



Department
for Transport

Decision Document HS2 Phase Two: West Midlands to Crewe Property Consultation 2015

Moving Britain Ahead



Decision Document

HS2 Phase Two: West Midlands to Crewe Property Consultation 2015

Presented to Parliament
by the Secretary of State for Transport
by Command of Her Majesty

May 2016



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Foreword - Minister of State Robert Goodwill MP

This Command Paper sets out the Government's response to the public consultation held from November 2015 to February 2016 on the long-term property compensation and assistance schemes for HS2 Phase 2a (West Midlands to Crewe).

HS2 has the potential to change the economic landscape of the country. It will transform our cities, communities and the way that people travel and live. HS2 will bind Britain together by delivering extra capacity and improved connectivity that will help unlock growth and regeneration for cities throughout the country.



The Government confirmed in November 2015 that the section of route from the West Midlands to Crewe will open in 2027, six years earlier than planned. This means that cities across the North West and Scotland will realise more of the benefits of HS2 sooner.

In parallel, the Government launched a public consultation on its proposals for property compensation and assistance schemes for Phase 2a.

I can confirm that the Government has decided to implement the package of compensation and assistance schemes for owner-occupiers along the Phase 2a route that had previously been applied to Phase One (London to West Midlands).

The schemes are:

- Express purchase (on a permanent basis)
- Rural support zone (cash offer / voluntary purchase)
- Need to sell
- Rent back
- Extended homeowner protection zone
- Homeowner payments

The majority of these schemes, which are explained in more detail in this Command Paper, are implemented with immediate effect for Phase 2a. They replace the temporary exceptional hardship scheme that has been in place for Phase 2a since 2013. The homeowner payment will be available as a discretionary assistance measure once the hybrid bill for this section of HS2 has received Royal Assent.

Responding to the consultation was an opportunity to shape Government policy on the extent and application of the schemes and I am grateful to all those who

responded. I am also very grateful to those who made additional representations to the Government about the performance of the Phase One schemes and possible improvements. In particular I would highlight the ongoing contribution the House of Commons Select Committee on the High Speed Rail (London - West Midlands) Bill made to the debate.

As a result of these representations and the Government's own considerations I am pleased to be able to announce a number of changes to the operation of some of the schemes. For the need to sell scheme, we have improved the application and assessment process particularly for older applicants. More generally, we are giving applicants more choice about the surveyors that we will use to value their property. These changes come into immediate effect for Phase One and Phase 2a.

I believe that the schemes represent the best possible balance between supporting affected communities and protecting the public purse. Importantly, it recognises that HS2 is an exceptional scheme that justifies an exceptional support package. How the schemes affect people is an important test of how well we are meeting our aim to treat people fairly, with dignity and in a timely manner.

A handwritten signature in black ink, appearing to be 'R. Goodwill', with a small dot at the end.

Robert Goodwill MP

Minister of State

1. Government decision

1.1 The Government has decided to implement the following long-term property compensation and assistance schemes for Phase 2a:

- Express purchase
- Extended homeowner protection zone
- Rent back
- Need to sell (NTS)

1.2 In addition, in rural areas where the line runs on the surface:

- A rural support zone (RSZ), offering the choice of either a cash offer or voluntary purchase of the property
- Homeowner payments

1.3 The above schemes were consulted on as part of the HS2 Phase Two: West Midlands to Crewe (Phase 2a Property Consultation 2015¹), which opened on 30 November 2015. Phase 2a schemes were based upon the same long-term property schemes implemented for Phase One. These measures will replace the current exceptional hardship scheme (EHS) for this section of HS2. Where an EHS application is from within the new RSZ the application will be suspended by HS2 Ltd as the applicant can now apply for the cash offer or voluntary purchase. Where applicants are not in the RSZ and are currently yet to be considered by an EHS panel, these will automatically be transferred and considered by an NTS panel². The NTS scheme, together with the other discretionary schemes, will run until one year after this section of the railway first opens for public use.

1.4 Following responses received to this consultation, the Government has decided to make the following changes to the discretionary property compensation and assistance schemes. The changes apply to both Phase One and 2a.

- **NTS** - Additional guidance on health and mobility³ is to be made available to the NTS panel and DfT decision maker⁴. Under this new guidance⁵, the scheme will give wider consideration to an applicant's health and mobility within their current property.

