

MINUTES OF ORAL EVIDENCE

taken before

HIGH SPEED RAIL COMMITTEE

On the

HIGH SPEED RAIL (LONDON – WEST MIDLANDS) BILL

20 November 2014 (Morning)

In Committee Room 5

PRESENT:

Mr Robert Syms (Chair)
Mr Henry Bellingham
Sir Peter Bottomley
Ian Mearns

IN ATTENDANCE

Mr Timothy Mould QC, Lead Counsel, Department for Transport
Ms Jacqueline Lean, Landmark Chambers

Rebecca Clutton, Francis Taylor Building

Witnesses:

Sir William Cash, MP for Stone

Ms Hilary Wharf, Director, HS2 Action Alliance
Mr Gary Hammond, Branch Manager, Hamptons Great Missenden
Mr Robert Raffety, Associate Director, Jones Lang LaSalle
Sandy Trickett, Assistant to Dan Byles MP
The Right Honourable Frank Dobson, MP for Holborn and St. Pancras
The Right Honourable Cheryl Gillan, MP for Chesham and Amersham

IN PUBLIC SESSION

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(at 09.30)

1. CHAIR: Welcome. Good morning, everybody, to the HS2 Select Committee. This morning we hear from Sir William Cash, and then from the Action Alliance, which will call various eminent witnesses. Sir William, as you know, was originally scheduled to come in on Tuesday. Nevertheless, due to timetable, he's here this morning and the HS2 Action Alliance will follow him today with their witnesses. I think we're going to try to finish before 10, aren't we, Bill?

2. SIR WILLIAM CASH: I hope so.

3. CHAIR: Excellent, Sir William.

4. SIR WILLIAM CASH: Thank you very much. Well, thank you very much for allowing me to appear, particularly as the HS2 goes from top to bottom of my constituency, but only with regard to Phase Two. Phase One of course goes from London to Birmingham, and I have a number of action groups, namely Swynnerton, Whitmore and Baldwins Gate, and Madeley, and they are very much affected. They have also put in individual petitions. The petition of course covers many issues and it is in front of you, so my going through every detail of that would simply take up unnecessary time.

5. CHAIR: I presume we're going to concentrate on compensation today and that you will come back at a later stage on other issues, as necessary.

6. SIR WILLIAM CASH: Correct. That's fine. Thank you very much indeed. I do also want to pay tribute to the Member for Chesham and Amersham, and other Members of Parliament, who have taken a strong line on this. We all voted against the Bill in principle but, hopefully, I would like to believe that you will have an opportunity, when you've heard all the evidence, to be able perhaps to issue a special report on compensation and, if necessary, to perhaps liaise with some other Select Committees if they've got anything that they can contribute to either the cost element or indeed the question of the public accounts side of things.

7. I would also say that it would be presumptuous of me to second guess or indeed to attempt to go beyond what the experts have said. You've said the CLA, the NFU and after me you're going to have the HS2 Alliance. I just would mention that I did in fact contact the CLA at an early stage, because I felt very strongly that, in order to assist your Committee, rather than listening to the individual explanations and analysis of

those like myself, it would be more important for you to be able to hear expert evidence with counsel. If I have acted as a sort of catalyst to this that I believe has been useful in itself.

8. I ought to just add that I did in fact put down some amendments to the original paving bill, so that at least the stuff was there for people in the Committees and for Parliament to have a look at the principles on which the question of compensation could be dealt with.

9. I'm also conscious of the fact that there are some Law Commission reports and Compulsory Purchase Association, which put forward ideas about reform for the Compensation Code. I don't think that those really have yet been completely or at all responded to by the Government.

10. As to the overall question of additional cost that the compensation provisions that the CLA and others have offered, I'd simply say this to the Committee: this entire project has already, as it were, gone well over budget. It seems to me that any additional compensation, in the interests of fair compensation on the principles that the CLA and others have put forward is really necessary. It's for you of course to evaluate the extent to which the evidence that you receive does end up in any such report but, it seems to me, a good idea for the Government to step up to the mark and to pay greater compensation than is currently assumed under the terms of the proposals as they may now stand.

11. I think, really, that's all I need to say by way of an introduction. I'm not claiming that I've got any special expertise in relation to the questions that have been dealt with by the CLA and co. You've put your questions to them; they've put their submissions to you, but I do feel very strongly that there are a number of matters that do need to be addressed. Everything that I've needed to be say has been said in my petition, and I'm here to support my constituents.

12. CHAIR: You're on Phase Two. Presumably there are issues of blight.

13. SIR WILLIAM CASH: There are indeed, and there are people who are deeply concerned by the fact that they have their land blighted. It's particularly relevant to the Phase Two people, as well of course as to Phase One, for this reason. Because the Bill itself for Phase Two is not before the Committee, it follows from that that they have got an extended blight and the uncertainty that it's generated has been huge.

14. I've been having meetings in my constituency on a regular basis with all the action groups, and they are of course, perfectly understandably, deeply concerned, because they haven't actually got the proposals of a Bill in front of them, but at the same time they know that it's coming. It's just watching the train, as it were, coming down the track but not actually knowing when it's going to hit them or the manner in which it would. The idea of them not being able to petition on this occasion, for the purpose of this Bill, would put them at a grave disadvantage, because whatever compensation arrangements are arrived at on the first Bill would bound to be applied on the second one.

15. CHAIR: Have you had a chance to have a look at the evidence of the CLA?

16. SIR WILLIAM CASH: I have indeed. In fact, what I've done here, just for the record, is put in a few papers so that you can look at them later, which actually refer to the CLA evidence that was given yesterday and to explain that I'm in full agreement with what it is they say, not only on the principles of compensation, but also on the question of the Commissioner and the opportunity that should be given to have a greater degree of analysis in the aftermath of the Committee proceedings and the Bill, as it may well become enacted, if it does; and therefore to give the public some assurance that there will be a proper and fair analysis in individual compensation cases as and when they arise.

17. CHAIR: That indeed is going to be very useful. Do you have any questions, Peter?

18. SIR PETER BOTTOMLEY: Yes, I do. The first one is, as I said to Sir William outside this room, the petition with which he's associated is one of the best written I've had to read. It's precise; it's helpful. It was actually a pleasure to get to the end of it.

19. SIR WILLIAM CASH: That's not for the first time, and there's no European dimension to this.

20. SIR PETER BOTTOMLEY: There are some issues which probably go beyond this, like the vulnerability to terrorism. On the compensation issues, the petition very kindly spells out the particular areas, some of which we've covered with the CLA and the NFU, and we appreciate the points in them. I suspect the promoters do as well. The Government will be shown by the passage of time. One issue that has not really been dealt with, at least while I've been present, has been the property bond issue and

the problem it's trying to solve. Would you like to tell us a bit about the problem and how it might be approached?

21. SIR WILLIAM CASH: There are indeed several versions of property bonds. It's in a way better for the Committee to evaluate any differences that you might come across, as between different petitioners, because the CLA and I think the HS2 Alliance both refer to property bonds and they deal with it in some detail. You've already had Mr Honey QC to give some evidence on that. I could tell you that, as far as I'm concerned, the property bond describes a range of proposals to support property owners affected by major long-term developments.

22. The real issue is this: the generalised blight, which is a matter of grave concern to my constituents, is a reduction in the value of land resulting from that land being in close proximity to the proposed development. The reduction in value is soon as some as a proposal is confirmed and often many years before the construction starts, and affected landowners are unable to sell their properties unless they accept a price below the unblighted value.

23. The proposal that I've put forward in my petition is that property bonds should be introduced to combat that blight, and the Government, in those circumstances, would be given a binding commitment to provide compensation for the difference between the blighted and the unblighted value of the property. The commitment would run with the property, so that a seller could sell at a reduced value and redeem the bond or sell at the unblighted value and pass the bond on to the buyer. That's the principle. There are variations in it, and I think it would be rather pointless for me to try, in front of this Committee, to distinguish between the different kinds, because you'll get the different versions from the different petitioners, particularly CLA and the HS2 Alliance.

24. The fact that you will be able to hear that evidence to my mind is the most important thing. It is complex, it is difficult, but it is incredibly important when it comes to the affect it has, for example on my constituents or any other constituents on the line. Therefore, basically what it boils down to is that the measure that is being proposed would ensure that the owners in close proximity to the HS2 route would be protected should they need to sell their property, and this would have the wider benefit of reducing the overall incidence of blight, as the scheme would have far less impact on the property than would be the case if there were no such scheme.

25. Basically, it's an attempt, as far as I'm concerned, to get this into the Committee proceedings. It's being done by the CLA and the HS2 Alliance. In terms of the extent to which you go for any one proposal or if you take the Government's view, because I've looked at their response on the property bond, which was contained I think in paragraph 8 when they look at the whole question of the property bond issue. They conclude that, for the reasons that they set out, which I won't go into in detail, they've decided against implementing a property bond for HS2 Phase One. Of course, they don't mention HS2 Phase Two, but obviously it's a matter of concern to me that they've rejected this.

26. There are other questions, because there are different kinds of bond. The CLA takes the view that what they've done is to look at one kind of bond when they made their analysis in this particular paper, but what they haven't done is to take account of all the different kinds of property bonds, which I hope your Committee will have a chance to look at when it gets the full evidence.

27. SIR PETER BOTTOMLEY: Can I ask one other question on a totally different subject? The petition raises the issue of replacement buildings, some of which would need planning permission from the planning authority, the council, leaving aside the prior approval issues of design and the principle of whether the building can be replaced, in effect. Do you think that it's better that this should be dealt with on a case-by-case basis, with people who are affected, which are obviously going to be the petitioners as well, making the application before this Bill has cleared Parliament, or is it better for Government to dictate or local authorities to agree a protocol, or is it best for this Committee to try to write into the Bill deemed planning permission for replacement buildings?

28. SIR WILLIAM CASH: First of all, the general principles that should apply are that people should not be disadvantaged by the injurious affection that the Bill presents to them. I do think that one of the troubles is that there are very strong planning controls in rural areas. Certainly that would apply in constituencies such as mine, and the issue can particularly arise where you have an area of outstanding natural beauty, a greenbelt area and things like that, so the replacement is going to be much more difficult to substantiate in such circumstances.

29. Of course, it depends entirely on what the local authority decide in relation to their

local plan, their neighbourhood plan or whatever else. The fact is that the consequence of that, in relation to the things that are likely to go in my constituency, which is an enormous great big swathe of land being pushed to one side and the severance that can occur, where for example you might actually be affected within the limits of deviation by that particular cut through the land; of course, associated with that is an enormous amount of dispersal of spoil. In fact, severance can affect a much, much wider area and the buildings associated with it, farm buildings and others. There are buildings that you can imagine, which would be small business developments that have come from barns that have been created in rural areas for business purposes.

30. SIR PETER BOTTOMLEY: There are three elements to it. You've got the homestead. You've got the agricultural buildings and you've got businesses that may be on that land. Those are the three.

31. SIR WILLIAM CASH: Small buildings are set up quite often in these rural areas. The idea of replacement value becomes a very critically important question, not only for the landowner who is taking rent from those businesses, but also from the people who are occupying them, as well as the agricultural purposes themselves. This replacement business is a matter of principle and of fairness, and is likely to cause a great deal of commercial dislocation.

32. The Bill could contain, I would suggest, permitted development for replacement buildings, but of course it would have to fit into the local plan. That is where the difficulties might arise. I'm not sure that I've got an incredibly original idea for overcoming that, but I do think it's a matter for you to consider. When we cut all this to the chase, the fact is that, when you're confronted with something like this and it is unique actually – this is a unique proposal for the HS2, in my opinion, on the scale – I do think that the opportunity for you as a Committee to make recommendations for the Government, as to how they could adjust the Town and Country Planning Act in order to allow permitted development, is a unique opportunity, if I may say, for you to be able to bring some fairness to bear on this. The proposals for compensation at the moment and even the property bond don't necessarily apply to the kind of dislocation that your question implies.

33. CHAIR: It's quite clear from the evidence that we've taken that there are issues that probably will have to be dealt with outside of this Committee room as well and

might be better dealt with by other Government Departments. The real complication is that farms are business centres rather than farms these days, and that may not be swept up by the current legislation and way of dealing with it.

34. The other point, and you will have read it in the evidence, is the tax implications, capital gains, possibly inheritance, stamp duty and all the other things that are coming along, which are of concern and an added worry. If we can get it sorted out on Phase One that should mean that, if we get to Phase Two, and if you're still here, Bill, which I suspect you will be, it will make your job a lot easier.

35. SIR WILLIAM CASH: Could I just add on that that actually the implications for the tax side of things, obviously I understand that the Hybrid Bill Committee can't actually require changes in general taxation and things of that kind – it needs to be seen that you couldn't – but if you make a report that includes all these things, drawing attention to the Government and the necessity to do this, in the future proceedings on the Bill, that's something that the rest of Parliament would not only want to but would pay very close attention to.

36. The size of the vote in favour of HS2 was on a principle. There were, I think, only 40-something or other Members of Parliament who actually did vote against, but there were many, many other people all over the country who are well aware that there are implications in detail, like the kind that we've just discussed, which give you an opportunity to make recommendations, if I could put it that way.

37. CHAIR: Can I ask you, Mr Mould, in Phase One clearly the compensation issues are kicking in. Presumably people on Phase Two are talking to HS2 but, until there's a Bill, there wouldn't be any compensation at all.

38. MR MOULD QC (DfT): There is a scheme, which is already in operation, for Phase Two. It's an exceptional hardship scheme, which is very much modelled on the scheme that's been in existence since the summer of 2010. As you will recall, the Secretary of State is in the latter stages of consulting on a Phase Two route. The consultation itself has closed but, as you know, the decisions on the route are to be made later in the light of that consultation and other factors.

39. CHAIR: In some respects, blight is going to be a bigger issue for Phase Two than Phase One, because of the timescale.

40. MR MOULD QC (DfT): One of the things, as Sir William has adverted to, that

the Government is obviously going to do in the light of the publication of the route on Phase Two later is to consider an appropriate package of compensation for Phase Two. There will be, I have no doubt, a consultation on that package in advance of the package being settled.

41. SIR WILLIAM CASH: Could I just make two points on compensation I would like to add about advance payments? Often it's necessary for people to move premises – we've just been discussing that – or to spend large sums of money to put in place arrangements to avoid damage or closure of business. If an affected owner or occupier has to make these arrangements and spend money on them before they receive any compensation at all, then a business can find it impossible to borrow enough money. There is no mechanism at the moment to press an authority to make an advance payment if it doesn't do so or to deal with underpayment.

42. The second compensation issue is this question of interest. Now, I looked at this with great concern because, at the moment, the statutory scheme is 0%. We don't know what's going to happen and whether interest rates are going to go up or not. In the 1990s and early part of this century, it was around 4% to 5%. Now, it seems to me that, again, the recommendation that you could put forward would be to bring forward the statutory instrument or, at any rate, some mechanism through the finance bill to enable the flexibility, if the interest rates were to go up, to take account of that. The fact that there isn't any such, and it's now stuck at 0%, seems to me to be quite incredible actually, when you think about it, because everybody in the City, etc., seems to be saying interest rates are going to go up. There isn't apparently, under the Bill, any mechanism for adjusting that statutory state of affairs, so that's another thought that I might put to you.

43. CHAIR: Mr Mould, do you have any points you'd like to raise with Sir William?

44. MR MOULD QC (DfT): No. All I'd like to do, if I may, is just to deal with that last point. In fact, the interest rates that apply to payments of compensation are fixed by a statutory instrument, so there is flexibility in the general law to make changes to the rate. That's applied generally, so it's not fixed by reference to any particular scheme, but the rate is not itself prescribed in general legislation.

45. SIR WILLIAM CASH: That's true, if I may say so, but in its applicability to this particular project, the question is whether there isn't some mechanism for dovetailing

the two to make sure that the interest rate, under this proposal, is actually reflected in an adjustment to the statutory instrument. That's all I'm saying.

46. MR MOULD QC (DfT): You're quite right. There's nothing in this Bill that would allow a change.

47. SIR WILLIAM CASH: That's the point.

48. MR MOULD QC (DfT): Yes, I understand.

49. CHAIR: Are there any questions you wish to raise with the promoter, at this point?

50. SIR WILLIAM CASH: No, except to say that I'm extremely glad you're sitting on this Committee. In the past, in my former incarnation, I did in fact deal with the Aircraft and Shipbuilding, as I think the only Bill that ever got defeated in the 1970s.

