.

Expected level of impact

70. **Acquiring authority** - Acquiring authorities will not be subject to any extra expense because, by being able to start works according to their preferred schedule, they will not have to decide whether to wait for the dispute to be settled or accept material detriment and buy the entire land holding if the land is absolutely necessary for their scheme. They would still be able to withdraw if they could adjust the scheme to do without the part of the land they originally wanted.

71. **Claimants** - Claimants would suffer the disruption they were trying to avoid if works start before the dispute is settled. If the dispute is settled in the acquiring authority's favour, then there would be no impact on the claimant. If not, the acquiring authority would take the rest of the land and may have to pay compensation for any business losses incurred while waiting for a determination by the Upper Tribunal.

72. Material detriment claims are likely to be very rare for standard compulsory purchase orders. Hybrid Acts, development consent orders and Transport and Works Act Orders can all modify legislation such as the material detriment provisions to enable, in effect, the proposed change to be followed. Claims for material detriment using standard compulsory purchase orders are most likely to arise in linear schemes, such as roads built by local highway authorities. Even where land is severed, material detriment disputes are not inevitable. Some cases will be clear cut, so the dispute provisions would not be engaged.

73. We have not been able to find any cases at the Upper Tribunal since 2012 where material detriment was at issue.

74. The sub-soil provisions, which would disapply material detriment where subsoil is required for tunnels, would also have little impact. The compensation for such land is usually nominal (£50) and hybrid Acts etc can already do this. Acquiring authorities would benefit from those rare occasions when tunnelling was an issue for relevant schemes – such as for local authority roads.

75. This proposal received over 70% support in the response to consultation.
TOTAL COST OF THE PROPOSALS

76. As stated on page 7, we do not expect there to be any familiarisation costs associated with our proposals against the counterfactual.

77. The element of this proposal that we estimate will have a material financial impact on different parties is the change to the legislation about advance payments of compensation (page 12).

78. However, in both cases, there is a simple transfer of costs, ie there is a change in the distribution of costs. In particular, while there is a cost to acquiring authorities who will have to pay 90% of the estimated compensation 3 months earlier, there is an equal cost saving for other directly affected claimants who receive this compensation earlier. As this is a simple transfer of costs, we consider the total costs of these two elements of the proposal to be zero. This is consistent with paragraph 5.23 of HM Treasury’s The Green Book - transfer payments may change the distribution of income or wealth, but do not give rise to direct economic costs.

79. The above is assuming that the cost of capital of all parties is the same\(^3\). We envisage that overall there could even be a negative cost, since claimants typically are likely to be of a smaller size than acquiring authorities or private developer backers, meaning that they are more likely to have a higher cost of capital or suffer from cash-flow issues as a result of the timing of the payments. If this were the case, the cost to business would be lower than estimated in this Impact Assessment, so we regard our assumption as conservative.

80. Despite the costs and cost savings at the very least summing to zero, ideally we would estimate the total cost of the two measures on acquiring authorities (typically public sector or businesses) and the offsetting cost savings to claimants (typically businesses or households) to understand the distributional impact.

81. The acquiring authority and claimant types and the material financial impact types are illustrated below.

Table 1 – acquiring authority and claimant types

<table>
<thead>
<tr>
<th>Acquiring authority types</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Private business (usually utilities)</td>
<td>• Cost of borrowing associated with earlier payment of advance payment</td>
</tr>
<tr>
<td>• Local authorities on behalf of private developers</td>
<td></td>
</tr>
<tr>
<td>• Local authorities</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Claimant types</th>
<th>Cost savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Private businesses (a variety of sizes and types)</td>
<td>• Reduced borrowing costs as a result of receiving advance payment earlier</td>
</tr>
<tr>
<td>• Households</td>
<td>• Reduced financial risk as a result of no longer having to incur costs (which it is not necessarily always possible to borrow against) before receiving advance payment</td>
</tr>
</tbody>
</table>

\(^3\) This assumption is the same as in our consultation IA (RPC15-CLG-2329), which was rated green by the RPC. Responses to our consultation do not suggest that this assumption is unreasonable.
82. We have collected data on the number of compulsory purchase orders over the most recent three years, 2012, 2013 and 2014. On average there have been 167 compulsory purchase orders submitted for confirmation per year.

83. Tables 2 and 3, which follow paragraphs 104 and 106, below, show our estimate of the breakdown of compulsory purchase orders by different types of acquiring authority and claimant.