¹ <https://www.gov.uk/government/consultations/hs2-phase-two-west-midlands-to-crewe-property-consultation-2015>

² A Panel of three fully independent professional members

³ See paragraphs 4.5.19-21

⁴ The independent panel consists of three fully independent professionals and the DfT decision maker is appointed by the Secretary of State for Transport.

⁵ <https://www.gov.uk/claim-compensation-if-affected-by-hs2/need-to-sell-scheme>

- **Valuations for NTS and RSZ** - Applicants will now be able to choose any Royal Institution of Chartered Surveyors (RICS) registered valuer as one of the two initial valuers. The second will continue to be from HS2 Ltd's panel of RICS registered valuers. Should a third valuation be necessary (if the initial two are more than 10% apart), the applicant will now be able to choose the third valuer from the HS2 Ltd panel⁶. This change will be extended to the exceptional hardship scheme where it continues to operate on the remainder of Phase Two.
- **Homeowner payment zone (HOP)** – Owner-occupiers within the RSZ who do not meet the 'no prior knowledge' criterion may now be eligible for a homeowner payment⁷.

⁶ See paragraphs 4.9.3 – 4.9.9 <https://www.gov.uk/claim-compensation-if-affected-by-hs2>

⁷ See section 4.7.1 – 4.7.4 and guidance available at <https://www.gov.uk/claim-compensation-if-affected-by-hs2/homeowner-payment-scheme>

2. What did we consult on?

2.1 The purpose of the consultation

2.1.1 The consultation ran from 30 November 2015 to 25 February 2016, and sought views on a proposal to implement property compensation and assistance schemes for Phase 2a of HS2.

2.1.2 As part of this consultation, seven public engagement events ran between 14 January 2016 and 29 January 2016. These were held for communities along the line of route and were attended by over 1,440 people. The events provided members of the public with an opportunity to talk in person to route and scheme advisors from the Department for Transport (DfT) and HS2 Ltd. Events were supported by a specialist team of property, environmental and engineering professionals, who helped the public understand the proposals and answered specific queries. Maps and property consultation summary documents were made available to the public at such events.

2.1.3 In total there were 121 consultation responses and this document sets out the Government's response to key themes respondents raised.

2.2 Contact us

2.2.2 Respondents to this consultation also showed a strong desire for further information regarding the HS2 project as a whole. It remains the Government's intention to provide clear and comprehensive information to the public wherever possible. Should you require any further information or assistance, or wish to discuss an issue not raised in this paper, please contact HS2 Ltd's Helpdesk on:

- 020 7944 4908 or via email at Hs2enquiries@hs2.org.uk

3. Overview of the proposals

3.1 Compensation and assistance schemes

3.1.1 The Government consulted on the following compensation and assistance schemes:

- **Express purchase** – is an offer for owner-occupiers of properties within the surface safeguarded area for Phase 2a who are eligible to serve a blight notice. Owner-occupiers may be able to sell their property to the Government at its full unblighted market value (as it would be if there were no plans for HS2), plus reasonable costs of moving – for example stamp duty, reasonable surveyors and legal fees and removal costs, plus a home-loss payment equal to 10 per cent of the property's open market value (up to £53,000).

Under express purchase the Government relaxes some of the rules that normally apply to the statutory blight process, making it easier for owner-occupiers to sell their property. The scheme removes the need for an applicant to demonstrate that they have attempted to sell their property (referred to as 'reasonable endeavours to sell'). The scheme enables blight notices to be accepted without regard to whether the property is needed for the railway.

- **NTS** - for owner-occupiers who can demonstrate a compelling reason to sell their property within the next three years, but are unable to do so, other than at a substantially reduced price, as a direct result of the announcement of the route of HS2. The scheme has no geographic boundary.
- **Extended homeowner protection zone** – as the design of the railway increases in detail, it is likely that some additional land will be safeguarded and that some land previously safeguarded will no longer be required. Where a property is removed from surface safeguarding, an owner-occupier would in most instances continue to be able to apply under express purchase for a period of five years from the date the property ceases to be affected by the safeguarding directions. This five year period will not apply if we change safeguarding because we have decided to change the route or to put it into a deep tunnel. The objective of this scheme is to ensure that individuals affected in this way have sufficient time to consider their options, and adjust or carry out any long term plans they have made based on an expectation of compensation.
- **Rent back** - would be available if a property that the Government had purchased under any of the HS2 property schemes was suitable for letting. The previous owner can, if they wish, be considered for a 'Crown tenancy' (a tenancy contract), rather than assured shorthold tenancies, as this will permit the Government to gain possession should the property be required or disposed of at a later date. It will give those wishing to remain in their community in the short term the option to do so and help those seeking to buy a property elsewhere to be well placed to do so quickly.