51. SIR PETER BOTTOMLEY: Quite right.

52. SIR WILLIAM CASH: And quite right too, as our friend says. Actually, this is very complex stuff. It's quite a different kind of kettle of fish. I do admire the fact that you're having to take all this on, and I wish you well in your coming forward with the report. The fairness to my constituency is absolutely essential in this. It does apply to a lot of other people and I'm extremely grateful, just to repeat what I've said before, that you've given at least me and my petitioners, in particular, an opportunity to be heard, because we are going to be affected by the outcome of what you decide on Phase Two.

53. CHAIR: Thank you for the time and effort you've put into producing this and coming to see us. No doubt we'll see you again and see some of the 70-odd people from Staffordshire, in due course, who have some Phase Two issues. Thank you, Bill.

54. SIR WILLIAM CASH: Thank you very much indeed. I'll leave this with you, if I may.

55. CHAIR: We now continue with the HS2 Action Alliance on the issue of compensation. Before we start, I'd just like to say we've asked the HS2 Action Alliance to tell us the gist of their case on defects for the environmental statement, three or four illustrative points. We think that should have been possible without undue expense. If there was a credible case, we need to hear it. We're disappointed that, so far, that has not appeared. If HS2 Action Alliance has something on this, they need to produce it within five working days, which is next Thursday, and then we can assess how long the

programme for this issue is, and it should be in the form of a letter to this Committee and copied to HS2. I hope that's clear. Compensation, are you leading off, Ms Clutten?

56. MS CLUTTEN: Certainly, sir. Before we get into the evidence, I wonder if I could spend no more than three or four minutes of time saying a word about the Alliance's objectives, what it's seeking today and also the principles that are underlying those objectives.

57. The objectives of the Alliance are twofold in this session. Firstly, it's our aim to address what it considers to be the misleading position, or misleading impression, about the extent of the problem of blight that was given to the Committee in July by the promoter. Secondly, it would of course like to make its case for effective compensation arrangements, and that case is obviously something that is at the heart of the Alliance's object. The arrangements need to be not just substantively fair, but also procedurally fair too.

58. Underlying the Alliance's views on what is effective compensation are seven principles. The Alliance would ask that the Committee bears in mind these seven principles when making its own deliberations.

59. The first of those principles is an evidence-based approach. The Alliance is only seeking compensation in circumstances where the evidence suggests that it's required.

60. The second of those principles is that there should be full and fair compensation. There should be no disproportionate financial burden placed upon any individuals.

61. The third principle is freedom of individuals to move and to remortgage their properties without penalty. That of course is linked to the idea of full and fair compensation.

62. The fourth principle is certainty. One of the serious problems with the proposals at present is that they don't allow people to have any certainty about what they might expect to receive, and that is having a serious repercussion on people's quality of life. You'll hear from a number of witnesses later who are dealing with how this is impacting upon, for example, their constituents or those whom they're helping with EHS applications.

63. The fifth of the seven principles is that the polluter should pay. If HS2 is what damages people's interest in property, then it's HS2 that should pay for that damage.

64. The sixth principle is a procedural one. That's clarity and transparency in all compensation arrangements, wherever they apply.

65. Lastly, that promises made by this Government about the extent of compensation should be kept. For your notes, sir, page 7 of the bundle, which we don't need to bring up now, is from the Alliance's consultation response. That sets out a range of promises that have been made that it feels simply haven't been honoured.

66. In spite of these aims, the Alliance has sought to keep its requests modest. The changes it seeks, many of which can be achieved, we say, through relatively minor changes to existing proposals, don't seek anything greater than to put those individuals affected into the position that they would be were it not for HS2.

67. There are of course some new schemes, and the property bond is the obvious example there. We recognise it constitutes a departure, in the public sector at least, from how things have been done in the past. What we do ask is that this Committee doesn't shy away from new ideas simply because they are new and untested. This is an exceptional project, as has been stated many times, and exceptional and innovative solutions may very well be required.

68. Sir, in terms of the order of play, we're going to hear first of all from our main witness, Hilary Wharf, the Director of the Alliance, and she'll deal with the three main arguments that are set out in the summary, which I don't intend to run through now.

69. Her evidence is going to be followed by some cameos: from Robert Raffety, dealing with his experience of the Central Railway property bond; Gary Hammond, who is an Associate Director of Hamptons International and he's the Branch Manager for the Great Missenden office of that particular agents. We'll hear from Sandy Trickett, who is Assistant to Dan Byles MP and who has extensive experience of EHS, and then we'll hear of course from the Right Honourable Frank Dobson and Cheryl Gillan MP, who are going to give you an idea about how these ideas have played out in their own constituencies. I hope that those will bring to light the points that Ms Wharf's going to make for you.

70. With the exception of Mr Dobson, each witness is going to be taken through examination-in-chief, but very much supported by the slides that we'll see on the screens. It's slightly unusual in that way, but I'll hope you will find it useful in terms of being able to anchor the points that are being made with the oral answers. Mr Dobson

will, however, give a short statement. I hope that you'll forgive us for that on this occasion. I think it will be the most efficient way of dealing with that particular evidence.

71. CHAIR: I'm sure we'll be delighted to hear it.

72. MS CLUTTEN: I'm very grateful. In which case, we can hear from Ms Wharf.

73. MS WHARF: Perhaps it's useful, just to begin, to say what my role is in HS2AA in regard to compensation. Basically, I've been deeply involved in compensation matters for nearly five years now, since March 2010, and our organisation has taken an evidence-based approach to the problem. Initially, we researched and evaluated the full range of hardship schemes that there were in operation when the EHS consultation was first announced, and we also developed alternatives. We developed and conducted a pilot study of property blight, and we have, as I think you now, developed and championed the property bond approach and learning particularly from the private sector.

74. We, and I in particular, led the work judicially reviewing the Government on an unfair consultation in 2011 on compensation, which we won. I have also drafted six consultation responses now, as far as compensation is concerned. I did tot it up, and it's well over 500 pages, so I've had quite a lot to do with compensation.

75. MS CLUTTEN: If we can call up the slides, I'm afraid that we don't have the correct references, but our slides are in sequential order, so hopefully we can just get the first of the Alliance's slides. That's not the right document. Brilliant, thank you very much. Obviously the Committee's going to have heard a lot about generalised blight in the last week, but I do just want to cover with you briefly, Ms Wharf, what you mean when you're talking about generalised blight.

76. MS WHARF: It's a well known market phenomenon and it's basically where an infrastructure project, like HS2, causes substantial impacts to the values of properties that are not actually required to build it, which provides us a definition of what generalised blight is.

77. As the slide says, the three big things that happen are, in terms of values, prices fall to reflect the market's perception of HS2. That's critical; it's the market's perception. As far as volume is concerned, we've got fewer buyers; sales drop off. Actually, we've got fewer sellers, because they don't want to crystallise their losses,

particularly if they're that near to the infrastructure project. A crucial part of it is how the mortgage lending operates, because you get lower valuations and you even get refusals. We have examples of where they've affected whole hamlets. It's the lender's behaviour that actually reinforces the blight, because they won't lend at the same level as what the property would have been worth at its unblighted price.

78. MS CLUTTEN: You refer on the slide to variations. What are you referring to there?

79. MS WHARF: There are two sorts of variations. They're the variations obviously by locality, because it's clearly going to vary by topography and by landscape, and according to the setting. Obviously a tranquil area is going to have a different result to something that is alongside an existing transport corridor. It's also going to vary by how HS2 is built, whether it's in a viaduct, in a tunnel or on the surface.

80. Locality is one aspect, but the other aspect is the whole time profile. You've got these stages of the anticipation stage going through to the construction stage going through to its operation. Again, it has this well known profile. You get the immediate fall in prices, as we all saw in March 2010, that isn't expected to recover until the end of construction, and we're going to see some evidence on that. Absolutely the worst affects of blight do not abate until the end of that construction period and that's over a decade. That's over a decade of serious blight, because it doesn't finish until 2023, and we're going to see the evidence on that. For many people, it's been from 2010 and is going to be until 2023 that they're going to be suffering blight. Therefore, we would say it isn't a temporary issue.

81. MS CLUTTEN: You set out on the slide your view of the causes of blight. If I can ask you to, explain those, but then also deal with what the significance is, if indeed there is any, of those causes and the variations that you've just talked about when considering a scheme intended to address blight.

82. MS WHARF: I think of it as there being three causes. Firstly, there's just the point that people do not want to live near a new source of nuisance, and so they simply value the properties less. You might also have the loss of views, the loss of amenity. There might be loss of footpaths and the loss of the local character, and I think of this as the sort of permanent blight, because that's not going to change. Now, there will be aspects of construction in that too, but that is a very different sort of blight to what then

turns out to be caused by the other two factors, because the second factor I show on there is uncertainty and there I mean it's the uncertainty of what actually it's going to turn out like. Particularly the newer the sort of infrastructure project it is and where there is less and less precedent that you can look to, that uncertainty is going to be greater.

83. The second one I've got down there is I'm saying it's amplified by this fear of the uncompensated loss. Frankly, we're all risk-averse and we worry about buying something that we might not be able to get our money back on. That amplifies the blight and people need to a discount to be on the safe side. That first one, the loss of amenity and new nuisance, one thinks of as a permanent blight, whereas the other two are what one might term market blight. It's those latter two, this fear of the uncompensated loss, which causes the market to wobble and can cause this very substantial blight that certainly we're seeing and certainly we'll see in some of the figures we look at in relation to HS2.

84. Picking up on a question perhaps from the previous session about where the property bond fits into all of this, the property bond I see very much as coming in at this market blight level. It's trying to do something about the causes, but it's those two latter causes rather than the first one. The first one I see as much more of a permanent blight. You might say, if you're looking at schemes, that's very much where the voluntary purchase scheme with a much narrower boundary is playing in, in rural areas.

85. If we don't address these problems – you asked about the significance of them – then what we're going to have is people suffering acute losses until the values, you might say, settle down and the permanent blight affects. We're seeing what's left at the end and we get these permanent blight effects. The bottom two are in particular the two that are going to cause us having acute losses, and that's what we see as the significance of those. We need something to settle that and something to put that right.

86. MS CLUTTEN: If we can turn to the next slide then please, this is the impact of blight. If I can just ask you to say how you understand – we've got some points listed there – blight to be affecting the people who you've spoken to or who you're aware of.

87. MS WHARF: As I put on the slide first, it traps people in their homes, because you just can't get on with your life in a normal manner and you can't move as you would expect to, in the different stages of life. Obviously if it was only a couple of

years that's quite different from being what we're looking at. We're looking at more than a decade, and you look forward to Phase Two. We've got some very, very long periods.

88. The fact that you see many older petitioners already, and I think you're going to see a lot more in the coming months, is not a coincidence, because I would say in particular the scheme has served very badly. Some people have had houses on the market for just four years and, in areas, markets have just become paralysed. One interesting statistic that came through in a PQ was that 73% of the EHS cases had no offers at all. People just weren't interested in making an offer on a property that was that near to HS2.

89. Secondly, it absolutely undoubtedly causes stress, worry and upset, and these are all very palpable effects that you see out in the communities. Given it's been nearly five years that's a long time to worry about getting on with your life, and many people report health and wellbeing effects.

90. You may have seen a recent letter, which I believe came, to do with a pilot health study and also a TV programme. Actually for the record, it's on page 181; a letter has been sent, which has identified something about these health effects and they are very real effects. That particular survey was talking about 80% of the respondents felt, because of property blight, which was the largest significant cause of it, that it's affecting their health and their wellbeing. Of course, the Government had actually done a health impact assessment, but it had paid very little attention to the stress impacts. It wasn't even part of the ES or it wasn't even publicly consulted on. We feel that a proper regard to those factors hasn't been taken into account.

91. Thirdly, blight interferes with the enjoyment of your property. Obviously in terms of the adverse environmental effects, you can't avoid the construction effects; you can't avoid the noise pollution and the road dangers unless you move. Actually going to bed at night and knowing that your property is worth less than it was before did actually even become part of English law, with the case of *Colonel Owen versus the Secretary of State*, which I spent many hours reading back in 2010, when we were first looking at this.

92. Lastly, I put on it the fact that to people in the communities it is like imposing a property tax on them. It's imposing a tax on those people whose homes just happen to

be near the line and who suffer a loss in value that HS2 causes. Perhaps a way of putting it is it's like the collateral damage on people from Government's policy, forcing them into subsidising HS2. It's sort of like a raid on your bank account. Many owners can't avoid it. They didn't ask for it; they couldn't do anything about it. It acts to them as if it's like a tax on them.

93. MS CLUTTEN: Thank you. If we can turn then to the third slide, this is probably one of the most important slides that we're going to discuss. Obviously one of the reasons, as I've indicated in the introduction to today's session, was the Alliance's desire or need to show the extent and severity of blight. Now, this table's not entirely straightforward, so I'm going to ask you first of all to explain, Ms Wharf, what this table is intended to do and then we'll go through it in a little bit more detail.

94. MS WHARF: Very simply, we would say that you can't assess the adequacy of the schemes that have been put in place for compensation until you know the extent of the blight and the extent of the problem that you're trying to address. That was one of our concerns with the previous presentation to yourselves.

95. CHAIR: May I just ask, sorry, the table here, what length of the line does it cover? Does it cover the whole line or does it cover part of Buckinghamshire? On what places have they done the research?

96. MS WHARF: It's all Phase One. Each of them has its own scope, which I'll go through. They are a mixture of rural and urban so, in the urban ones, you've got from Birmingham down to London. The rural ones are the whole length of the part in between. One or two of them – Northampton's one, for example, covers Buckinghamshire, Warwickshire and North Hants for one of their surveys, but the other one is wider. They're basically phase one.

97. CHAIR: Okay, sorry to interrupt.

98. MS WHARF: I slightly apologise for the complexity of the slide, but it is actually deliberate. What I wanted to do was to try to bring together all the key statistics that there are out there now on blight. What you've got going down the side is you've got some different distances, from 120 metres to 300 metres from the line, to 500, to a kilometre and even farther. Across the top, what you've got are some of the key studies that have been done.

99. I would say, if I could just refer you also to pages 34 and 35 of the exhibits, in our

last consultation response, we set out about 15 or 16 different sources. What I've done from it is select the key ones, which I think are the most robust and the most substantial. Some of the other ones that are numeric unfortunately were too redacted when we got them that actually we could do anything with them. These are the most important ones.

100. MS CLUTTEN: Now, can we start then by going through each of the studies? I'll come on to look at who they were conducted by, for, what their scope was and obviously what they actually say.

101. MS WHARF: The first one is by PwC and this was a very detailed study. For people who want it, the executive summary of it is in page 85 of our evidence. It was commissioned by HS2 Limited specifically in order to assess the property bond for the decision that had to be made last April. Now, this wasn't the first organisation that had been called in to have a look and do an evaluation of the property bond. Other people had too but, in this particular one, one got a lot of figures. It was commissioned in December 2013.

102. It did not cover alternatives. It was therefore just saying, 'Let's have a look at the property bond. Let's do a costing of the property bond to assist Government take the decision.' Now, the main report, which is the one at 85, and which was costing about £330,000 – it was an expensive piece of work, a very, very comprehensive piece of work – was made public. It was made public in April, at the same time as the decision. However, it had very few numbers in it. There was a completely separate report that had all the assumptions on it and the key assumptions on blight were in the separate report. As a result of an FOI, we got the assumptions report. That was then in July.

103. The scope of this report is that it covered rural areas only, and that is because the remit was given to them to do that, because the remit was to assess the property bond and therefore the property bond was only being considered by DfT at that time in respect of rural areas. It covered just short of 5,000 properties, which it said were lying within 500 metres of the line, but interestingly it did actually think about going out to a kilometre, but the results were excluded even from the report that we got. I don't actually know what it found.

104. What is absolutely crucial about this report is that, yes, it was done by PwC, but it involved professional experts from right across the field who know something about this area. Crucially, you had the Council of Mortgage Lenders. Just as we saw in the first

slide about how important it was about mortgage lending, as far as blight is concerned, they were represented. It also had RICS, the Royal Institution of Chartered Surveyors, so the people who do the valuations. It had CBRE, who are property consultant specialists, who you'll also see on this slide, because they have done work of their own, but they input to this study. I had the National Association of Estate Agents; it had the President. It had the Valuation Office Agency, and it had the Treasury. Of course it also had DfT and HS2 Limited.