84. In order to estimate the total cost to acquiring authorities and cost savings to claimants, we would need to know the average amount claimed in respect of each compulsory purchase order. This is because the costs associated with making and receiving payments earlier forms a proportion of the total value of the compulsory purchase order.

85. To go one step further and estimate the total cost or cost saving to the different types of acquiring authorities and claimants (typically businesses or households), we would need to know the amounts paid and claimed by each of these types of organisation.

86. Unfortunately there is no data available on the value of compulsory purchase orders. This is because the level of compensation paid is a matter for the parties concerned and is not a matter of public record, unless it has been determined by the Upper Tribunal (Lands Chamber). Only a limited number of cases are dealt with each year and even where a case has been so determined, it will not necessarily cover all the compensation paid for the compulsory purchase order, especially for large schemes.

ANNUAL NET COST TO BUSINESS OF ALL THE PROPOSALS

87. In order to estimate the annual net cost to business, we need to understand the proportion of compulsory purchase orders where the acquiring authority is a business or local authority acting on behalf of business and the extent that this is offset by the proportion of claimants that are businesses. Ideally we would also know the value of compulsory purchase orders where the acquiring authorities are businesses or local authorities acting on behalf of businesses, and also the value of compulsory purchase compensation claimed by businesses but as discussed above, data on the amounts of compensation paid in respect of each compulsory purchase order is not available.

88. The analysis that follows is therefore based on evidence on the number of compulsory purchase orders and the types of acquiring authorities and claimants, along with a number of assumptions. These assumptions are the same as those used in the analysis in the consultation IA (RPC15-CLG-2329), which was assessed as ‘green’ by the RPC. As discussed above, we tested the assumptions used in this analysis at consultation, which is in line with the advice that RPC provided in its assessment of the consultation IA. Neither the response to consultation, nor the Impacts Seminar identified evidence to counter the assumptions made in our estimates of the impacts of the proposed reforms. This is despite our consultation asking questions relating specifically to the evidence and assumptions used in our analysis.

89. The table below shows our estimate of the annual number and percentage of compulsory purchase orders where the acquiring authority is a business or a local authority acting on behalf of a business. The analysis is based on data we have collected on the total number of compulsory purchase orders and the number where the acquiring authorities are private businesses. We have combined this with estimates of the proportion of the compulsory purchase orders that the National Planning Casework Unit handles that
involve public sector acquiring authorities acting on behalf of private business. For compulsory purchase orders that are not handled by the National Planning Casework Unit, it is very rare for public sector acquiring authorities to act on behalf of private businesses.

Table 2 - average annual number and percentage of compulsory purchase orders in 2012, 2013 and 2014, by acquiring authority type

<table>
<thead>
<tr>
<th>Type of acquiring authority</th>
<th>Number of compulsory purchase orders per year</th>
<th>% of compulsory purchase orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private business</td>
<td>16</td>
<td>10%</td>
</tr>
<tr>
<td>Public sector backed by private business</td>
<td>33</td>
<td>20%</td>
</tr>
<tr>
<td>Public sector</td>
<td>117</td>
<td>70%</td>
</tr>
<tr>
<td>Total</td>
<td>167</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add up due to rounding

90. The table below shows our estimate of the number and percentage of compulsory purchase orders where the claimants are exclusively private business or could include private businesses. Again, this is based on the experience of the National Planning Casework Unit. This information is not relevant to the consideration of whether a compulsory purchase order should be confirmed and so is not systematically collected. It could only be obtained by reviewing all the case files to analyse the identity of all the claimants: this is not necessarily reliable, especially for private landlords.

91. We applied the same percentages to the compulsory purchase orders not handled by the National Planning Casework Unit since we have no reason to expect these to systematically differ in terms of their proportional impact on private business. It is also worth noting that 75% of all compulsory purchase orders in 2012, 2013 and 2014 were handled by the National Planning Casework Unit so their indication on the proportion with private business claimants provides a high level of coverage.