3.1.2 The following schemes are applicable for owner-occupiers in rural areas where the line runs on the surface:

- **RSZ** - offering the choice of a cash offer or voluntary purchase. The RSZ is created outside of the safeguarded area and up to 120 metres from the centre line of the railway in rural areas where the railway will not operate in deep tunnel. The cash offer is a lump sum payment of 10 per cent of the unblighted open market value of a property. This payment is a minimum of £30,000 and is capped at £100,000. The voluntary purchase scheme enables eligible owner-occupiers to sell their home to the Government for its full unblighted value.
- **Homeowner payments** – the Government recognises that while HS2 is a railway for the whole nation, it affects communities at a local level. The most concentrated economic benefits are likely to be in the areas around and near stations, largely urban areas. The aim therefore of the homeowner payment is to ensure that owner-occupiers of properties (excluding those living above or adjacent to deep tunnels) in specific zones up to 300 metres from the centre line of the railway receive an early share in the benefits of HS2. Through the homeowner payment scheme, owner-occupiers would be entitled to claim a payments ranging from £7,500 to £22,500. These would be implemented and eligibility is based on the route at the time the Phase 2a hybrid bill becomes law.

3.1.3 Each of these measures is in addition to the compensation that is required by law (see section 3.3). The suite of compensation and discretionary assistance schemes are available until 2028 on current plans, which is one year after phase 2a opens for public use.

3.2 Deep tunnels

3.2.1 The '*HS2 Property and Compensation for London – West Midlands Decision Document – Properties above Tunnels*'⁸ outlined the following measures, which we also proposed to offer to those above deep tunnels on the Phase 2a route. Each is designed to mitigate against the potential impacts of the railway where it is situated in tunnels and to ensure that there is redress should any owner-occupier be adversely affected. The proposed measures are:

- **Before and 'after' surveys** – Commitment to undertaking (and paying for) surveys of those properties above tunnels that are considered to be at greatest risk of settlement. Such surveys would be carried out before and if necessary after construction.
- **Settlement deeds** – This will be a formal legal undertaking which, in the very unlikely event of ground settlement resulting from the HS2 project causing material damage to property, will require HS2 Ltd to undertake or reimburse property owners for the reasonable cost they incur in remedying such damage.
- **Purchase of subsoil rights** – Under English law, freehold ownership of land includes the ground below the surface to an unlimited depth. Therefore, in order to build the deep tunnels and other underground structures required for HS2, the Government must acquire the land beneath the surface through which they pass.

⁸ <https://www.gov.uk/government/publications/hs2-property-and-compensation-for-london-west-midlands-decision-document-properties-above-tunnels-november-2013>

We will make a nominal payment of £50 to represent the perceived value of the subsoil. Additionally we will pay £250, where applicable, as a contribution towards professional fees associated with the purchase.

3.2.2 Further information on the policies and the assessment regime that will deliver these is available in the *High Speed two Information Paper C3: Ground Settlement* (2015)⁹.

3.3 The Compensation Code and statutory compensation

3.3.1 Measures to assist property owners and occupiers affected by new infrastructure have developed over the years through a mixture of statute, case law and established practice. These are referred to as the Compensation Code, an amalgam of the Land Compensation Acts 1961 and 1973 and the Compulsory Purchase Act 1965 together with extensive case law. These measures offer a sound basis for compensation for those affected by infrastructure projects, and have been widely and successfully employed for many years. Where land is compulsorily acquired, compensation is based on the principle of equivalence, meaning that a person should be no worse off and no better off in financial terms after the acquisition than they were before. These compensation measures are unaffected by the discretionary property schemes proposed. The express purchase scheme is an exception to this, which makes it quicker and easier for owner-occupiers within the surface safeguarded area to access the statutory blight measures.

3.3.2 It was not the purpose of this consultation to seek comments on the Compensation Code or the statutory blight regime. It is the Government's proposal to apply the Compensation Code wherever this is applicable as this provides a tried and tested system to provide fair compensation to those affected and balances against this the interests of the taxpayer. The Department for Communities and Local Government (DCLG) provides a summary of key statutory compensation terms in the summary booklet *Compulsory Purchase: Compensation to Residential Owners Occupiers* (2011)¹⁰.