105. I might just say, on page 115, it actually describes in the report, and this is the assumptions report, their level of involvement. In other words, it wasn't just a lightweight level of involvement. It was specifically on these assumptions, and there were workshops; there were meetings, and then were separate discussions with DfT and HS2 Limited.

106. MS CLUTTEN: Can I just pause you there? In terms of the robustness of the results that that report produced, what would you say about that?

107. MS WHARF: I would say that they were clearly the best estimates that could be made given the absolute wealth of input that had contributed to that study. It therefore did concern us when it came out in July that it stated that they were just illustrative for making cost comparisons – this was mentioned by DfT – and not predictions about blight. Given how many experts were involved, and there is no doubt that the assumptions are the best that PwC could make, and also that no cost comparisons were actually done in the report, because as I mentioned at the beginning it was only the property bond that was looked at; it wasn't the property bond versus doing something else. From our point of view, they are predictions of blight, in the sense that they are the best estimates that you could have, bearing in mind who was inputting into them.

108. MS CLUTTEN: What was the scenario that they were based on?

109. MS WHARF: There were two models or two different scenarios that PwC produced. Now, both of these were only saying, 'We're going to have a property bond,' because they weren't looking at not having a property bond; they were looking at having a property bond.

110. What we did was we picked the pessimistic scenario, because that was the one that was closest to the current situation, which is without a bond. Basically it assumed that the bond didn't work, so it failed; it didn't do anything to blight on the market.

111. The optimistic one that they took obviously had smaller figures, in terms of blight, but that was where the bond worked, as in it steadied the market and hence it reduced the blight. We had these two different scenarios that PwC produced, and we produced the one that was closed to the situation of saying, 'We haven't got a bond.'

112. MS CLUTTEN: Can we just get this original slide back up? It was A309(3), please. Let's have a look at the results of that study.

113. MS WHARF: I would just like you also, if you would, to look to page 128, because the key figures that we've got in here are the loss by distance band. Basically they were saying the average – and these are the average blight losses – would be 40% out to 120 metres, 30% if you took it out to 300 metres and 20% if you went out to half a kilometre.

114. Then as I said earlier, we don't know what the figures were out to a kilometre. Some references were made, but the graphs I think are good, because you can get a good feel for them, which are on page 128. What they're doing there is showing that the blight actually stays at the level until it starts to go down in 2023. You can see the three different sets of figures: one for the 120, one for the 300 and one for the 500.

115. Now what you see on our table here is that we have calculated, because we get the details of the property numbers, we could calculate importantly what the blight was between 120 and 300 metres, and what the blight was between 300 metres and 500.

116. MS CLUTTEN: Sorry, could you just go back to the slide as well? Thank you.

117. MS WHARF: Basically you can see there that it's 27% in the 120-to-300-metre band and 15% in their outer band, but we don't know what it is any farther.

118. MS CLUTTEN: There are some other points mentioned at the end there. Can you deal with those for me, please?

119. MS WHARF: Yes. Again this is usefully shown on the graphs on page 128. There is their estimate of what that final blight will be when it's done, finished, and you might say we've got rid of my market blight, two things that we were talking about at the beginning. What's the permanent effect left at the end? Under the model without a bond, it's actually quite interesting, because they range from 7% to 10%, whether it's 120 metres, 300 metres or 500 metres. Actually, they're not suggesting it goes down to nought. They're not actually suggesting that it's going to recover entirely. The

optimistic scenario does more nearly, to about 2%, but in the pessimistic scenario it doesn't. People are recognising from this anyway, or PwC and the experts were recognising, that blight isn't going to disappear entirely.

120. MS CLUTTEN: Thank you. If we can, just return to the slide again, please. Thank you. There's one other point and that's blight is unlike HS1. What's that doing on here?

121. MS WHARF: It's quite interesting, because there's been quite a lot of discussion about if blight is actually like HS1. A lot has been made by the Government that, 'Well, it will all return to normal under HS1 in the end.' Probably we've got a model from HS1 and that probably should apply.

122. Now, if you go to page 127 of the exhibits, there's a little footnote also of what it concludes on the slide there. It actually says, PwC looked at this in detail, and they said, 'The unique characteristics of HS2 mean that data sets, which might be considered comparable, are on closer examination not to be relied upon to accurately project the level of blight around HS2.' They say this because, yes, HS1 is a new high-speed railway, but there are key differences: it's slower; it's less frequent; it follows, as we know, a road and rail transport corridor; and actually some of the mitigation put in reduced the noise for some of the people in HS1. They didn't feel that HS1 was an appropriate model.

123. They also looked at roads, airports and nuclear power stations and said there's a difference there too, because they tend to get compensatory benefits. They usually get some jobs out of it. I think I'd like to add to that, in terms of something that the Committee, like yourselves, which actually listened to HS1, what was known as the CTRL Select Committee, the Channel Tunnel Rail Link Select Committee. After they had heard all the petitioners coming forward, they were very concerned about the generalised blight. They asked that a separate Committee, DETR as it was then, should be formed to examine and find better solutions. Actually, they were saying not only was there a problem of generalised blight around HS1, but that the solutions – and the solutions, we'll see for HS1, as we know, were a voluntary purchase scheme and a hardship scheme – weren't actually cutting the ice. They asked for this to be investigated.

124. If one goes to 164, one will actually see a copy of the report, which was known as

the Inter-Departmental Working Group report on blight, which they then produced. Interestingly, that was where we first went and discovered about the property bond, because it was the Central Railway property bond that was presented to that Committee and that Committee then developed their own version of a property bond. All those years ago, with a Committee like yourselves facing the same problem, they ended up in that box of thinking, 'A property bond might be the solution.'

125. MR BELLINGHAM: It's quite difficult to read it. Can we increase the size of the font? I can't read the box.

126. MS WHARF: They were 'concerned at the difficulties by property owners along the routes which had been proposed by CTRL. Ministers ... established [this] working group ... to review the scope, cause and effects of blight arising during the various stages of major infrastructure projects and to consider whether any practical changes can be made to the existing arrangements for property purchase.' I've just enclosed extracts, which I'll refer to. Actually, the terms of reference at Annex A go into it in more detail and you could almost be reading the same as – I don't have to say that, do I? – what we would argue now.

127. MS CLUTTEN: Thank you very much for that. Can we go back to the slide, please? Unless there's anything else you want to add on PwC, can we then move on to the CBRE 2012 study please?

128. MS WHARF: Yes. CBRE has been HS2 Limited's property consultants. Well, I certainly know they were in 2009, because we had something through on an FOI then, so they've been very much working in order to look at the different models. Now, what happened was that we were aware that CBRE had been doing some work, but we had not been able to get hold of that information. We didn't get it, but when another individual actually got it, and it came out in July 2014 under FOI, it came out as a result of an Information Commissioner decision, which found against DfT.

129. The point about it was all we ever got was the spreadsheet. We had no report that went with it; it was just a set of numbers, with a lot of worksheets in it. About 10 options are in this, so it's quite detailed. It wasn't just looking at a property bond. It was looking at different voluntary purchase schemes. It was looking at them across all sorts of different bands, so it wasn't just 120 metres; they went out to 500 metres. Crucially, this is about the only source too of urban data, because they looked at both

rural and urban, and they looked over tunnels, which we'll come to.

130. One of the points I'd like to make it right at the beginning, because this is exactly the same issue as one we're up against in terms of PwC, is that it was confirmed in the end by DfT that they were broadly realistic blight estimates. I'd like to go to 83 on this, because this was the Information Commissioner's Office decision. What had happened was that DfT originally resisted releasing any data and they stated that they were hypothetical assumptions. They were only being used for policy formulation, which is one of the reasons why they were rejected that they could be given. After it was pointed out by the person making the claim for releasing the data that CBRE was obviously the property experts of HS2 Limited and they had done some work we'll come to look at, 2010 work for DfT, it was agreed by DfT that actually these were broadly realistic.

131. We again had a situation in which it's being said the data is only hypothetical or illustrative whereas actually, given who has done it, and in this case the ICO confirmed the decision and then they released it, they have confirmed that actually these figures are broadly realistic. That's very important to us because, again, it's experts saying it and it is being admitted and that it is broadly realistic, and that is set out in this ICO decision.

132. MS CLUTTEN: Let's go back again to the table, A309(3), and let's look at what those figures are.

133. MS WHARF: Right, in this case they had three scenarios. In every case, they looked at Treasury-worst, and that was the worst you could get; everything was bought and it was the black side, as far as the Treasury was concerned. They then also had what they regarded as intelligent-worst and they had intelligent-advised. Now, we took the intelligent-worst case as that aligning with a no-bond situation. Interestingly, the Treasury-worst was only fractionally higher on the blight estimates; it was much higher on the take-up. Obviously two key assumptions in costing any of these schemes are both: what's the blight? How many people are going to apply? They've called that take-up. The Treasury-worst was much higher on take-up but, when you look through the blight figures, there was only one difference. The 10% actually is 15%, but we'll go through what the figures are.

134. Basically, as I said, they did both rural and urban, and theirs came out at 35% in the band up to 120 metres, an average of 20% blight out to 300 metres – that's just in the band of 120 to 300 – and they said 10% for 300 to 500 metres.

135. As one might expect, they said that urban blight would be less, but it's still pretty substantial. You've got 15% in that first band out to 120 metres, 10% – and the bracket is deliberately where it is, because it was only from 120 to 250 metres – and the last chunk they said they estimated and used about 5%.

136. They also give us figures over tunnels. Now, this is going to prove quite interesting, because we'll see later on that DfT is saying, 'Largely we don't think that people over tunnels are going to be blighted,' yet this model, with broadly realistic estimates, says, 'We reckon that we ought to be looking at 10% in terms of rural areas for people who are over tunnels, and 5% in urban areas.' They're not insignificant figures.

137. I would say that the results were limited to 500 metres from the line. Again, that's not saying there isn't blight beyond that, but we had no report that went with it. All we had is a set of spreadsheets, so we couldn't tell from that why it didn't go beyond 500.

138. I should just add too that their work was informed by what we'll come to next, which was their next study, working backwards. It was a 2010 study. This CBRE study we've just looked at was 2012, even though we didn't get it until 2014. I would add that we had a letter in December 2013 telling us that there was no model.

139. MS CLUTTEN: Now can we move on then to the 2010 figures, since we've just talked about those? Hopefully the other points on that CBRE 2012 are relatively obvious. Could we move on to the CBRE figure, please? I'm conscious of time.

140. MS WHARF: The CBRE one is a different sort of study, the one for 2010. It basically goes to the Land Registry and it takes all the property sales. It was a study done for HS2 Limited almost the moment HS2 was announced. It took two quarters before the announcement and two quarters after. We also had problems getting that. I won't go through them.

141. The sales studies, however, one's got to remember, will underestimate the losses because of a point I made at the beginning: the worst cases will not have sold. If you're most blighted, then you won't crystallise your loss. You'll sit on your property. They wouldn't have been included.

142. There was, however, another problem with this study, because it used postcodes. It used an average postcode; that's fine, 2.29 kilometres. What it did was it took the postcodes next to the line and then it took a block of postcodes farther away, so you've

got a comparator. You've got people who are affected by HS2 and you can compare that with what you say the general market did away from that.

143. The problem was that the average disguised the fact that you have a massive difference in rural areas from urban areas on the postcode size. When we looked at the maps that were provided in the report, you could see that actually the blighted area that they were using in the postcode next to the line was going out 12 and a half kilometres in rural areas. Clearly that was going to distort the results, because it meant it had a mass of unblighted figures in it. We did a recalculation of the figures. We also wrote it all up. We provided it in consultation responses, and indeed you have a copy of it here too.

144. Interestingly, when discussing with Hamptons their report, they said, yes, using postcodes is quite a neat way of doing it, but the trouble is you can't, if you want to use rural and urban, because they are too big. You can't get the granularity you need. We came out, when we had recast their figures, at 19.5%, assuming blight within a kilometre. What you do get out of that is that rural is about two and a half times the urban, so that's a separate source of data that gave you that.

145. MS CLUTTEN: Lastly then, or the last of the studies, Hamptons please.

146. MS WHARF: The big thing about the Hamptons study is it's purely independent. It wasn't done for HS2 Limited, DfT. They have a research department and Hamptons produced their report. Page 160 shows the particular. It actually begins page 155. It did several things. It is mainly rural, because it was Buckinghamshire, Warwickshire and North Hants. It did three weeks really. Firstly, they did an estate agents' survey. Hamptons is part of a much bigger group called Countrywide, and they have about 20 to 30 offices on the line. They did a survey of all those offices, page 160 if you wanted to put it up. Very crisply and very nicely, one of the points it makes is that the buyer's concerns are threefold.

147. Firstly, they are worried about spoiled views. Secondly, they are worried about noise. Thirdly, they are worried about construction disruption. Those three messages come out over and over again. Based on those 20 to 30 offices, what they were saying was that they would expect discounts to be agreed of between 5% and 10% out to 0.8 of a kilometre, but closer to 25% if you've got spoiled views.

148. They were also saying that, generally, it was confined to three miles. That wasn't

half a mile or one mile, but three miles. One of the things they did was that survey of agents, but they also did one of these sales prices and volume studies, page 159, and they used the Land Registry data. In this particular instance, it will have the same problem that there will be some people who won't have crystallised the losses, which will downplay the result, and also it will have EHS cases in it. Of course, an EHS case will have been valued at full price, because the unblighted price would have been paid, so that will have lifted the figure.

149. Nevertheless, it's quite interesting, because what it shows is that, within half a kilometre, there was actually a 6.9% fall in prices compared to five miles away, a bit like the CBRE one, an 11.2% rise. You've got this 18.1% effect, which interestingly is not so dissimilar from the adjusted one we had from CBRE.

150. SIR PETER BOTTOMLEY: Can I just interrupt for a second? Go back one page to 311(54). This is not to contradict anything that's been said, but it's to add to what we've been hearing. Can someone read out the last sentence of the conclusion, please?

151. MS CLUTTEN: Yes, of course. 'If the experience of HS1 and other infrastructure projects which threaten to blight landscapes hold true, these markets will return to normal and the negative impact will not be as significant as feared.'

152. SIR PETER BOTTOMLEY: The problem we're facing is it's particularly between now and some years after this scheme's been concluded. It's a transition problem.

153. MS WHARF: Except that of course PwC didn't feel it was quite like that. Different people come up with different –

154. SIR PETER BOTTOMLEY: I didn't say I was trying to contradict something; I was just trying to add.

155. MS CLUTTEN: Now, I think that covers all the actual points about the percentage of blight. There is one last point on this slide that I wanted to ask you about and that is in terms of the other points. I said earlier that they were relatively straightforward, but actually I'm not quite so sure now. There's one that says, 'Inertia means low take-up of schemes.' In what context was that statement made and what does it mean?

156. MS WHARF: As I think I mentioned, two crucial assumptions in any of these

schemes are: what's the level of blight? What proportion of people is going to take up on any scheme that's out there? It's very interesting, because CBRE, which lays out in some detail their expertise in this area, again I have to say in an FOI at 153, were very keen, after the workshop, to actually make clear that, in their view and their experience, the take-up of schemes that you might absolutely think would be high is actually much lower, lower partly because they don't get to hear about it, because when it comes to it actually they don't use them. I suppose I think of it as analogous to the social security world. It is surprising that schemes are out there and they don't seem to get the take-up that you might expect and the designers expect. In the models that CBRE uses and in the models of PwC, what we'll be seeing when we come to the property bond is we don't see 100% is put in as what they would expect take-ups to be.

157. Actually for CBRE, they put in 40% between 300 and 500 metres as what they would expect and, in urban, only 10%. The take-up and the inertia are a fundamental principle, when we come into looking at costing and things, because their advice is that it isn't what you might expect it to be.

158. I might just add another point. The other thing that the FOI says is that more expensive properties will lose proportionately more and this was something from CBRE.

159. MS CLUTTEN: I think Mr Hammond is probably going to deal with this point later, because I know it's on one of his slides, so perhaps we'll allow him to deal with that. Turning then, if we can, to slide 4, and I think we can take this slide fairly quickly, we've seen the percentages; what does this mean for people?