Table 3 - average annual number and percentage of compulsory purchase orders in 2012, 2013 and 2014, by claimant type

<table>
<thead>
<tr>
<th>Types of claimants</th>
<th>Number of compulsory purchase orders per year</th>
<th>% of compulsory purchase orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private business are the only claimants</td>
<td>18</td>
<td>11%</td>
</tr>
<tr>
<td>Some but not all claimants private business</td>
<td>36</td>
<td>22%</td>
</tr>
<tr>
<td>No claimants are private business</td>
<td>113</td>
<td>68%</td>
</tr>
<tr>
<td>Total</td>
<td>167</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add up due to rounding

92. As stated above, to estimate the change in the distribution of annual net costs to business, we estimate:

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4 The one exception to this is housing compulsory purchase orders, which differ in nature and the National Planning Casework Unit has given us advice specific to this type of compulsory purchase order, which we have incorporated into our analysis.
a) the number of compulsory purchase orders where there are increases in costs to private business that are acquiring authorities or have local authorities acting as acquiring authorities on their behalf;

b) the number of compulsory purchase orders where there are decreases in costs to claimants that are private businesses; and

c) the extent that the changes in costs associated with these compulsory purchase orders are likely to offset each other.

We then consider what the costs to the remaining acquiring authorities that are private businesses or local authorities acting on behalf of private business would be.

For our analysis, we can therefore exclude the 117 instances where the acquiring authority is public sector (not acting on behalf of a private business) and the 113 instances where we estimate that no claimants are private businesses.

This leaves us with 49 compulsory purchase orders where the acquiring authority is a private business or acting on behalf of a private business, and on the other side of the equation, 18 compulsory purchase orders where all the claimants are private business and 36 compulsory purchase orders where some but not all claimants are private business.

On proportionality grounds we have assumed that on average each compulsory purchase order involves the same amount of claim. Also on proportionality grounds we have assumed that the amount of payment brought forward by 3 months in respect of 18 of the compulsory purchase orders where the acquiring authorities are private businesses or local authorities acting on behalf of private business is directly offset by an equivalent amount of payment brought forward in respect of the 18 compulsory purchase orders where private businesses are the only claimants. This is a simple transfer of costs as described above.

This then leaves us with 31 compulsory purchase orders where the acquiring authority is acting on behalf of a private business and 36 compulsory purchase orders where some but not all claimants are private businesses. For these compulsory purchase orders, we do not know the proportion of the total amount claimed that was by private business. We have assumed 50%.

Typically we would expect individual claims by businesses to be larger than those by households, since individual businesses often occupy much larger areas of land and there may be multiple business interest in an individual plot, including land owners/freeholders, businesses who are tenants and in some cases sub tenants of land and buildings. So, we regard the 50% assumption as fairly conservative, i.e. is more likely to result in us overstating the annual net costs to business than understating them. We did not receive any responses to our consultation to suggest that this assumption is unreasonable.

If we make this conservative assumption then this would be equivalent to 18 compulsory purchase orders where the private businesses are the only claimants and 18 where none of the claimants are private business. If we offset the 18 against the 31 acquiring

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5 These assumptions have not changed since the consultation IA, which was assessed as ‘green’ by the RPC. Responses to our consultation and discussion at our Impacts Seminar did not suggest that we should change these assumptions.

6 Likewise, this assumption has not changed since the consultation IA. Responses to our consultation and discussion at our Impacts Seminar did not suggest that we should change this assumption either.
authorities acting on behalf of private business, this leaves us with 13 acquiring authorities acting on behalf of private businesses where none of the claimants are private businesses. We consider the costs to these businesses.

Impact of change to advance payments

100. As discussed in the above section on the impact on acquiring authorities of the change in advance payments, a cost will arise as a result of them having to pay claimants earlier than before the change. We feel it reasonable and proportionate to assume that they will need to increase their debt for 3 months by an amount equivalent to the amount that is paid 3 months earlier. Private businesses that local authorities act as acquiring authorities on behalf of will typically be private developers. In an impact assessment on planning appeal procedures (RPC12-CLG-1423(4)), we assumed their cost of capital is 7% and we do not have any reason to expect this to have changed since then (though if the consultation results in evidence to the contrary we will amend this assumption)\(^7\). Private acquiring authorities form a range of organisations, including those associated with energy and other utilities. Network utilities typically have a lower cost of capital\(^8\).

101. If we assume a 7% per annum cost of capital in respect of the advance payments, this would imply that bringing advance payments forward by 3 months would result in acquiring authorities incurring a cost of capital representing approximately 1.75%\(^9\) of 90% the total value of the compulsory purchase order\(^10\).

102. We do not hold figures on the average number or value of houses captured by individual compulsory purchase orders. Based on the cases dealt with by the National Planning Casework Unit, the majority of cases involve a small number of residential properties (ie less than 10 units). Of the cases that involve a larger number of units, a majority do not involve either private sector acquiring authorities or local authorities acting on behalf of the private sector.