3.3.3 The Government's view is that the application of the Compensation Code is an appropriate approach for the majority of infrastructure schemes. We have however identified that for HS2, it is appropriate to go beyond the measures set out in the Compensation Code, and to introduce further discretionary measures to assist those along the route of the railway.

⁹ <https://www.gov.uk/government/publications/hs2-information-papers-property-and-compensation>

¹⁰ <https://www.gov.uk/government/collections/compulsory-purchase-system-guidance>

4. Response analysis

4.0 There were 121 responses to this consultation, 18 of which were from local authorities, elected representatives, businesses, community associations, action groups and elected representatives¹¹; the remainder were submitted by members of the public. Dialogue by Design, an independent analysis organisation, was contracted to collate and analyse these responses, and publish a detailed summary report outlining the main themes, comments and suggestions. The Dialogue by Design report is available online¹².

4.1 What you said and the Government's response - Question One

4.1.1 We invited responses to the following question:

We believe that the compensation and assistance schemes that are available for Phase One of HS2 are also suitable for those living along the Phase 2a (West Midlands to Crewe) section of HS2. Are there any circumstances which you think should be considered to make the proposed schemes more suitable for the Phase 2a section of HS2? Please provide as much detail as possible.

4.2 Express purchase

4.2.1 A large number of comments supported the express purchase scheme. Respondents generally found the scheme acceptable and welcomed that it had already been introduced on an interim basis for Phase 2a while this consultation was underway.

4.2.2 One respondent stated that properties which only partially fell within the safeguarded area should be treated on a case by case basis. Some respondents expressed opposition for the requirement of a property to be 25 per cent or more within the surface safeguarding zone for it to be eligible for express purchase, claiming this percentage was set at too high a threshold.

4.2.3 The Government believes that the rules represent a balance between careful use of taxpayers' money and the legitimate concerns of applicants. If any part of a dwelling (generally the house) is in the surface safeguarded area, it can be acquired under express purchase. If no part of the dwelling is in the surface safeguarded area, the whole hereditament is considered and if 25 per cent or more of the whole area is within surface safeguarding, then express purchase is available.

¹¹ List of 18 respondents by name provided in DbyD 2015 Consultation Summary Report (see table C2) Available online at below link.

¹² <https://www.gov.uk/government/consultations/hs2-phase-two-west-midlands-to-crewe-property-consultation-2015>

4.2.4 The Government is keen to ensure that the people most directly affected by the scheme are able to access compensation as quickly as possible. We introduced express purchase on an interim basis for Phase 2a at the time of route announcement. Having considered the responses to the consultation, this scheme will now be available on a permanent basis.

4.3 Extended homeowner protection zone (EHPZ)

4.3.1 The consultation responses provided very little feedback on this scheme. There was a call for the zone to be extended to areas where surface safeguarding had been in place as the line was to have run at surface level, but had been withdrawn because the line was now to run in a deep tunnel. The Government considers it reasonable that when the line is put into deep tunnel, the effects of the line will be mitigated to such an extent that the appropriate way of assisting residents near the tunnel is via the measures described in paragraph 5.2.8 - 5.2.9 of the West Midlands to Crewe Property Consultation 2015 Consultation document¹³.

4.3.2 Other comments received suggested that if a property was safeguarded at the time this consultation began, then it should remain safeguarded. Safeguarding is a planning tool which aims to ensure that new developments which may conflict with planned infrastructure schemes do not affect the ability to build or operate the scheme or lead to excessive additional costs. It would be an abuse of this instrument to continue to safeguard land or properties that have been identified as no longer potentially needed for this project. Such an approach would result in unnecessary costs to local authorities through referring planning applications needlessly. In addition it may deter development and the benefits this might bring to the area. We regard the extended homeowner protection zone as an adequate response to changes in safeguarding and received comments supporting the five year period for residents to decide whether to stay or to move on.

4.3.3 We have also considered how to respond to developments yet to be built or yet to be occupied. We believe it is not an appropriate use of taxpayers' money to compensate for development that occurs after the removal of safeguarding directions. The Government's approach has been to provide reassurance and security to those previously affected by surface safeguarding directions. Therefore, the EHPZ will only apply to residents who had a right to serve a blight notice at the time the property was removed from safeguarding. Therefore developments that have not yet been built (even if planning permission has been granted), or are only partially built at the time the land was safeguarded will not be considered under the express purchase regime.