160. MS WHARF: What we're able to do is actually turn some of these to money to actually look at what the percentage is when you look at averages. I hasten to add that these are averages. They're rural again, remember. There are about just under 5,000 properties, and what we're looking at here is both the blight now, until 2023, so it was those graphs we saw of PwC, and we're looking also at the final blight, so based on that 7% to 10% that they said they thought the final blight would be.

161. MS CLUTTEN: The first yellow line is the present blight and the final yellow line is the final blight.

162. MS WHARF: Yes. Now, the PwC report gave us the average prices of homes, so all these figures on there came from the PwC report. I hasten to add the property

numbers actually came from some slides from Mr Prout of the DfT. All that we did was derived the right-hand side ones. As I said, because we got all the data, it was possible to derive the bands and that's going to be important. We can look to the 120-to-300 metres and we can look to 300-to-500.

163. Basically, what it's showing us is that you've got some very substantial sums of money in that first 120 metres. In Country South, where you've got £0.75 million for the average property price, you've got over £300,000 for the average loss. That of course we know will go into the Voluntary Purchase Scheme box. You might say that's what we regard as the permanent blight box.

164. Moving across to the right-hand side, if you look at the bands there, you're talking about 120 metres to 300 metres. You've got over £200,000 as the average loss in Country South. As an average, over the Country South and Country North figures, you've got approaching £200,000. An interesting way of looking at those figures is what that means in terms of pre-tax annual salaries. How many salaries' worth are you saying that people might lose? If you're just saying something maybe like £40,000 per annum pre-tax, you're saying you've got three to four times the sum that you're expecting people to lose in bands on the right-hand side, which either are not compensated at all, 300 to 500, or I wouldn't say compensated in the 120-to-300-metre band, because they're getting, the current proposal is, between £22,000 and £7,000. There are very substantial figures there and even the final blight. The final blight figures there, as you can see, are between £42,000 and £46,000 as averages, so you're talking there about an annual salary.

165. One last point I would make is that we all well remember Philip Hammond saying to us personally, as well as in the House of Commons in December 2010, that people should not suffer serious losses for a project in the national interest. That, I have to say, rings with people up and down the line, when he went to visit them in that first summer.

166. MS CLUTTEN: Thank you. Moving then to slide 5, this is the numbers of properties. This again is also not entirely straightforward. Can I ask you just to explain very briefly what this table is showing and how the Committee ought to read it?

167. MS WHARF: Yes. Basically figures are always quite hard to come by – sometimes FOI, sometimes PQs, sometimes letters. What we've done is put together what we think are the core numbers here. A lot of them actually come from a

David Prout slide, which is in the pack here. They show, reading from left to right – they're Phase One primarily – for example in the safeguarded zone it's saying that there are 532 properties and then one shows a split underneath urban and rural.

168. The next two tell us something about rural figures. In the third box, you've got the just about 1,300 properties which are within 120 and 300 metres, and there are 3,076 properties in 300 to 500 metres, so there are just under 5,000 properties that go out to half a kilometre and those of course were the figures that we used in the PwC work.

169. Then we have the only source we have, which is the urban figures, which came from CBRE, where you can see it's about 10,000 properties going out to half a kilometre. In those first bands, they are relatively small. Well, there are just under 1,500 properties. Moving across, you go right out to a mile, where we're saying they're figures that were received in a PQ. It's nearly 0.25 million properties.

170. I think I'd point out that they are quite low numbers when they're pretty near the line. Obviously if you go to the far extremity on the right-hand side of the slide, we're not saying everyone's affected, because you wouldn't expect everybody to be affected out to a mile if you were right in one of the urban areas.

171. MS CLUTTEN: What's the significance of the size of the numbers for this Committee? You've mentioned that they're relatively small.

172. MS WHARF: It means that, when one's actually designing schemes and costing schemes, you need to take account of the size of that envelope, but I would make another point about them, which is that, if one looked at them in detail, there is obviously inconsistency in some of these figures. That's not anything we can do about, because they've come back in PQs and they've come back in FOIs. One of them is raised in a letter we wrote on 3 September, where we were pointing out that the two sets of numbers in box three can't be right. The ones that were given to Cheryl Gillan in a PQ that totalled to about 8,000 can't be the same as the ones which Mr Prout has in his slides, which says there are only 5,000.

173. We endlessly try to poke at these figures to be able to get the best figures there are. The reason why I put the 172,000 one in red is because properties out to a kilometre is what HS2 Limited and DfT have always used for doing consultations, for alerting people to consultations on compensation. It's not unreasonable to say all those out to a kilometre will have a pretty good interest, and there are a lot of people who are

going to be affected by construction works out to a kilometre from the line, even if the line isn't right next to them.

174. MS CLUTTEN: Thank you very much. We turn then to the second of the three points that we said we were dealing with and that's the types of compensation scheme that are on offer, if we can move to the next slide, please, the types of compensation scheme on offer that are on offer and how they are adequate or otherwise, as we know. We see here a summary. I think I can happily lead you on this. The ones that we are concerned about today, we're talking about in particular, are obviously EHS and its replacement, Need to Sell, the voluntary purchase and cash alternative, and homeowners' payments. That's right, isn't it?

175. MS WHARF: Yes.

176. MS CLUTTEN: The only question I want to ask you on this slide is – we saw a moment ago the numbers affected by blight – do you have any idea about how many of those people, and we could use for the sake of argument the DfT figures that were on Mr Prout's slide, are likely to receive compensation under these schemes?

177. MS WHARF: Under the express purchase, which is in effect the safeguarding ones, there will be 532 properties, we are told. Under the voluntary purchase and cash alternative, there will be 348 properties. Under the homeowners' payments, there will be some 1,300 properties. We ourselves have calculated how many we think will go under the Need to Sell, and we've done that by looking at four years' worth of experience with the Exceptional Hardship Scheme. Now, currently though that you only get just over 30 a year; we've actually put it up to just over 50. On that basis, there could be 700 that might go through the Need to Sell. Out of that, what you're getting is about 1,600 properties and that includes the express purchase, which is in the safeguarded zone.

178. MS CLUTTEN: Thank you. Let's move on to the next slide, please.

179. MR BELLINGHAM: Hang on one quite second. Let me take that slide in fully.

180. MS WHARF: What I would say is we believed it should be based on the evidence, in terms of who the scheme should cover.

181. MR BELLINGHAM: Thank you.

182. MS CLUTTEN: Slide 7 then, first of all, we start off by looking at EHS and its

replacement, Need to Sell. Can you start of by explaining very briefly, because the Committee will of course have some idea, your understanding of how the current scheme and Need to Sell do and will work?

183. MS WHARF: Why we want to look at the EHS is plainly because it is the basis of the Need to Sell scheme. Indeed, on page 190, there is the reference where it states that we're actually told there, on page 190, in paragraph 5.3.29, 'It is due to these comments that we will change the hardship criterion to "compelling reason to sell", a title which more accurately reflects the purpose of the criterion.' They're not saying that the purpose is changing; the purpose is the same. I think that's pretty important. What they're saying is that they want to correct a misperception of the intention; they're not actually changing the purpose of the scheme. Therefore, if the purpose isn't changing, then obviously looking at the experience of EHS is very relevant for understanding how Need to Sell is going to operate.

184. MS CLUTTEN: Having regard to that experience, what do you say is it about this scheme? If we can, go back to slide 7 please. What do you say about the scheme that you say isn't working?

185. MS WHARF: First of all, as everybody knows, it has five criteria, which you have to get through. You make your application and then the panel decides. If one goes through some of the aspects on it, for example on the property criteria, this as we know is homeowners and small businesses. If I look back, people in severe mortgage difficulties were being advised to rent their property out, but they were promptly disbarred. After some absolutely heart-wrenching cases, now reluctant landlords, as they are called, are now included, but they weren't in the beginning. People moved out of their own property, rented it out so that they could keep surviving, and then were debarred by doing advice that they were given by HS2 Limited. Still second properties, and people buy properties nowadays instead of pensions, and so they find that their pension pots are not included in this sort of scheme.

186. There are some very particular issues about the location and hardship one, which I'd like to come to on the next slide, if I just cover something on blight here. Blight is the core criterion, which we would say is what this scheme, and maybe one says the next scheme, should be about. It's about saying you can't sell because of HS2 and you can't get an offer – the rules here are – within 15% of your asking price. There are,

however, some procedural issues with how this operates, on all sorts of technicalities, on the rules, on how the 15% applies to a realistic asking price. You ask an estate agent what a realistic asking price is, and you discover someone reading it in terms of blighted prices, but of course it's meant to be unblighted prices. There are some procedural issues to do with that, which are probably communication issues, because I'm quite sure what the rules should be and what the rules are but, actually, translating them out into the field hasn't worked.

187. MS CLUTTEN: I should say that the Committee will hear something on those kinds of issues later from Ms Trickett.

188. MS WHARF: I'll say something just about the no-prior-knowledge one, because we see the no-prior-knowledge one as what I regard as baking the blight in, because the purchaser comes along and he knows he's not going to be able to get EHS if he buys the property, which is on the line, so he wants his discount. By having the discount, you've baked the blight in, in that particular circumstance.

189. Also, it would be unfair to those who have bought unaware of the construction impact, which is what's happening. Some people have bought in the knowledge of HS2, but they didn't realise that the roads all round them were going to be messed up as a result of construction, so they are feeling themselves in an invidious position now.

190. MS CLUTTEN: If we can go then, unless there's anything else, to the next slide, which deals with the two that you've just mentioned, that's location and hardship, in terms of the location criteria, can we just have a look at what those are and why it's a problem?

191. MS WHARF: The definition of it is: is it in such close proximity in order to be substantially adversely affected? Page 203 makes absolutely clear that that's physical effects it's talking about – not market, physical effects. That is in a DfT document. The concern is that this is an additional requirement on top of blight. To put it very crisply, actually, 364 cases have been accepted on the location criteria. A further 60 were rejected on that criteria and yet were blighted, and they got through on the blight, so it acts as an additional requirement to remove some cases.

192. Very interestingly, it is regarded and was regarded as being at odds with the scheme's purpose. In a particular ICO case, which you have on page 57, the case of Mr Helstrip, the judge said that he felt that this was an unnecessarily strict limitation

because, in his view, the purpose of this scheme is about market perceptions and it should be trying to cure the blight issue; it shouldn't be trying to take account of other things, which is what the location criterion does. The DfT says, and they wrote this back to us and they also put it in their documents, they said, 'We want to have this criterion because we don't think we should be obliged to accept an application from an unreasonable distance away.'

193. MS CLUTTEN: For the Committee's note, we don't need to go to it, but that quote's at page 203 of the bundle. Some might say that the DfT's position trying to ensure that it's not obliged to accept something from an unreasonable distance away is a fair one. What do you say about that?

194. MS WHARF: I say, if the purpose of the scheme is about blight, then it's not a fair one. Frankly, we know they'd accepted some cases out to 1.1 kilometre. Interestingly, Mr Helstrip himself actually was 1.1 kilometre and his was accepted, although he wasn't going to court for that particular issue. If your property is 2 kilometres away and if it can be proved to be blighted, then why you shouldn't be compensated? The point is it has acted against you. In those circumstances, you can't move; you can't move on. You have actually suffered a substantial loss and you have been blighted. I would say that that should be the key criterion, the blight criterion, and these are additional criterion, which are not about the market impacts. They make that very clear; it's a physical criterion that is being imposed.

195. MS CLUTTEN: Thank you. Turning then to hardship or what's now been rebranded the 'compelling reason to sell', what's the complaint about having this criterion?

196. MS WHARF: The first thing I wanted to refer to was the letter that actually we wrote to yourselves too, where we felt that it had been misrepresented to the Select Committee, how it was put in July. It's on page 76, where Colin Smith said, 'Well, we're 70. We want to downsize. We want to release capital. If we can't sell this property, will you buy it?' It was all put in terms of wanting to downsize and release capital.

197. It appeared to be saying that you could downsize and, yes, release some capital and be eligible under this scheme, but that is not actually what the rules say. The rules say in the decision document we've referred to on page 76 and in my letter, 'It has to be

the need to release capital for retirement.’ In other words, you’re going to suffer financial hardship when you get into retirement and the way that you can solve that problem is to sell your property. It is this distinction, which is fundamental, I think, to whether you’re actually saying this scheme is putting in these financial hardship rules and is means-tested.

198. They’re an awful lot of people who feel that, yes, they should be able to downsize; they should be able to move somewhere else; they should be able to go to the seaside. Actually, what’s happening is that the rule in the scheme is that you have to have financial hardship, so you have to be able to show that the reason why you want to downsize is because you are in some sort of financial difficulties. Your house may be now too big; you’ve got a nest egg in there but, the point is that, in order to survive, you need to sell that property.

199. MR BELLINGHAM: Can I just come in on that? Presumably somebody’s about to retire, and obviously if someone is in work, self-employed or whatever, and is perfectly financially sustainable at the moment but then has to retire that presumably would be covered because, if they want to retire, then they would be able to.

200. MS WHARF: No because, if you retire and you’ve got a pension and you can survive, but you still want to downsize, then you’d be rejected.

201. MR BELLINGHAM: If you could survive on the pension, yes, but what we’re talking about here is someone who, if they sell the house, are then able to maintain some extra income.

202. MS WHARF: The rules at the moment appear to be that you need to release capital. In other words, you’ve got to sell the property in order to have some capital to be able to live, to put it succinctly – rather than exactly how much a month – as distinct from you’ve got this 14-year blight problem and you just want to downsize, you want to move, you want to go somewhere else, all the different circumstances of what you would do in your life in that 13-year period. Very few of them will you be able to get through these criteria on.

203. MR BELLINGHAM: It also depends on how flexibly it’s interpreted. It’s certainly my reading of the rules that there is quite a lot of room for flexibility, but obviously there is always a danger that it is not applied in a way that the individual would like.

204. MS WHARF: Discretion is nice, but the problem with discretion is that you get rules that aren't clear. People can't see that they've been consistently treated against each other.

205. MR BELLINGHAM: I'm certainly very sympathetic, but I think it would be useful to hear what Mr Mould has to say later on, on that, but I'm sympathetic to what you're saying.

206. MS CLUTTEN: That raises an interesting point actually in terms of how rules are applied. One thing that's been referred to in the petition, at paragraph 150, I think it was, was the need, as the Alliance sees it, for an ombudsman to handle the scheme. Perhaps that has some relevance here.

207. MS WHARF: We see all sorts of issues with the process that's currently operated, things from the applicant doesn't get all the evidence or doesn't get all the evidence that the estate agent, for example, has provided. The panel doesn't have medical competences. There's not a particular process even to assess them. There are certainly not clear unambiguous rules. I look at it as discretion for a panel is actually like arbitrary conduct for the applicant. That leads, I can tell you, to an awful lot of uncertainty and stress amongst people who just don't know where they are.

208. There's very little published data on it and there's also, as you'll be hearing later, unfairness on how the evaluation process works. We feel that there has to be a better process, in terms of consistency and fairness. One way of doing that might be an ombudsman; another way of doing that might be an independent appeals process, but we feel that there has to be something stronger than there is now.

209. MS CLUTTEN: Thank you. If we can turn also to slide 9 please, these are the other proposed schemes. The other proposed schemes that we're looking at, as we mentioned earlier, were the voluntary purchase or cash sum and the homeowners' payment, having covered Need to Sell. Conscious of time, we do need to set out just briefly what our concerns about each of those proposals are, probably with particular reference to voluntary purchase.

210. MS WHARF: One way of looking at the voluntary purchase one is it should be where, effectively, it's universally blighted. I say that because there's no test of saying that you've got to sell it there. It's taken that that's in a band where you could be regarded as universally blighted. What I would say, however though, and HS1 we know

is the precedent for the voluntary purchase scheme, that should mean then that there should be the equivalent HS1 payments that were made, because they got the statutory payments, they got the home loss payments and they got the stamp duty. It seems pretty odd to us that they haven't been applied and they have been resisted for the voluntary purchase zone.