103. On this basis, we think a conservative assumption would be that there are on average 15 claimants that are householders for each of the 13 compulsory purchase orders\(^11\) where the acquiring authority is a private business or a local authority acting on behalf of a private business, and none of the claimants are private businesses.

104. However, this assumption is very dependent on the proportion of compulsory purchase orders that contain a large number of claimants and how many claimants there are in each of these. As discussed above, while there is no systematic data on the number of claimants within each compulsory purchase order, responses to our consultation did not suggest our assumption as being unreasonable.

105. The average house price in the United Kingdom in 2013 was £261,000\(^12\), so if there are 15 household claimants in respect of each of these 13 compulsory purchase orders, the total value of the orders would be £51m\(^13\).

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\(^7\) If anything, it could be argued that as a result of the continuation of the base rate being at 0.5%, that our estimate of 7% could be decreased but it certainly should not be an overestimate.


\(^9\) 1.75% is \(\frac{1}{6}\) of 7%.

\(^10\) The advance payment only relates to 90% of the acquiring authority’s estimate of the compensation due.

\(^11\) Likewise, this assumption has not changed since the consultation IA. Responses to our consultation and discussion at our Impacts Seminar did not suggest that we should change this assumption either.

\(^12\) Source: ONS

\(^13\) 15 houses at £261,000* 13 compulsory purchase orders = 15*261,000*13 = £51m
106. Overall, we estimate the net cost to businesses of paying the households the advance payment 3 months earlier would be approximately £800,000\(^{14}\) per annum. The ten year business net present value of this cost is therefore approximately £6.9m.

107. As discussed this is a very approximate estimate designed to give our best estimate given the evidence of the annual net costs to businesses arising from our proposals – this demonstrates the proposal is likely to have limited costs for business in limited circumstances. However, the proposal is considered to be zero net cost as explained at the head of this section since the changes amount to transfers between parties and transfers are not considered to be direct costs (The Green Book).

108. Since all the payments are transfers, when we consider households and organisations that are not businesses in our analysis, the net impact of the change to advance payments is zero.

109. The following are also worth taking into account:

- Private businesses that are acquiring authorities or have a local authority acting as an acquiring authority on their behalf are usually large developers or utility companies. Claimants, on the other hand, will be households and businesses of varying sizes, including small businesses. Claimants are therefore more likely to benefit from a reduction in cash flow problems and the corresponding financial consequences than acquiring authorities will suffer from an increase in cash flow problems.

- It is unlikely claimants will on average have a cost of capital as low as the 7% we have assumed in respect of businesses that are acquiring authorities or have local authorities acting as acquiring authorities on their behalf, as they will be made of businesses of a mixture of sizes, some much smaller and with a higher cost of capital. Therefore the cost saving to claimants that are businesses of earlier advance payments may outweigh the financial costs to businesses that are acquiring authorities or have a local authority acting as an acquiring authority on their behalf.

**Small and Micro Business Assessment**

110. These proposals will impact on acquiring authorities and claimants. Businesses are represented in both categories, but only claimants will be small or micro- businesses. It is not possible to estimate the number of small businesses which will be affected by these proposals as that will depend on the particular circumstances of each compulsory purchase order. However, our analysis of the impact of these proposals on claimant businesses in general shows that many of the proposals will have no substantive or minimal impact. Advance payments of compensation are likely to have the greatest impact –which will be beneficial to claimant businesses, including small businesses, because they will be able to receive advance payments earlier.

111. Overall, we consider that these proposals will have a positive impact on small businesses and therefore, that no mitigations are required.

**OITO status**

\(^{14}\) £51m*90% advance payment*7% cost of capital*3/12
112. The changes that we have been able to monetise relate to the advance payments of compensation and suggest a small net cost on business. However, it should be noted that the majority of business responses (who made up over half of all respondents to the consultation paper) considered that the package of reforms would have net benefits for business interests, or have a negligible impact. It is clear that respondents to the consultation supported our view that these measures will help make the compulsory purchase process clearer, faster and fairer for all.

113. The regulatory proposal is in scope of OITO. Overall, the responses to our consultation suggest that the non-monetised benefits could outweigh the cost that we have been able to monetise. However, we do not have sufficient evidence on this for an OITO status of ‘OUT’ or ‘Zero Net Cost’. In accordance with the Better Regulation Framework Manual (paragraph 1.9.11), we have therefore classified these regulations as an ‘IN’.