4.4 Rent back

4.4.1 Rent back is designed to provide flexibility and reassurance, and to benefit both individual owners and the wider community. There were few comments on this scheme, with respondents expressing support in general. There was one request that the

¹³ <https://www.gov.uk/government/consultations/hs2-phase-two-west-midlands-to-crewe-property-consultation-2015>

Government should ensure continuity of occupancy while properties were assessed against legal rental standards.

4.4.2 The Government will not allow individuals to rent properties from its estate without meeting the relevant legal standards. However there are no examples to date of property owners needing to move out whilst remedial works are undertaken.

4.4.3 Lettings granted under rent back are at an open market rent for an initial term of six months. Respondents requested clarity on whether this six month period was negotiable. The time by which the Government requires possession of any property will vary on a case-by-case basis, and therefore it is not possible to set definitive tenancy extensions for which owner-occupiers can apply.

4.5 Need to sell (NTS)

4.5.1 It was suggested by some respondents that the low number of applications to NTS was as a result of what they perceived to be an overcomplicated application process. Some responses suggested the low number of NTS acceptances was proof that the application process was overcomplicated. The NTS is an evidence based scheme which therefore requires the applicant to demonstrate that they meet the qualifying criteria. This may mean that the application is complicated but this is a reflection of the applicant's situation rather than the operation of the scheme or criteria themselves.

4.5.2 The evidence from the operation of the Phase One scheme shows that for decisions made to date, approximately 59 per cent of NTS applications have been accepted. These figures give the Government a strong sense of encouragement that the NTS application process is progressing well.

4.5.3 Requests were received for more information and for clinic-type support for potential applicants to help them complete the NTS application form.

4.5.4 HS2 Ltd must remain neutral and cannot advise prospective applicants in filling out their NTS application form. Prospective applicants are able to contact the HS2 Ltd Helpdesk for general assistance. The Helpdesk can provide general pointers and clarification but cannot act as an advocate for applicants or instruct them about what to write or submit. However, once an application is received, applicants will be given a named case officer who will review their application and provide any necessary assistance throughout the NTS process.

4.5.5 One respondent argued the case for a sold and lost scheme for people who believe they sold at a blighted price because of HS2. It was suggested that the previous owner may well have suffered an uncompensated loss in selling at the blighted value.

4.5.6 The Government believes that the range of property schemes available deals well with the situations faced by residents living close to the HS2 line in a way that balances the interests of those individuals who will receive compensation while protecting the interests of the taxpayer. As reported by the hybrid Bill Select Committee's report of 22nd February the Government also believes that there would be issues of equity with any broad policy of retrospective compensation¹⁴. The Government acknowledges though that some exceptional cases might exist and these cases will be considered on their merits.

¹⁴ <http://www.publications.parliament.uk/pa/cmhs2/129/12902.htm>

Compelling reason to sell

4.5.7 Some respondents suggested that the potential distress and the legal/estate agent fees incurred when selling a property was sufficient to demonstrate the applicant had a compelling reason to sell. It is not reasonable to expect the Government to intervene in the property market by buying properties without a compelling reason. The Government does not consider this as evidence of a compelling reason.

4.5.8 Respondents also requested specific examples of successful applications that met the 'compelling reason to sell' NTS criterion guidance to be made available to potential future applicants.

4.5.9 NTS is based on the particular circumstances of the individual application and the evidence that is provided. There is no exhaustive list of circumstances that may constitute a compelling reason to sell but the three examples below are based on real applications that were successful for this criterion.

- A successful applicant provided clear medical evidence which demonstrated that the applicants' three storey property was unsuitable for their needs. It was further noted that the construction of the property made it difficult to adapt the property to the applicants' needs.
- A successful applicant demonstrated a need to relocate internationally for employment reasons. The need to relocate was supported by the additional evidence provided showing that the applicant had already undertaken steps to facilitate the move to another continent, including the submission of an application for a working visa, communication with the new employer, the withdrawal of his children from schools in the UK and the enrolment of one of his children into a school in the new country.
- An applicant had debts, credit card bills and a mortgage in arrears. It was further noted that the applicant had approached a lender to attempt to secure a loan against their property and that this loan was specifically refused due to the property's proximity to the proposed HS2 route. It was therefore recognised that the applicant had a compelling reason to sell their property to repay their debts and avoid an unreasonable financial burden within the next three years.

Location

4.5.10 Some respondents questioned the relevance of the distance of a property to the proposed railway line and asked for information to be released that demonstrated how far from the line failed applicants were.