211. The cash alternative that was introduced, I also think that that one perhaps doesn't fit with the evidence that we've just seen, because it's talking about a 10% offer. Interestingly that matches, you'll remember, that final blight figure, which was 10% too, rather than the 40% loss that people in this band PwC has estimated will lose. Prudently, I would have thought there might not be a very great uptake on it at the sort of figures that are being offered.

212. More fundamentally, I think it's wrong that they shouldn't be allowed to reverse their choice, because it's a once-and-for-all offer for somebody who takes the cash offer, as distinct from deciding that they will sell to HS2 Limited.

213. HS2 Limited envisages that somebody might be allowed to then go in under the Need to Sell scheme and pay the money back, but of course they might fail, we know, under the Need to Sell scheme. They don't envisage that they should be allowed to have a second chance and, just like under the Need to Sell scheme, apply under the voluntary purchase if, in that whole 13-year period, their circumstances change, and pay the money back. We think that they should be allowed to reverse their choice.

214. My only comment on the homeowners' payments is that we look at the figures there – 7.5k to 22.5k – and we remember that that is for a zone where we saw 27% average blight for figures averaging almost £200,000. I would say they are extremely small payments.

215. MS CLUTTEN: Thank you. If we can move on to slide 11, which is solutions, I'll leave the impact of current rules, because you are going to hear from some specific witnesses on that. If we turn to slide 11, which is the solutions, so far we've offered up problems and what we want to try to do now, and this is the third topic of our summary of arguments, is give you some ideas about where we think you as a Committee could go to investigate in order to remedy some of the defects that we've been suffering.

216. MS WHARF: We've put at the top there some things to do with transparency, rules, process and independent appeal. I've covered some of those, because we think

there should be much greater transparency; there should be clear rules; there should be published rules; they should be consistently applied. Discretion, yes, but they've got to be capable of challenge. The reasons for failure should be published and you can do all this; these are practices that are applied in different fields.

217. MS CLUTTEN: Can I just pause you there? When you say 'published', do you mean to the individual or do you mean more widely?

218. MS WHARF: More widely. The individual gets back the reason for failure, but they just get it back in their own microcosm, their own world. They don't know whether they were being treated fairly by comparison to somebody else, so there really ought to be much greater exposure and greater oversight of the process.

219. What I was going to say is that then, when one moves on to the schemes, what's important to remember is the sort of holes we've got are that we've got people who want to downsize, where their home and garden may be too large; they've paid off their mortgage and they've got some resources. We've got people where their home is their pension pot and they actually want to release the capital, but they don't want to release the capital because they're getting near the bread line. They want to release the capital because they want to enjoy it or maybe they want to go to Australia. They want to go and meet their family the other side of the world. There may be any range of personal reasons which, over a 13-year or 14-year period, you would expect to do.

220. Just as you have got older people, you've also got families. As children get older, they need to move. You may want to have different travel arrangements to make your travel easier, to make it cheaper, and you may want to match your family's interest, a particular sports interest or something. What I'm trying to say is there an awful lot of ordinary reasons why you want to move, which you will not be able to under the Need to Sell scheme.

221. However, if you removed the key restrictive rules, the restrictive rules that are not related to blight, so you took at the location criteria, which are artificially constraining it, and you took out crucially the financial hardship reasons and the wider hardship reasons, and even the prior-knowledge one, which we remember bakes the blight in, then you get a scheme that allows people to get on with their lives like they would have, but for HS2.

222. MS CLUTTEN: Now, before you go on to the voluntary purchase scheme, there

are a couple of points that might be said against you there, and it's probably worth just exploring those. One of them might be that, if somebody has prior knowledge of a scheme and they then are able to use the need to sell, say if they've got that prior knowledge and they bought at a discount themselves, and then you need to sell, they might find themselves able to pay the unblighted value when, in fact, the value that they paid was blighted.

223. MS WHARF: There's a simple way you can adjust the scheme for that, so that basically if somebody is buying at a discounted price, then you would say that, under the Need to Sell scheme on that particular property, they couldn't actually get back the full price; they would get back the proportion. If they bought at 80%, then actually what you'd do in those circumstances, for that defined property, is protect it at 80%. It's perfectly easy to do that with RICS, because this is somebody who, after 2010, would have bought, so we'll say somebody back in 2012. They bought at a discounted price. You know what the price is; you know what it could have been. Then you say what you'd do for that property is you would protect it at that percentage.

224. SIR PETER BOTTOMLEY: Percentages or for cash sums?

225. MS WHARF: I think you do it at percentages, because obviously the market's moving.

226. MS CLUTTEN: In terms of one other issue, that is one that's raised by the Government quite a lot, by DfT. Having these kinds of wider compensatory schemes might actually encourage blight. What do you say to that?

227. MS WHARF: I don't think it does and I think there's a very good piece of evidence on that. That is, you remember, we saw that the take-up actually goes down as the boundary widens. There's an interesting point in the PwC report where they suggest that, if the boundary were to widen, even beyond 500 metres, then actually that doesn't necessarily mean that it would cost any more. As it widens, so you have the increased confidence and the take-up goes down. Therefore, it doesn't necessarily mean – indeed, the opposite – it doesn't mean that you're actively encouraging blight.

228. I'd also say that the market and estate agents know if an adjacent property is blighted. If you've got a property worth 400k and not 500k then, regardless of whether the reduction is compensated through a Government scheme or incorporated in a private sale, the reduction would be taken into account by the market either way. They don't

mind which process it goes through. People know. I don't think it does encourage the blight.

229. MS CLUTTEN: Quickly then, we've got the voluntary purchase scheme. They're fairly self-explanatory but, if there's anything else you want to say on any of those.

230. MS WHARF: The only point I hadn't mention previously when we discussed that – I'd mentioned about the HS1 additional payments – is we believe it also should apply in urban areas. I talked about how it should be where you've got what I think of as a universal blight. Now, there will be areas in urban areas. Remember, we've got 15% as an estimate of blight in that 120-metre band for urban areas. Some of that in some areas, maybe in a narrower band, may well fall into a category where they should be regarded as effectively universally blighted and eligible under the voluntary purchase scheme. What I should say is the Government should get the evidence, because this should be evidence-driven; it shouldn't be, 'Well, we'll do what HS1 did,' particularly because of what we've seen about what PwC thought about just picking up on HS1.

231. MS CLUTTEN: In terms of new schemes then, we've got the Sold & Lost there and then we've got the property bond. The property bond we'll talk about in a bit more detail but, if you could, just outline the Sold & Lost approach.

232. MS WHARF: You've already heard cases coming before you, and I'm sure you will hear more, of people who, one way or another, have basically sold up and either they tried to get EHS, they failed or they didn't know about the scheme sufficiently, and they lost money. They sold on the open market and they moved. We felt that actually this could be an area where you could cap it, because it wouldn't be moving forward; there'd be a point at which it stopped. We termed it Sold & Lost. They're people who sold up, they lost out for one reason or another, and there will be perfectly good ways for which you could control it, not just by the timeline, but also because they could be people who, in EHS-type circumstances, if you processed it back through, would have qualified. We felt that there could well be something in terms of a Sold & Lost scheme that could help affray what are very considerable concerns. People come to us and say, 'We lost out. We've lost £100,000. We've lost £50,000. We've lost £20,000.'

233. MR BELLINGHAM: Would they have to register interest in advance? What would happen, for example, if somebody had already sold and lost?

234. MS WHARF: That's what I mean. It is these people exactly.

235. MR BELLINGHAM: If they hadn't registered any interest with HS2 at this stage.

236. MS WHARF: I don't see why they shouldn't be allowed to. What they would have to qualify under is if they retrospectively had looked at the EHS. Let's say they didn't go through EHS because they didn't know about it. That gives a framework for the sorts of circumstances and there will be people who lost out who, if you had processed it round through that, would have actually been eligible, but they didn't apply because they didn't know about it or they just felt it was too threatening, too intrusive, because there are all sorts of aspects that you'll hear about from Sandy about the intrusive nature of it.

237. MR BELLINGHAM: Do you have any idea how many people already have sold and lost?

238. MS WHARF: I thought you might ask me that. No, I don't, but I suspect it wouldn't be at all difficult to find from the Land Registry, because there will be people in the zone; you could take a corridor.

239. CHAIR: Are we going to hear your cameos soon?

240. MS CLUTTEN: Yes, but we're now on the property bond. I'm afraid it has taken slightly longer than we wanted or intended. If we could just outline some points on the property bond, then we'll come on to the cameos. The property bond then, please, Ms Wharf, and we have a timely reminder of the need to move on.

241. MS WHARF: Right, you asked questions about the different forms of property bond. What I should say is that the property bond you see here is what's termed a time-based property bond. It's not the value-based property bond, which is a top-up one. We recognise the deficiencies that there can be with that. We would say the property bond is all about restoring market confidence. You sell and buy with the backing of a guarantee.

242. It is to compensate those who are blighted and the fear of the uncompensated loss. I think there's a third important benefit, which is why we have a little picture of a win-win, because actually it prevents opposition which is based on personal interest. In simple terms what it is, it is just the agreement for the promoter to buy at unblighted value, if an open-market sale can't be found, after a trigger point in the project's

development. It's simply the promoter being the purchaser of last resort.

243. A key factor of it is that the agreement is transferrable. If I sell my property on the open market, I sell it with a bond in my back pocket. I give it to the person who purchases it and they can put it in their bottom drawer. It's their insurance policy. That's of course why it works, because it eliminates risk for the seller; it eliminates risk to the purchaser, because they know that they can get their money back if there's going to be a problem and they need to move later. Crucially, it acts as the assurance for the lender.

244. MR BELLINGHAM: Hang on, I'm not quite there yet. I'm absorbed in this excellent slide.

245. MS WHARF: It's the mortgage provider. We have a letter.

246. MR BELLINGHAM: Who underwrites it? Does it have to be underwritten by an outside financial institution or is it underwritten by the promoter from the word go?

247. MS WHARF: The promoter. The point is that the mortgage lender will then say, 'Okay, we are prepared to value that house at an unblighted price, because we know that, if everything goes belly-up and they don't pay their payments, we can get our money back,' because as you saw that was one of the criteria, even in the Need to Sell scheme, if that circumstance happens. Basically, because of that underwriting, because of that bond, they will value at unblighted prices. We have the letters. I will just show you that.

248. MS CLUTTEN: There are two letters. There's one from the Council of Mortgage Lenders and one from the National Association of Estate Agents, and they're pages 68 and 69 of the bundle respectively, for your reference.

249. MR BELLINGHAM: What page again?

250. MS CLUTTEN: 68 and 69.

251. MS WHARF: I have to say, as far as CML, the Council of Mortgage Lenders, were concerned –

252. SIR PETER BOTTOMLEY: It's a different bundle, Henry. It's not in that one. It's on the screen, but it's a separate one.

253. MS WHARF: I was just going to say, the Council of Mortgage Lenders, this is a

recent letter from them but, actually, in the very first consultation response they supported the property bond and that was right back in 2011, which is in our papers.

254. MR MOULD QC (DfT): Sorry, this is the letter from the National Association of Estate Agents.

255. MS CLUTTON: 68 it should be on, 68 and 69.

256. SIR PETER BOTTOMLEY: 68 is CML. That's 310(67).

257. MR MOULD QC (DfT): CML no longer supports a property bond.

258. MS CLUTTON: Yes, they do. There's a letter here from the CML dated 17 November.

259. MR MOULD QC (DfT): They didn't when they responded to the Government.

260. MS WHARF: That was because the consultation was saying, 'Would you like a property bond out to 120 metres or would you like a voluntary purchase scheme out to 120 metres?' They agreed with us that, actually, if you had just the choice between that and that, then you would probably go for the certainty of the voluntary purchase scheme as against the property bond. The moment we put them back into context and say a decent distance, and try to get at the market – and I go back to my very first slide I used, when I said I regard that as a permanent blight, which is the core – then there's the market blight, which is this wider blight, which is the one that the property bond is trying to get at. The CML agree with us, and they agreed in the PwC report, because they were part of it. They believe that that will cause them to underwrite them at the full unblighted price.

261. SIR PETER BOTTOMLEY: Forgive me for breaking in; I've got to go to a memorial service. There's a linked point I wanted to bring forward, which I'm sure you're going to be coming to, which is on page 310(29).

262. MS CLUTTON: 29 of our bundle, is that?

263. SIR PETER BOTTOMLEY: Yes. There's a paragraph about four or five down that starts, 'Although the Government quote the exposure...' at over £1 billion at 300 metres, PwC estimates the range of £30 million to £150 million. It puts into context the question my colleague Henry Bellingham was asking about what would it cost and who would have to fund it. You've made the point that the Government is putting £16 billion into the scheme, so the amount is not trivial, but it's a pencil line in a large

sum.

264. The question I would want to put at the end is whether it would be sensible for PwC and the Government's advisors to talk together to see whether the difference is really as big as it appears from these papers. I'm not trying to sort out everything now, but it does seem to me that professionals ought to be able to say what are the differences in assumption, which would make a big difference, and can they be brought closer together.

265. MR MOULD QC (DfT): PwC is the Government's advisors.

266. SIR PETER BOTTOMLEY: In that case, does the Government disagree with their advisors? Perhaps the Government could talk to the Government.

267. MR MOULD QC (DfT): If I may say so, I'm glad you have raised that point. PwC hasn't disagreed with the Government. The Secretary of State asked PwC to provide him with some advice and to analyse the case for a property bond, and to put forward an analysis of a particular type of property bond. There were three examples that were consulted upon in 2013. PwC's advice informed that consultation.

268. As I think the Minister made clear – and I think the Chairman was at the adjournment debate on 21 October, Mrs Gillan's adjournment debate – the Minister made clear the Government saw advantages in the property bond, but it had taken the view that it wasn't persuaded that it was the right course to take. It preferred to pursue the arrangements that were set out in the April 2014 settlement, which as you know have not yet come into force. They're due to come into operation at the beginning of next year, so it wasn't the case of a Government root-and-branch rejection; the Government took the view on balance, as the Minister explained in the debate on 21 October.

269. SIR PETER BOTTOMLEY: The hypothetical is, if you'll forgive me, that there isn't a problem. That's one question. The answer is there is a problem.

270. MR MOULD QC (DfT): There is a problem, yes.

271. SIR PETER BOTTOMLEY: Let's then say: does the problem need only one solution? To which the answer is probably no. The third question is: which is the higher cost to Government or the promoters/Government of forcing people to sell or having a property bond that may mean many of them don't have to sell, which might

reduce the cash sums to Government.

272. Besides the adjournment debate, all I'm really saying is, if the difference in estimate is as the petitioners are putting to us, we ought to know, preferably not be interrogation but after people have talked together, what are the agreed reasons for these very significant differences in cost, if cost is one of the reasons why the Government and promoters are not adding this to the schemes they've got already.

273. MR MOULD QC (DfT): I don't want to prolong an exchange, because this is the petitioner's time. If it would help you, I will take away that thought and will provide a note to the Committee on that.

274. MS CLUTTEN: There is an important point to be made about cost, in terms of what has been taken into account.

275. MS WHARF: There is actually a really simple answer to your question. Those two sets of figures are on entirely different bases. The £1-2 billion figure, and this particular one is just using £1.1 billion at 300, is gross cost, full prices, 100% take-up – and we've discussed take-up – no re-sales, no rents back. Whereas, what PwC did was a proper NPV cost figure, which takes into account the fact that you buy them, you sell them, you rent them out and you also sell them at the end, and then they discounted it, which is of course how you do a standard basis for costing, and it's how HS2 is done, the actual project itself. The answer is £30 million to £158 million, so I would say that is actually the right figure. It's just that they're on entirely different bases, these two figures.

276. MS CLUTTEN: Thank you. Slide 13 sets out some of the support. Can I just ask the Committee to note the contents of that slide, in terms of the support and the concerned groups? You'll understand what those acronyms are. The last slide then that I want to look at, the only one that we're going to have to go to, is slide 14, which is obviously a group who support that this option doesn't have, which is the DfT. We've talked about cost and I don't want to go over that again, nor public inertia. We've talked about that too. If we can just look at the concerns about lack of testing and the time taken to implement, give a brief response to those please.

277. MS WHARF: It says that it's largely untested in the public sector. That's true but, however, work wasn't done to explore the Central Railway experience, as indeed the DETR report did in 1997. They didn't look at the Central Railway experience,

which was private sector, so I can't see why experience in the private sector isn't relevant. The fact that we haven't had a scheme in the public sector shouldn't matter. The key thing about the Central Railway one is the length of time it was there and, therefore, it was showing the impact on the market.