4.5.11 Although we are able to provide this information, distance from the route is only one factor considered against this criterion. Consideration of applications takes account of whether a property is in such close proximity to the route that it would be likely to be substantially adversely affected by the construction or operation of the new line. The independent panel and the DfT decision maker will consider all relevant factors in assessing applications. These include the particular characteristics of the property and the nature of its local area, as well as the character of the line once completed, the likely impacts of the construction of the line in the area, the topography of the area, and the distance to any nearby points of significant change to the character of the line. There is no fixed distance within which a property must be situated in order to satisfy this criterion.

Effort to sell

4.5.12 While reviewing an application, the independent panel and DfT decision maker will assess whether blight resulting from the planned route of Phase 2a is the reason why an applicant is having difficulty selling their property, rather than any other factor. One of the factors they consider is whether offers have been received that were within 15 per cent of a realistic unblighted asking price. Many respondents mentioned this subject and it is clear that this issue is not well understood.

4.5.13 There is a distinction between asking price and value. The NTS guidance makes clear that the 15 per cent figure would be considered against unblighted realistic asking prices and not to unblighted values. The Government has never expected that applicants would accept offers of 15 per cent (or more) below the property value.

4.5.14 Further respondents were concerned with the guidance being freely available, as estate agents could advise clients to make offers just within 15 per cent of the asking price knowing that the vendor may feel they have no option if he/she needs to move on.

4.5.15 Consultation respondents raised the point that the property market has changed since the 15 per cent figure was first introduced as part of the exceptional hardship scheme for Phase Two in 2013, meaning offers on properties are now more likely to be closer to the asking price. Many stated that the owner could lose a substantial amount by accepting an offer on their property which was 15 per cent below the estate agent's asking price. Furthermore, there was discontent expressed with this figure applying for Phase 2a. Many suggested that the average offer as a percentage of asking price would vary significantly, and therefore to apply the same figure for the whole of Phase 2a was unfair.

4.5.16 The adoption of a 15 per cent guidance figure is a long-standing benchmark used by other compensation schemes, for example by Channel Tunnel Rail Link, Crossrail and by Highways England on road schemes. We believe this level to be fair and reasonable as this reduces the uncertainty for applicants caused by regular changes to guidance to reflect changing market conditions. While we are therefore not convinced that there is a currently a need to change this figure, this is an area we are committed to investigating further.

4.5.17 The 15 per cent guidance figure does not dictate that private individuals must accept an offer of a private sale. As stated in the Property Compensation Consultation 2013¹⁵, "If a single low offer has been received, this may be evidence of a cynical buyer rather than a failure to market the property sufficiently energetically". The Government also acknowledges that the existence of such an offer in the past is no indication that a serious offer will be made in the future. Furthermore, it was clarified that "Refusal of a low offer does not necessarily mean that the panel will automatically reject an application. Panel members would be expected to use their discretion to determine the merits of an applicant's case."

4.5.18 It is important to note that the threshold set for this criterion, does not inform or affect the valuation process. This remains entirely independent. Further details of this process are discussed in section 4.9.3 – 4.9.9.

Compelling reason to sell criterion - health and mobility cases

¹⁵ <https://www.gov.uk/government/consultations/hs2-property-compensation-consultation-2013>

4.5.19 A number of respondents raised concerns regarding age, health and mobility issues. Some respondents suggested the duration of the project justifies automatic acceptance by NTS of people in particular age groups. Many argued such groups may need to downsize or move for ill-health reasons, though there was no consensus about the age people should have reached to trigger this. The February 2016 Phase One Bill Select Committee Report¹⁶ suggested that older people had restricted freedom to adapt their financial plans in response to changed circumstances, and could not build into their plans an additional 10 or 20 years of income to address new situations.

4.5.20 The Government acknowledges¹⁷ that older people may have restricted freedom to adapt their financial plans in response to changed circumstances and also that the home of an older person was more likely to present a physical burden. While we believe that NTS already deals well with financial issues, we do believe that there is a case to act in relation to a home presenting a physical burden. However, the NTS is an evidence-based scheme and so a fixed age limit is unnecessary. The Government recognises that a person's age may not be reflective of their health, and therefore it would be unfair for the independent NTS panel and decision maker to base their judgement on age alone.

4.5.21 We are instead revising the scheme Guidance¹⁸, explaining that the independent panel and the DfT decision maker will take greater account of evidence that a resident's home presents a physical burden, than the scheme has previously required.

This revised NTS Guidance will:

- introduce specific guidance for applications citing health and mobility reasons, aiding the independent panel and DfT decision maker and improving the level of evidence provided by applicants.
- allow the independent panel and DfT decision maker discretion when assessing applicants who have a health condition or disability that is likely to worsen, to look further ahead than the current three year period when assessing if they face an unreasonable burden.

Acceptances

4.5.22 The Government agrees that applicants should have certainty of their financial position once they have been accepted onto the scheme¹⁹. Therefore the new Guidance will make clear that the Government will not retract an acceptance offer if, after a decision letter is sent out, the applicant receives an unblighted offer on the property.

4.5.23 Applicants are, as they have always been, able to keep their property on the market and accept a private offer should they wish to. This applies at any point up to exchange of contracts between the vendor and HS2 Ltd.

4.5.24 Several respondents commented on the level of payments made under NTS and drew parallels with the additional payments that compensate for the loss of the property or moving costs under statutory blight regime. The Government does not accept that it is reasonable for the taxpayer to provide additional payments in line with those available under statutory compensation. The NTS facilitates the sale of properties by individuals

¹⁶ <http://www.publications.parliament.uk/pa/cmhs2/129/12902.htm>

¹⁷ <https://www.gov.uk/government/publications/hs2-phase-one-promoters-response-to-the-select-committees-second-special-report-of-session-2015-16>

¹⁸ <https://www.gov.uk/claim-compensation-if-affected-by-hs2>

¹⁹ <https://www.gov.uk/government/publications/hs2-phase-one-promoters-response-to-the-select-committees-second-special-report-of-session-2015-16>

who would have had a need to sell their property regardless of HS2. Payments would therefore be limited to the property's full unblighted open market value.

4.6 Rural support zone boundary and schemes

4.6.1 Many respondents argued the potential visual impact of HS2 would detract from the open, rural views they enjoyed, particularly if the property was in an elevated position. They are concerned that such impacts could devalue their properties.

4.6.2 Some respondents considered that the 120m width of the RSZ was too narrow, and that this failed to consider local topography. Many also suggested that the boundary did not consider potential noise and visual impacts, which respondents argued would be greater in rural areas. However there was no consensus on the distance for an alternative boundary. Most of the responses commented that other factors besides horizontal distance from the line should be considered when assessing eligibility. One such example was that noise and visual impacts would be greater in areas where the line is elevated.

4.6.3 The Government acknowledges that the potential effects of the railway have a greater and more widespread impact (generalised blight) on the property market in rural areas. These fears are exacerbated in part due to the lack of existing transport infrastructure and low building densities. Because of this, any impacts are likely to be felt further away than would be the case in urban areas. This is why a cash offer and voluntary purchase scheme will be introduced as further measures specifically for owner-occupiers in rural areas.

4.6.4 Wherever a fixed boundary is applied as a means for determining eligibility for a scheme, it will be the case that some individuals will qualify where others do not. While it is always appealing to attempt to create a more sophisticated boundary, to attempt to do so could introduce greater complexity and uncertainty and would still result in a situation where one property is accepted and the neighbour not. The Government's view that linking the RSZ to a fixed distance from the centreline of the railway, while operating a further unbounded scheme NTS outside that area is the best means of ensuring that those most specifically and directly affected by the HS2 proposal are assisted.

Responses received for cash offer

4.6.5 Some respondents believed it was unfair to link the cash offer to a property's value and others commented that 10 per cent was insufficient to incentivise people to stay in their homes and communities. However a group of local authorities were supportive in principle of the cash offer as the scheme aimed to assist homeowners to remain in their communities.

4.6.6 As of the end of April 2016 over half of payments made within the RSZ have been for the cash offer, demonstrating the popularity of the scheme. After careful consideration of consultation responses, no changes to the cash offer amount are proposed. The cash offer was introduced to give owner-occupiers a benefit for remaining in their community. The minimum payment of £30,000 and the maximum of £100,000 will remain unchanged.

Responses received for voluntary purchase scheme

4.6.7 Respondents suggested that the payment of the unblighted value of the property was insufficient, and suggested the terms should mirror those within the surface safeguarded zone i.e. those set down in the Compensation Code and available under express purchase.