278. MS CLUTTEN: We'll hear from Mr Raffety in just a moment.

279. MS WHARF: The other point I'd make is that, if you never do a pilot – you could do a pilot – but if you never do a pilot, you'll never have the evidence. The answer that you haven't got any evidence will always remain like that until you have a go. HS2, it seems to us, with all the infrastructure projects that the Government wants to do, will be a good opportunity and a good chance to have a first go.

280. MS CLUTTEN: If I might be indulged with one final question, which I hope will be of assistance to the Committee in actually thinking about what it might do from here on it, that's to ask you, Ms Wharf, if the reforms that you've suggested – there's obviously a whole raft of things we've talked about this morning – do you say that the Select Committee needs to implement all of those in order to achieve a fair deal?

281. CHAIR: Shall we take the answer as yes? I'm conscious that we have just over an hour and I don't want to lose any witnesses, who've been sitting here patiently. I think you've been very persuasive, with lots of diagrams and stuff for us to dwell on, if you don't mind. Mr Mould, can I take you towards the end, please? Is there anything that you want to jump into?

282. MR MOULD QC (DfT): If I haven't got time, certainly I can deal it with it later.

283. CHAIR: Okay, witness cameos, come on. Who's the first one, please?

284. MS CLUTTEN: Mr Hammond, please. And perhaps it will help if we have slide 17 up.

285. CHAIR: Morning to you.

286. MR HAMMOND: Good morning.

287. MS CLUTTEN: What we have here –

288. CHAIR: Thank you, Mrs Wharf.

289. MS CLUTTEN: We obviously have here Mr Hammond, who I mentioned earlier is currently employed as Associate Director of Hamptons International. He has had a

career in estate agency in excess of 20 years and, in particular, he has responsibility for the Great Missenden branch, which of course is directly affected by HS2. Now, you're here, Mr Hammond, to help the Committee with understanding the impact that the HS2 has had on the market in your area. And if I can just ask you to start very briefly with the nature of the market in your area?

290. MR HAMMOND: First of all, we're in the Chiltern Hills. I've lived and worked in the area for almost 20 years. Stunning countryside is a big draw for buyers and a lot of people that we get coming into the area come out from London, because of the schools, education and convenience getting back into London. On average, I would say most of my vendors move about every eight years. And I suppose my average age of my vendors are around their sort of late 60s, 70s, into their 80s. Because of that, people that have lived in the properties, the kids have grown up, they've moved out, they want to downsize. Their rattling around, increasing costs. I've also got a situation where a lot of vendors are wanting to sell to release monies for their children to buy homes. So from that point of view, they don't comply with the hardship scheme. And I'd also say in fact that a lot of my clients don't know enough about the hardship scheme. And from my point of view as an agent, I've been given no information whatsoever.

291. MS CLUTTEN: Now in terms of impact what, from your point of view, firstly in terms of those wishing to sell in the area, has been the impact of HS2 and what's the extent of the problem?

292. MR HAMMOND: I think you've sort of got three phases really in terms of people, how they've been affected. One is there's probably about 10% of the population that just are avoiding the Chiltern Hills because HS2 is going through there somewhere. So they're people that we can't even speak to, to try and educate and show where the line is going exactly. They're just avoiding the area, so that makes it difficult.

293. Secondly, we've got people who are trying to sell their properties within half a mile of the line, so they can't see it but there's no question that they'd actually be able to hear it. And so from that point of view, that's having an effect on prices by about 5% to 10%, just buyers not wanting to buy into... And the biggest problem we've got is also the construction phase, because of the disruption getting to schools, getting to work, etc.

294. Thirdly, it's the properties where they can visually see the line at the end of the

day, where to be honest I'm finding it almost impossible to sell at all. Now, when people have come to me and they've said under the hardship scheme they have to fall within a certain distance, the view is actually quite important. This is a piece of material from HS2 and it shows it quite nicely, especially with a dog looking as well.

295. MR BELLINGHAM: Do we have that? Can it be on the screen?

296. MR HAMMOND: It's not, I'm afraid. I just brought it along. But where you've got somebody with a stunning, far-reaching view, which is probably over a kilometre away, if that was the view from your property and it was say at about £1.5 million, to a buyer then suddenly being sort of offered this perspective, that's where it's quite damaging by an extensive –

297. CHAIR: I can't see that.

298. MR MOULD QC (DfT): It's the Wendover viaduct.

299. CHAIR: Okay.

300. MS CLUTTEN: Now, in particular you've put on the – you've just mentioned homes are £1 million. You've put on here, 'Purchases of more expensive homes are more demanding.' What do you mean by that?

301. MR HAMMOND: Well, if you're sort of at the bottom end of the market and you're desperate just to get another bedroom because your family are growing, another reception room, you're not going to be so worried about your surroundings. If you're looking to buy something at £1.5 million to £2 million, it's very much more about the house as well as its surrounding location. And at the end of the day, the Chilterns is very much sought after because it's absolutely stunning scenery and yet just under an hour into London.

302. MS CLUTTEN: The last point really, you set out here as well that transactions are down. Have you got any indication for the Committee by how much those transactions are down?

303. MR HAMMOND: I think, as I said earlier, if you're within sight of the line I've not had a sale in the last three or four years. So that's quite significant.

304. CHAIR: And no fees.

305. MR HAMMOND: Sorry?

306. CHAIR: And no fees.

307. MR HAMMOND: No fees. Very much no fees. I mean, I would say for my office I've lost about £150,000 worth of fees because of HS2. And that's something else that's quite important, is that under the hardship scheme the agents are being asked to market a property for a period of time and then, if the vendor is successful they get paid out privately. We get paid nothing.

308. CHAIR: Okay.

309. MS CLUTTEN: Very last thing. You've heard the Alliance's proposals for dealing with the problems that are arising. Are there any of those that you consider would be a workable solution?

310. MR HAMMOND: The property bond is the most sensible, purely because it's going to reassure the buyers; it's going to help the vendors in the sense that I've got a lot of older vendors where all the paperwork is just scaring them to death. So from that point of view, it will reassure everybody. And then at the end of the day, if it goes ahead then the owner at the time will be compensated.

311. MS CLUTTEN: Thank you very much, Mr Hammond.

312. CHAIR: Thank you.

313. MR HAMMOND: Thank you very much.

314. CHAIR: Brief and to the point, brilliant.

315. MS CLUTTEN: I did say they were cameos; I'm trying.

316. CHAIR: Brilliant, thank you.

317. MS CLUTTEN: I did actually say it was supposed to be Mr Raffety next, I'm afraid. I've got them the wrong way around. Mr Raffety, if we can have him up now. I'm sorry, I got it the wrong way around.

318. CHAIR: Welcome, Mr Raffety.

319. MR RAFFETY: Good morning.

320. MS CLUTTEN: Thank you. Actually, Mr Raffety may be known to some of the Committee. He's a property consultant and a chartered surveyor. He was of course also the architect of the Central Railway property bond and he's here to explain a little bit

about that experience. Hopefully that will be of interest to the Committee. First of all, Mr Raffety, just very briefly for anyone who doesn't know in here, what was the Central Railway project?

321. MR RAFFETY: It was a proposal to remove lorries off the road motorway system and have a heavy railroad system between the North West of England and into France. The economic model was to make best use of the Channel Tunnel, which is a heavy freight transport corridor.

322. MS CLUTTEN: Thank you. Now, why was it considered on that project that a property bond was needed?

323. MR RAFFETY: The route proposed – there were a number of routes proposed, but principally along railway corridors, either/or reinstating dismantled lines or running alongside the motorway. We took the view that other property owners, i.e. people living alongside the route, should not suffer as a result of the project. And in a way, actually, were internalising the true cost of the railway project itself. So if there was a net loss, that should be a cost to the project as a whole.

324. MS CLUTTEN: Forgive me, I'm just gesturing because I've got the wrong slide, but 16. Apologies, I've got them the wrong way around. Thank you. Now, how did or was that particular bond intended to operate?

325. MR RAFFETY: We tried to do a common sense approach. In fact, ourselves as we were developing, I seem to recall we all had mortgages around our necks as well. We were thinking, 'How would we feel if someone was going to propose a project nearby to you?' We tried to take a common sense approach that if you are going to be close by to the route, you feel you could be affected, therefore you should have the right or the ability to make us have a legally binding –

326. MS CLUTTEN: I just want to make sure everybody else has got the correct – I'm sorry, I've got the number wrong again.

327. MR RAFFETY: There should be a legally binding agreement against the promoter, or Central Railway, that if the railway did go ahead then the option holders could make us buy their properties at pre-blighted prices. And these prices were pre-agreed at early stages of the development of the project, ideally, and then indexed upwards only to house price inflation.

328. MS CLUTTON: What advantage did that particular mode of operation have to you as a promoter?

329. MR RAFFETY: One of the key elements is that there was no upfront cost to the promoter. Briefly, I had this sort of epiphany moment one day when I was driving up to Buckinghamshire along the A40. The road widening scheme had been proposed and in fact houses had been bought by the Department and been boarded up and then pulled down, and the scheme was actually abandoned or delayed for five to 10 years. So there was a significant upfront cost to the promoter, or the taxpayer, which is unnecessary when you have a property bond scheme, because that became part of the true cost of the project or the real outturn cost of the project. In fact, in the private bill we're proposing that would be a condition of the bill, to have the monies financed upfront.

330. MS CLUTTON: In terms of the scope, what we've got here on the slide that we've finally got up is that, 'All properties likely to suffer general blight.' How did you determine that? How was the scope determined?

331. MR RAFFETY: We took a common sense approach. In fact, it was a case-by-case basis with a large number of householders and individuals. I spent a lot of time talking, reaching individuals. So it wasn't those who were in the limits of deviation of the route itself. It could be nearby; it could be alongside; it could be actually a distance away in a rural area. The route itself went through urban areas as well as rural areas, so we took a common sense approach. If you lived, I think it was mentioned earlier, had a view or a hill nearby the route, then you could be affected. And if the individual felt he was affected, he could make us enter into a property bond agreement. I should have made that earlier. We weren't imposing the bond on people; it's the people who lived nearby could make us enter into these arrangements.

332. MS CLUTTON: Thank you. Now, what was your perception at the time and your knowledge now of how the bond was received in the market, and that's both in terms of those who were affected and also the financial institutions, perhaps taking those affected first?

333. MR RAFFETY: Yes. Well, it's fair to say that when we thought up this idea, initially it was very innovative and it took a little while to get people to buy in to the scheme or the idea. I remember distinctly having a conversation with people in South London where it was very difficult for them to initially accept it. And then, once the

properties started selling with the benefit of a bond agreement – we called it a property protection scheme, but with the benefit of that, then the word got out and estate agents would talk to each other and talk to householders and other people living nearby, who would say, ‘I want in on this one as well,’ and so there was actually quite an exponential growth once the scheme took off.

334. Now, you mentioned earlier or Hilary mentioned about the Council of Mortgage Lenders. That was another significant time in the genesis of our project, when initially mortgage valuers weren’t aware of this or weren’t familiar with the scheme or the operation of the scheme and were reluctant to give full values on properties. But I managed to have an interview and I went to see Halifax, who at that time it had the largest market share of mortgages in the country, and I met with the Chief Valuer and the Chief Solicitor and gave them a description of the scheme. And fortunately, the Chief Valuer said, ‘Well, I’m actually at the Council of Mortgage Lenders tomorrow morning and I shall tell them we recommend you adopt or support the scheme,’ which was very fortunate. And once the Council of Mortgage Lenders were able to let their members know they felt the scheme was workable and fair, then many, many more people were able to sign up and have their valuations at full value.

335. MS CLUTTEN: Thank you. We’ve got evidence of effectiveness on the slide as well, if you can talk us through that a little.

336. MR RAFFETY: Yes. We identified or talked to many, many people. As I said, there were about 1,100 of these agreements between about 1997 and 2004 or 2005. And although the scheme was binding on Central Railway but not on the owners of the houses themselves, we did ask people, if they ever did sell their properties, to let us know, tracking the progress. On analysis, about 35% of properties were sold or remortgaged with the benefit of the scheme. Many people, and I think it was mentioned earlier, took the option scheme and put it in the bottom drawer of their desk at home as an insurance policy, which we valued the scheme as, or at least we conceived the scheme as an insurance to householders. If some time in the future they would want to sell their house or their property, then they could have the benefit of the scheme for their advantage. The idea then was give people certainty, because no idea whether the project would go ahead or not, and give them control. They could exercise their option as and when they wished. We made the option period 21 years, which was the longest you could have an option in real estate at the time, for that reason.

337. MS CLUTTEN: The last point on there then, ‘The DETR Interdepartmental Working Group commended it as the best to date.’

338. MR RAFFETY: Yes, absolutely. We gave representations to them and their independent report came up with that recommendation.

339. MS CLUTTEN: A last question for you, Mr Raffety. Have you ever been contacted by HS2 or any of its agents in respect of this property bond?

340. MR RAFFETY: No.

341. MS CLUTTEN: Thank you. Thank you very much.

342. CHAIR: Okay. Thank you very much. Thank you very much, Mr Raffety.

343. MS CLUTTEN: Thank you.

344. CHAIR: Are you okay, Mrs Trickett? It’s a pleasure to have you before the Committee, as we’ve toured some of Warwickshire with you as well. Please carry on.

345. MS CLUTTEN: Thank you. Of course you know this is Ms Sandy Trickett. She is the assistant to Dan Byles MP and she’s here – we might be a little fuller on this one – here to explain some of the experiences that she has had in respect of EHS. Can I ask you first of all, Ms Ricketts, how you’ve come to be involved in EHS?

346. MS TRICKETT: Here in North Warwickshire, where I represent Dan Byles MP, as you posited we have phase one; we have phase two; we’ve got a 31-track railhead; we’ve got the track into Birmingham, the track out of Birmingham, the track straight through and the new international station just to the south of the constituency. So we have a huge impact in our area. In fact, 66% of Dan’s constituents are negatively impacted by High Speed 2 in one format or another.

347. MS CLUTTEN: What has been your personal involvement in the EHS?

348. MS TRICKETT: When Dan got elected, we found almost immediately that nobody knew anything about the Exceptional Hardship Scheme and so he tasked me to basically be the conduit for everybody to deal with EHS. Most of the EHS in our area comes through the MP’s office and we handle it from start to finish, right from the filling in the form, gathering all of the information and submitting it to HS2, and also the following up when there are problems, right through to where the property is completed.

349. MS CLUTTEN: Thank you. Now, can I ask you to give the Committee a feel for what the application process is like? Because it has at times been presented as a simple process. What's been your experience?

350. MS TRICKETT: Just as an example, I know that it's been said you download a form. That is an EHS application, okay. This is one that's actually been rejected three times from somebody who lives 122 metres away from the centre of the track, that's from their brick to the middle of the track. But that is the average size of an application, so they are considerable and it takes me on average about six weeks to complete an application form with the evidence to the satisfaction of HS2.

351. MS CLUTTEN: Now, we set out on the slide that's up on the screen now a number of substantive issues and then some learning experiences that have arisen. Can I ask you to go through and explain each of those? We'll start with means testing and what your experience has been where you say, 'Means testing applied excessively and where hardship not financial.'

352. MS TRICKETT: A lot of applications that go through, even though finance isn't an issue in relation to the hardship, we are still being asked to provide massive amounts of personal data, of people's financial situation, even though that isn't part of the criteria – even down to somebody's chiropody bill or the maintenance of their sit-on mower, because they're trying to downsize because of ill health, which isn't a requirement. It didn't start off like that, when we started doing exceptional hardship, but it has gradually taken on a life of its own and the more information that you supply, the more that you continually get asked for. We're talking about bank statements, all building society accounts, pensions wherever possible, every sort of income that's coming in, every bit of outgoing, to the nth degree. It's very, very intrusive and a lot of elderly people don't feel comfortable sharing that detail. They think it's a real intrusion.

353. MS CLUTTEN: Now, the learning we've got from that is, 'Financial tests are inappropriate.' Why do you say that?

354. MS TRICKETT: Because if it's not part of that criteria, it shouldn't be asked to supply that. When you have somebody who's terminally ill who's asked to go back to their firm to find out what their death in service pension is going to be, in order for HS2 to know how much his soon to be widow is going to be worth, when it's not a financial requirement – that's not why they're downsizing and that's not why they're trying to get

out; they're trying to do it so he can put his affairs in order before he passes. That is not appropriate.

355. MS CLUTTEN: Is that a real experience?

356. MS TRICKETT: That is a real experience of a case that I have dealt with. We actually had to take it to the Secretary of State because HS2 stated that they would have to wait their turn.

357. MS CLUTTEN: Thank you. Now, the second experience we've got on there is that the valuation process has been incorrectly applied and people have lost money. What do you mean by that?

358. MS TRICKETT: We've had some valuations that have come back where there is a strict guideline that HS2 send out to their valuers and these guidelines are not being adhered to. They are meant to take sold comparables in non-blighted areas and those valuations should be as if it's not a blighted property. That is not happening. We're having valuations taken from... All valuations on a particular application are taken from a blighted village, to the extent where they actually included an EHS house on a non-blighted sold comparable. They're also including properties that are still for sale. They're including properties that are outside the 18-month allowance. Sometimes they're two years, sometimes they're three years. These are against their own criteria. And when we've raised the issue with HS2, they've said RICS submit it, they don't check it; they merely send it out, which seems totally wrong.

359. MS CLUTTEN: We see there your learning number two, 'Process needs better integrity and a field mechanism of redress.' How do you think that would help? And what do you mean by –

360. MS TRICKETT: I –

361. MS CLUTTEN: Forgive me. What do you mean by 'better integrity' there?

362. MS TRICKETT: I think that if HS2 set out the criteria to the valuers, then when the valuers submit their things back then HS2 should be checking them. They should not be just sending that and taking it as read. They don't take anything as read from the applicant, why should they be taking anything as read from anybody else? Everybody has to be measured in the same proportion, so that isn't correct.

363. MS CLUTTEN: We have also the unresolved muddle over blight criterion.

Perhaps if you can illustrate that with an example.

364. MS TRICKETT: For blight, you have to provide three written estate agents' opinions on what is a realistic asking price. That almost totally comes back as a blighted figure because that is what they've had to market it at, the blighted figure, with any chance of selling it whatsoever. And you're meant to have got all these letters before you put it on the market. You're meant to go to three valuers but if you've already had your property on the market for two or three years, how can you possibly know that criteria until such time as you apply? So you're automatically negating yourself out of a huge wedge of evidence. You also have to provide cuttings from the papers, where they've been advertised. This, for elderly people, is just impossible. You're often having to pay to put it on the market. £700 to £1,000 is absolutely normal. I've had anything up to £8,000 for an estate agent to fill in an application form for EHS, they wanted. And a lot of estate agents in our area – I can't say about Great Missenden, but in our area if HS2 take on the property, the estate agents insist on being paid a commission as though they've sold that property.

365. MS CLUTTEN: Now, your response to that, we've got here, 'Clearly, properly communicated rules.' It's my understanding, and correct me if I'm wrong, but there are guidelines in place, aren't there?

366. MS TRICKETT: There's a two-page guideline sheet for the valuers. We've specifically asked for those details so we could see what they were obliged to stick to. And they are just not adhering to that and that's being compounded because they're not checked when it gets back to HS2 either, which means that people are being offered anything between £20,000 – the most I've had is £113,000 less than the non-blighted considered price by the market. I've also had people who have applied to go on to the EHS and have been turned down. They have then had to sell at a huge loss, only to now find that they would have actually been compulsory purchased because the train is going through. That one chap lost £135,000. I've had two on the EHS who have been accepted who now find, having completed, that they would have actually been compulsory purchased. Again, they have lost a considerable amount of money.

367. MS CLUTTEN: Thank you. Now, 'Administration bureaucratic and unsympathetic.'

368. MS TRICKETT: Yeah. There is no flexibility. What is there is what is there.

There is nothing in there that people are prepared, within the team in HS2, are prepared to look at any flexibility. We actually had the chap who was terminally ill, he actually got a letter, when he got accepted, saying ‘despite the paucity of evidence,’ because that is what their standard letter goes out. There is no flexibility in trying to couch letters relating to individuals. The standard letter is what you get. He hadn’t supplied paucity of evidence, but that was just the final insult and trauma to somebody who just happens to be in the wrong place for a major project. That’s his crime.

369. MS CLUTTEN: We see there the learning, which is hopefully self-explanatory. The last one is, ‘Discretion creates uncertainty and stress.’ I think that is probably also self-explanatory, but two things. One, it would probably be of interest for you to give an example of how you’ve experienced that. But also there’s a second point and that’s some may say... The point about discretion is that you can’t do justice with a system that’s too rigidly applied, of course. Now, what’s your view on that position?

370. MS TRICKETT: Can I just, going back to the terminally ill, we specifically asked HS2 if they would put in a fast track for people who are terminally ill. The amount on the whole route is going to be minimal, so they could put a fast track in there for people who can show a terminal illness. And we would ask that that would be added in the Need to Sell, if that was a possible. In relation to the discretion, we have a guy who has to travel six hours a day to Hampshire. He lost his job; he travels to Hampshire every day six hours. He was refused EHS because he hadn’t proved that it was an emotional problem for him and his wife, even though he had shown that his marriage was under such stress that their marriage was going to break down. They said to him they wanted to know his financial situation. They wanted him to diarise every mile, every petrol receipt, even though he was in sales so he would be doing driving during the day. And then he said, ‘Basically you’re means testing me.’ They said, ‘Yes, we are going to means test you. And further, if we can prove that you can afford it then we don’t need to buy your property.’

371. Although there need to be rules, there has to be a degree of flexibility. There seems to be no – I know it sounds harsh – a moral code within HS2 as to how they deal with individual cases. I don’t know in relation to organisations but in relation to single, individual applicants, there’s no flexibility, there’s no compassion and there is no understanding of the situation that person gets to see. And applicants don’t get to go to the panel to put their case, even though HS2 sit on that panel. That independent panel

has an HS2 representative on it, but applicants don't have the opportunity of sitting before that panel.

372. MS CLUTTEN: Now, of course in relation particularly to the point about an HS2 member being on the panel, that's going to change in relation to Need to Sell. You'll obviously be aware of the other changes in Need to Sell, insofar as there are. But as far as you're aware, or in your experience, do you think that the changes that have been introduced so far will serve to improve the situation?

373. MS TRICKETT: I don't. I think part of it is because when, if you do finally get on the EHS – and that is really hard, really, really hard. Four and a half years, it's been an uphill struggle to get people on it. When you do get on it, if you don't agree with the valuation, although you can go back and challenge the valuation, very little changes, there's no complaints procedure. The only final thing you can do is, if you don't complain to HS2 then you have to go through the DfT and finally you can go on to the ombudsman, but there is no complaints procedure. There should be an independent person to deal with that complaint who can look at it and look at it in the round to that individual person, rather than ticking the boxes.

374. MS CLUTTEN: Thank you. Thank you very much.

375. CHAIR: Thank you very much, Mrs Trickett. Mr Mould?

376. MR MOULD QC (DfT): Mrs Trickett has given us details of a series of cases where she tells you that things have gone wrong. I am not aware of the circumstances of those particular cases. If she would like me to follow up those cases, I will. She is very welcome to write to me and I will see what I can do to provide her with answers. But in order for me to be able to do anything useful, I do need to have details of the cases in question.

377. CHAIR: Okay.

378. MS TRICKETT: We did actually ask to meet with the HS2 EHS team at the behest of the Secretary of State, specifically about the valuations. HS2 refused to give me any of the valuation reports on the things. So if Mr Mould would like to make sure that happens, then I would like to put a report that would maybe benefit everybody.

379. MR MOULD QC (DfT): Part of my job, as you know sir, is to try and ensure that this Committee is reassured by the performance of the promoter on the project. So if

Mrs Trickett wants to send me details of these cases, I will do what I can to provide answers. I'm not promising that I will be able to provide an answer on every point, but I will do what I can to provide information to them.

380. CHAIR: That sounds very helpful. Thank you very much, Mrs Trickett, and thank you for those examples. Right.

381. MS CLUTTEN: Mr Dobson, please.

382. CHAIR: We welcome the arrival of Frank Dobson, who has been a dogged campaigner for compensation and has taken part in a number of the dates. I remember your speech at second reading about local businesses. Welcome and we'd be delighted to listen to your statements, Mr Dobson.

383. MR DOBSON: I will keep it as brief as I can and I've shortened it while I've been sitting here. My Holborn and St. Pancras constituency includes the highly urban Euston area, which will suffer more damage from HS2 than anywhere else on the whole route, but the compensation arrangements in urban areas, in general and in Euston in particular, range from unsatisfactory and uncertain to non-existent. Most of the inadequate discretionary schemes available in rural areas do not apply in urban areas. The compensation arrangements there fail to reflect the cumulative impact of the blight, disruption, noise, vibration, filth and air pollution which would inevitably be caused by HS2 works, including at Euston; the massive extension of the area to be incorporated in the proposed new station; the demolition of the existing station and neighbouring homes and businesses; and followed by the major engineering and building works. Nor do they make any allowance for the impact of fleets of heavy goods vehicles serving the construction site, its two major works depots and no fewer than 10 sub-depots. A great deal of the work will have to be carried out at night and weekends to enable the continued operation of the existing train services while the new station is being built. The project will take at least 10 years to complete and then probably followed by as much as a further 10 years' work on development above the new station and over the cutting from Primrose Hill. Notwithstanding this horrifying assault on the quality of life of people in the area, most of them would get no compensation at all. The impact on Euston illustrates the general inadequacy of the urban compensation proposals.

384. The area around Euston is not a brownfield site. It's densely developed with a wide mixture of uses, but most streets are primarily residential. They're home to large

numbers of residents living in settled communities with a wide range of incomes, housing tenure, jobs, ages, family sizes, ethnic origins and religions. The proposed expansion of Euston Station to accommodate HS2 involves the demolition of 216 homes, mainly in the council blocks Silverdale, Ainsdale and Eskdale, together with houses and flats in Cobourg Street, Melton Street and Euston Street, and the privately owned block Stourbridge House. Ministers have guaranteed that the council tenants will be re-housed, but the 21% right-to-buy leaseholders are likely to find that the compensation for losing their flat will not be sufficient to buy them an alternative home in the neighbourhood, although most of them want to remain in the neighbourhood. Leaseholders of privately owned properties face similar problems. Private tenants will not be entitled to any compensation at all.

385. But the HS2 project will also do immense and protracted harm to the many hundreds of residents – I estimate at least 2,500 – whose homes will not be demolished, but which overlook the demolition, engineering works and building site, the works depots and the roads overwhelmed with heavy goods vehicles. Virtually none of them will be entitled to any compensation. The express purchase scheme and rent-back scheme will only apply to properties in the surface safeguarded area. That leaves many people whose homes will be blighted, for example those in Primrose Hill whose homes will be tunnelled under and those in Park Village East, who face having things called anchors buried under their homes without any prospect of compensation.

386. The Voluntary Purchase Scheme, the alternative cash offer and the home-owner payment do not apply in urban areas at all. Of the purchase schemes, the only option theoretically available to most affected in urban areas, are the very restrictive exceptional hardship scheme and its replacement Need to Sell. And as you've already heard this morning, there are severe limitations on those.

387. In any event, the purchase schemes are only capable of helping those who want or need to move. But the majority of people affected by the HS2 project in the Euston area do not want to sell up and leave. They want to stay. They don't want HS2 at all. But if it does go ahead they rightly want to be compensated for the scheme's massive and prolonged assault on their quality of life. There's no such compensation for them at present. And I shall give some examples.

388. Residents in Cobourg Street, presently a quiet side street, will look out onto a 3.6

metre perimeter fence around the site, for 10 years or more, and then see their street turned into a major access road for the station. Homes in Starcross Street will look onto the works, while blocks like Langdale, Cartmel and Comiston, will be exposed to the site for the first time, by the demolition of the blocks which presently are located between them and the railway.

389. Other homes on the east of the site, in Eversholt Street, Barnby Street, Harrington Square, Mornington Crescent and Mornington Terrace, will be similarly affected for the duration of the works, including also the demolition and rebuilding of road bridges, which will also affect people in Park Village East.

390. The latter also face the prospect of several years of major civil engineering works, to demolish, and replace and deepen the retaining wall to the deep cutting which is outside their homes. There should be some form of recompense for those who are substantially adversely affected by these unprecedented construction works, regardless of whether they live in urban or rural locations.

391. In the case of compensation for the Euston works, ministers have tried to justify their refusal to compensate on the grounds that, in some cases, there might be buildings between potential claimants and the site. That is not true of any of the streets I've already mentioned. They also argue that people in the Euston area, are used to living near a railway.

392. The most recent example of this was Robert Goodwill on 21 October, Hansard Column 878: 'We take the view that the level of disruption in rural areas, particularly the affect on property prices, is absolutely different from that in urban areas, where properties can be close to the railway, but there might be many houses in between. And in many cases, there is already a railway established. For example, near Euston station, which no doubt people were aware of when they moved in.'

393. Now anyone using that argument has clearly missed the point. Living near an existing railway is one thing. Living next to the filth and disruption of a construction site, for 10 or 20 years, is entirely different. Yet that is the prospect that's faced and feared by local residents, particularly at Euston, but also in many areas along the urban part of the route.

394. Local businesses, which are the drivers of economic activity, are encountering the same hard-faced responses on compensation. Some will be demolished, and can claim

compensation. But the small local businesses which are not to be compulsorily purchased, particularly the small shops, cafes and restaurants in Drummond Street, face a grim future.

395. At present, Drummond Street leads directly to the existing Euston Station. The businesses there variously estimate that between 40% and 70% of their trade comes from pedestrians going to or from Euston station. That will not be possible when HS2 erect their security fence along Cobourg Street, across Drummond Street, and cutting Drummond Street's access to the station. These small businesses should be compensated for any reduction in trade, an offer not presently on the table.

396. And for all these reasons, I urge the Select Committee to end the current discrimination against urban areas, and to ensure that there's a range of compensation provisions, which fully and fairly compensate those living in urban areas for the impact of HS2. It will also be appropriate, I believe, to have proposals deliberately and carefully tailor-made to meet the particular – indeed, in some senses, peculiar – needs of the residents and businesses in and around Euston, who face the hellish prospect of having to live next to HS2's demolition, engineering and construction works for – what some of them would be, for the last part of their lifetime.

397. Adequate compensation should mean not only compensation or assistance for anyone whose wish to sell up and move has been thwarted by HS2. It should also be available for the vast majority of residents, whom I try to represent, who wish to remain. Compensate them for the harm done to their quality of life, and also compensate businesses for their loss of trade.

398. CHAIR: Thank you. Very well put. And I know you have raised the issue of the businesses around Euston Station before, on the floor of the House. And I do know there are issues to do with your parks, about being used for construction sites, which will have a big impact on families.

399. MR DOBSON: Well, that is certainly true. And a big contrast, if I may say so, with my experience of Crossrail, which also runs in the other direction across my constituency. Because originally Crossrail were proposing to use the Phoenix Garden relaxation area, laid out by local parents at the back of St Judd's Church – they were originally proposing to use that as a major depot.

400. And following representations from myself and other people, they instead decided

to knock down a couple of buildings in Oxford Street instead, and use that as a depot. Whereas, as far as I can see, HS2's approach has been 'spot something green, let's use it as a depot.'

401. CHAIR: Okay. Right. Okay. Well we may well see you back again; certainly when we have more definite plans for Euston. And thank you very much for sitting through the committee and giving your statement today.

402. MR DOBSON: Thank you.

403. CHAIR: And I think we're now onto Cheryl Gillan.

404. MS CLUTTEN: Last cameo.

405. CHAIR: Last cameo.

406. MS CLUTTEN: Last cameo. I'm very grateful for the indulgence that you've shown us.

407. CHAIR: Thank you very much Mr Dobson. Welcome to the Committee.

408. MS GILLAN: Good afternoon, Mr Syms. I think I'm the last –

409. CHAIR: Are you being cross-examined or reading a statement?

410. MS GILLAN: I think I'm probably going to be cross-examined, but I would just like to say that it was back in June 1997, when I was at the dispatch box, when you made your maiden speech, Mr Syms. And I said you were going to make a valuable contribution to parliament. Little did I know that it would be in this way.

411. CHAIR: I think that remains to be seen.

412. MS CLUTTEN: We have Ms Gillan appearing here in her capacity both, of course, as MP for Chesham and Amersham, and also as Chair of the cross-party MPs Compensation and Mitigation Forum. And I want to start off, Ms Gillan, with some questions in your capacity as MP for an affected area. We'll come to the case studies that I know you want to raise in a minute. But how would you describe the experience of your constituents, of the discretionary compensation schemes currently on offer?

413. MS GILLAN: Okay. I mean, first of all I'm here because HS2 Action Alliance have asked Frank and myself to provide some colour; some real experiences for you and the committee. And I think you're familiar, I don't need to go over the ground that you've either heard today or you've heard when we've had debates.

414. But basically we have a situation here, where the Government and the state are taking property from our constituents. They are blighted. They feel they are not being listened to. And the problem, from this situation that has been created by Government, is that there is a widespread feeling of dissatisfaction and perceived unfairness, which I think all members of the committee would understand. The implications are, is that the Government is seen to be completely uncaring and not delivering what they say they are going to deliver.

415. If I can put it in perspective, at my party conference, the Conservative Party conference, I did a big debate on HS2, where I was ranged against a councillor, Tim Huxtable from Birmingham, one of our own colleagues, the honourable Member for Pudsey, and Steve Norris, who used to be a member of this house. Indeed, during the course of that debate, I think it's fair to say that all three of them thought that there could be better compensation, and better mitigation in terms of, for example, the tunnelling protecting the AONB.

416. So my experience has been over five years of continuous pain, and we are still at a stage where the final compensation schemes are not clear. And you have heard how inequitable the operation has been of the exceptional hardship scheme.

417. CHAIR: They seem to be evolving, rather than being in place at the beginning.

418. MS GILLAN: They have been evolving, but they've been evolving because of a series of events, including perceived incompetence.

419. MS CLUTTEN: Now, if I can ask you then to give the Committee some idea of particular problems that have been facing, that you're aware of – and as I say, I understand that you've got some case studies that you want to look at.

420. MS GILLAN: You know, stop me if I'm going on for too long. But what I have done is I have contacted colleagues up and down the line, particularly those in Buckinghamshire that can't speak for themselves. So I've just got a few snapshots, a bit like one of the previous witnesses, but they're not just from my constituency. But I think they just give you a broad illustration of the problem.

421. I'm sure you will be familiar with most of the sort of things, but I think the main thing is that the Procrustean bed that has been created for these compensation schemes, means that people are trying to fit our constituents into that bed. And if they're not tall enough to fit in that bed, Procrustes used to stretch his victims, so they fitted the bed

exactly. And if they were too long, he used to lop off their feet and hands. And that's how it feels with this scheme.

422. So in Case A, we've got a family who's completely unable to sell their house; and they can't move and expand their business, or accommodate their growing family. Their house can't be sold, because it is 150 metres from the line. And so potential buyers think it's too close. Their EHS application was rejected for the reason that they were not close enough to the HS2 line.

423. So you've got this bizarre situation, where you've got a couple stuck in a house blighted by HS2, and no way of advancing their lives. And I think it's quite easy to see that, if there was a fairer Need to Sell scheme, or a wider Voluntary Purchase Zone, that would solve that problem. That's an option for you to consider as a committee.

424. The next case is a family 350 metres from the line. They've had their house on and off the market for two years. They have received no offers – during the first time they had it on the market. When they put it back on the market, they had a lot of viewings, but they had offers around 10% of the asking price, which was already 15% below the un-blighted value, originally.

425. The trouble is, is that they have no real, compelling need to sell. But they would like to have the choice to move on, but they don't want to crystallize that loss now, because the value's dropping. I have three or four others, which I think it's worth you considering.

426. We've got an elderly couple that is blighted, and need to downsize their property, because a member of the family was diagnosed, sadly, with cancer. Now they had considerable difficulty selling their property, and finally did sell on the open market at 20% below the pre-HS2 value. Now the couple didn't make an EHS application – you can imagine, I'm sure, all three of you on the committee – because they were dealing with such a severe illness in the family. But of course, they're now applying for retrospective compensation. So there you could see how a top-up scheme could actually help a family in that incidence.

427. We've got an elderly lady only 70 metres from the line, who rented out her property because she needed to move closer to a family member who could support her. She moved closer to her daughter. When her tenant moved out, she tried to sell it. She has not been able to sell it, because any potential buyer has been refused a mortgage.

And of course, she can't get compensation, because she's no longer an owner-occupier.

428. We've got one village, in one of my colleague's constituencies, where, since 2010, not a single property has been sold on the open market. Six properties have been sold under the EHS; five of which were more than 300 metres away from the line. And I think you can see there how a property bond would have helped that.

429. CHAIR: We have found a village in Warwickshire, where there are several homes bought by the scheme, which I'm not sure is a positive for the village or a negative. I think it's –

430. MS GILLAN: Exactly.

431. CHAIR: Yeah.

432. MS GILLAN: No, I agree.

433. CHAIR: Please carry on.

434. MS GILLAN: I've just got two more quick cases. One of the things that has distressed me, and would distress any MP dealing with this, is the lack of really thinking ahead and how it affects people with disabilities. I have constituents where both are disabled, and they've faced over four and a half, nearly five years, of uncertainty.

435. But their conditions are so specific that they required, really, an upfront answer and some allowance. Because if you have to prepare another property, to a standard that is capable of maintaining your life as disabled person, it is really important that there is the flexibility in the scheme for that. And I think that illustrates how you need that fair and transparent approach.

436. This is the last case. There's a huge problem where older people need to downsize. And we have an example from a colleague, of a couple who own a large property, which is 224 metres from the line. They want to move into a smaller property. They have been unable to sell it. In the three years, they've had only one offer.

437. And you might ask me why I put this in. I put it in because they had an offer which was at less than half the asking price. So you can immediately see how these people cannot get on with their lives. And a Need to Sell scheme, I think, without the financial hardship criteria, would have allowed this couple to downsize and move on.

438. I think that's enough examples. You get the flavour. These are not isolated

incidents either, and I hope that that illustrates it.

439. MS CLUTTEN: That does. And one thing I do want to ask you, though, is what might be said is this – and indeed it is said. It's not what might be said; it is said. Widening these schemes, either through the relaxation of criteria or the extension of the boundaries, simply puts too much burden on the taxpayer. It's something of an open-ended liability. What's your response to that?

440. MS GILLAN: Well I think if you can't afford to give fair compensation, to the people who are most adversely affected by a project of this size, which is currently standing at £50 billion – if you can't afford to compensate people properly, then you can't afford this scheme, quite frankly.

441. It seems quite unfair that the people that are going to be affected the most will bear the heaviest burden. And I feel that this is very important. And can I just say, that even in my conversations with the Prime Minister, he has always said it should be a generous and fair scheme. And I think he would not be happy to hear of some of these cases.

442. MS CLUTTEN: Thank you. Now the last point is, putting your other hat on, your compensation and mitigation forum hat, we've got a letter in the bundle. I think it was actually a draft letter at that stage, but we've now got a final letter, and I'm sure a copy can be circulated.

443. It's no different, as I understand it. It sets out the problems that have been talked about, and expresses the forum's support for the alliances and proposals that you've heard about today. Can I ask you to confirm whether that letter is one which has the support of other members of the forum?

444. MS GILLAN: Yes. Before she was made a Minister, our colleague, Andrea Leadsom, chaired the HS2 Compensation and Mitigation Forum, which pulled us all together along the line. And it's quite simple. You've got a letter coming to you, which is very supportive of HS2 Action Alliance and what they've proposed.

445. I suppose I should declare an interest, because Ms Wharf is my constituent, and I've been dealing with her since this was first announced. And that's why you get this huge passion, not only for the Chilterns, but also in the dedication and hard work that people have put into HS2 Action Alliance.

446. The letter has been circulated, and we have the Members for Lichfield, Buckingham, Uxbridge and South Ruislip, Ruislip, Northwood and Pinner, Banbury, Stone, Stafford, Elmet and Rothwell, Beaconsfield, South Northamptonshire, and the former Chairman, Aylesbury, Kenilworth, and Frank and myself.

447. CHAIR: Okay.

448. MS CLUTTEN: Thank you.

449. CHAIR: Alright.

450. MS CLUTTEN: Thank you very much. That's –

451. CHAIR: And clearly the number of petitioners from your particular area of the line is a sign of how concerned people are in Chesham, Amersham, and Aylesbury and such like.

452. MS GILLAN: I think, Mr Syms, that in all honesty, there has always been a two-pronged approach. First of all, it's a given that I am one of the people that does not think that this scheme is the best possible scheme for enhancing our transport requirements for the future. Partly because its connectivity I think will be poor, but partly because I think we're starting at the wrong end. We should be doing this in the north first, and coming down to the south.

453. The objections in my constituency are partly because of the poor compensation and poor community engagement, and because it is an Area of Outstanding Natural Beauty. And when you have a nationally designated AONB, you can imagine that the passion for that goes far beyond those that are affected just on the line. But I think it's fair to say that that is what is reflected in the number of petitioners, and the way people have organised themselves.

454. You know the problems. There are solutions. I think the solutions are a much better compensation scheme, which you can recommend, although not bring in, and of course a tunnel under the AONB, which would at least show that the Government was putting its money where its mouth is, as far as its environmental credentials are concerned.

455. CHAIR: Okay. Well, today has been a cameo. I'm sure we'll have the full matinee when you come back at some stage with the Chilterns or on other issues. We have a few minutes left. Mr Mould, do you want to pick up any points briefly, and

before I go just for just a final brief comment from Ms Clutton?

456. MR MOULD QC (DfT): Yes. Well, if you'll give me a minute or two, that would be great.

457. CHAIR: Yes. Absolutely. We've got about five or six minutes. So if you could take two or three minutes, and then I'll allow Ms Clutton to –

458. MR MOULD QC (DfT): I'll do my best. There are two main points today, I think. The first is the problem of generalised blight in the rural areas you've heard about, due principally to the very long gestation of HS2. The second, which Mr Dobson focussed on, was that he said many of his constituents don't actually want to move, and what they're concerned about is the scale and extent of the construction works which are proposed at Euston station. Can I spend a minute and a half on each one?

459. First of all, the question of generalised blight. There's no issue about that problem. The Secretary of State, in his command paper, setting out his proposed package of compensation policies in April of this year – he set out the Government's response to that. As you know, it's due to come into force from the beginning of 2015, and that package will include those two elements that you've heard about today: the Voluntary Purchase Zone and the Need to Sell policy.

460. The Need to Sell policy is designed to be a policy that applies without geographical limit. It doesn't include a financial hardship criteria. It doesn't include hard-edged criteria that applicants have to meet. As you've heard already, it is designed, amongst other things, to accommodate those who wish to release capital for retirement, through the sale of their homes. It's designed to accommodate a wider range of compelling reasons to sell. There isn't a set list of criteria.

461. CHAIR: Are we still waiting for the details of it though?

462. MR MOULD QC (DfT): I'm sorry?

463. CHAIR: Are we still waiting for the details of it? Do we have details? Is it –

464. MR MOULD QC (DfT): No. The application forms, the guidance notes, all those sorts of things, they are not yet in the public domain, but they are imminent. That, and the Voluntary Purchase Zone, those are the Government's response. And it was in the context of considering the competing merits of that response, and the alternative of property bond, that the Government decided – as you heard from the minister Mr

Goodwill, at the German debate on 21 October, that the Government's position remains that he believes that the former rather than latter is the right response.

465. If you would like more information about the reasons for that decision, I'm very happy to provide that to you. But it's set out in the decisions document, and you were present at the adjournment debate. The intention is that that should provide a mechanism which will accommodate the range – I hope many of the range of circumstances that you've heard of today.

466. And I do want to make the point, people are able to apply for the Need to Sell scheme, whether or not they have applied successfully or otherwise for the current hardship scheme. So I suggest that this Committee would want to get a sense of how that enhanced package is performing, during the first six to nine months of next year, and to see how things go in relation to that. And I'm sure the Committee will ask the Government to give it updates on the – actually, I think you've told me in previous sessions.

467. Turning to the urban area, the particular needs of Euston, in terms of the scale of construction that is proposed there, are something that the project is very well aware of. The code of construction practice and the local environmental plans that are going to be put into place, those will be brought to bear with full force, to seek to minimise the impacts of the scheme in that area.

468. But more than that, in terms of engagement, the project is already engaged in a number of important ways, in local discussion with local businesses in Drummond Street. We are making good progress with the local authority, in relation to meeting the needs of the social housing tenants and of the leaseholders at the Regent's Park Estate.

469. In the slides you have in front of you for this petition, we've got quite a lot of information about that. I haven't got time to take you through it now. It's there for you. If you'd like me to bring out points in writing, I will do so. That's all I want to say.

470. CHAIR: Thank you very much. Ms Clutten, brief final remarks, please.

471. MS CLUTTEN: Absolutely. There's one point of detail that I would just like to pick up though; something that Mr Mould just said. And that was again this point about, in relation to downsizing in particular and the other criteria in general, but the Need to Sell scheme doesn't contain financial tests. There's the 3 September letter. And I'm not sure whether you've had the opportunity to read that.

472. But basically what it said, was in the consultation document about Need to Sell, it said that someone who needed – this is the point that Ms Walker was making earlier – someone who needed to sell to downsize, in order to release capital, would be eligible for the scheme. Then later on in the year, I think it was at the July meeting, Mr Smith, on behalf of the promoter, suggested that it was simply if somebody wished to sell, that they might be eligible for the scheme.

473. Now, again, my learned friend Mr Mould just said a moment ago, ‘would wish to sell’, and so there is no financial test. And so what the Alliance is looking for is some confirmation in this open forum, that there will not be – as appears to be being suggested – a financial threshold or test, in relation in particular to downsizing. Because that’s not what the consultation document suggested.

474. MR MOULD QC (DfT): There is no financial criterion. There’s no threshold that has to be met. What you have to do is to show a compelling reason to sell. The categories of that are not in any way closed. The decisions document made absolutely clear it is a case-by-case consideration.

475. Those criteria that I showed you in the fact-sheet, two or three times already, they are illustrative of the kind of things that might, in the view of the Secretary of State, make a strong case for a compelling reason to sell. That’s all I want to say.

476. CHAIR: Alright. Thank you.

477. MS CLUTTEN: My final remark, sir, is this: it seems to me that the fundamental point of difference between what the promoters consider is fair and reasonable to provide, by way of compensation, and what the Alliance is, is really this. If the Committee thinks that acceptance that those living near to the line, without land taken, who have to bear substantial losses, should otherwise be prevented from moving because you want to, rather than have to – well, forgive me.

478. What you will want to do will depend on whether you believe that it’s acceptable, that those who want to move, rather than who have to move, because they have a compelling reason to sell, or who are otherwise prevented from moving at all and attracting their houses. If you take that position that that is acceptable, then you are likely to want to make at least the substantive changes that we have suggested.

479. We, however, don’t think that’s good enough. Thousands of others who have responded to consultations and this committee don’t think that’s good enough. The MPs

cross-party Compensation and Mitigation Forum don't think that's good enough. And if that's right, that you agree with that position, then it seems to me that it is inevitable that you will need to make recommendations, to widen the schemes, or to promote additional schemes in order to deal with that problem.

480. Now one thing I did want to say, is that we obviously haven't been able to give you today, for example, draft clauses that would go in the bill, if these things were to be introduced by regulation, if we thought that they ought to have some teeth. If these are points the Committee is interested in, we are quite willing and able to provide you with any such further assistance, in terms of the scope of the schemes or fleshing things out so they could be included as draft schedules. We're quite willing and able to do that, so we would welcome that interaction.

481. CHAIR: Okay. We will take that as an offer of further help if necessary.

482. MS CLUTTEN: Thank you very much.

483. CHAIR: Okay. Well, thank you very much indeed. Sorry that we rushed through. We didn't have quite as much cross-examination as normal, but I thought it was very useful to get all the witnesses in, who I think have added some flavour and some important facts to the committee.

484. MS CLUTTEN: I'd like to say my thanks for indulging me.

485. CHAIR: Okay. Order. Order. I think we'll meet next Monday afternoon. Thank you.