4.6.8 Respondents suggested that when the Government buys a property under the voluntary purchase scheme, additional payments should be made over and above 100 per cent of the unblighted value of the property, drawing parallels with the home loss payment and moving costs that are payable for properties within the surface safeguarded area. The Government does not consider that it would be appropriate to purchase properties that are not needed for HS2 and outside of the safeguarded area on the same terms as those properties which may need to be compulsorily purchased. Voluntary purchase was designed as a means of enabling property owners to move should they wish to and in no way does it imply that the Government wishes to force the property owner into a sale. As such, it is not reasonable for additional payments to be made to compensate for costs incurred or emotional distress caused by a property sale which is at the discretion of the individual involved.

4.7 Homeowner payment zone (HOP)

4.7.1 Many argued that the HOP boundaries were too limited and restrictive or did not reflect the local topography or property market values. Some stressed the unfairness of neighbours living within close proximity of each other being eligible for different levels of compensation. However, there was no consensus among those who responded to the consultation as to what the geographic limits should be and no alternative way to assess eligibility was suggested.

4.7.2 As discussed in para 4.6.4 above, boundaries generally attract criticism. The Government has decided not to change the boundaries of the HOP scheme.

4.7.3 The Government recognises that there is a potential inconsistency between homeowners who have recently moved into the RSZ, owing to the different dates applied to the 'no prior knowledge' tests for the RSZ and HOP schemes. We have decided therefore to make the HOP Zone 1 payment of £22,500 available within the RSZ. Only one payment will be made per property.

4.7.4 The HOP scheme is not a compensation payment and therefore does not reflect generalised or statutory blight. For this reason the Government is not proposing any amendments to the HOP payment amounts. HOP will give rural owner-occupiers within 300 metres of the line the opportunity to share in the benefits of HS2 as it would run near them but may not provide them with a direct benefit such as proximity to a station served by HS2 services.

4.8 Deep tunnels

4.8.1 Respondents considered that any property owner who was concerned about the effect of tunnelling on their property should be entitled to request a 'before and after' survey, rather than this being limited to those properties deemed by HS2 Ltd to be 'at risk'.

4.8.2 It would not represent an appropriate use of taxpayers' money to pay for surveys where experts perceived no risk of potential problems, nor did respondents identify an alternative way of determining eligibility or a geographical limit. The Government has concluded that the identification of those properties most at risk of settlement should be engineering-led as described in the information paper about ground settlement²⁰ rather than determined by an arbitrary distance unrelated to factual data. The exact criteria and methodology for identifying 'at risk properties' is provided in the Phase One information paper about ground settlement that accompanies the hybrid Bill. This document also explains how buildings at risk will be monitored.

4.8.3 Some respondents were concerned about the two-year limit to be imposed on owner-occupiers wishing to ask for an 'after' survey. The Government believes that it is reasonable to expect that if there is any damage it will become evident within two years of the line becoming operational and in general that will be the timescale for requesting an 'after' survey.

4.8.4 Respondents also suggested that where properties above deep tunnels were blighted (as a result of HS2) they should be able to apply for the proposed compensation and assistance schemes. Respondents also believed that properties beyond the tunnel entrance would still experience noise and visual blight as a consequence of construction, and that the zone boundary should be extended to recognise this.

4.8.5 HS2 Ltd has published an assessment of the United Kingdom's history of building tunnels beneath properties – 'Impacts of Tunnels in the UK (2013)²¹. This report concluded that the use of modern track construction methods and monitoring regimes were able to address the problem of noise and vibration that had arisen from the operation of older tunnels.

4.8.6 The 2015 consultation document²² reported the Government's conclusion that it was not appropriate for those living above or adjacent to deep tunnels to be eligible for the full range of compensation and assistance schemes for Phase One. The Government has concluded the same for Phase 2a, which includes an acceptance that owner-occupiers of properties above deep tunnels should have the opportunity to make a case under NTS.

4.8.7 Tunnel engineering queries were also raised, such as whether a cutting was above or below ground. The visual appearance and engineering attributes of a tunnel will vary depending on the topology and differentiating environmental characteristics to that area. The engineering detail of the route between West Midlands to Crewe can be found online²³. These sections are subject to change as a result of the Environmental Impact Assessment (EIA), which is due in autumn 2016, and subject to further public engagement. For Phase One the route changed as a result of the environmental assessment and public petitions, demonstrating the Government's continued commitment to mitigating the environmental impacts of the route where practicable.

4.8.8 The EIA report will present preliminary environmental information in the form of baseline data gathered to date, potential environmental impacts and indicative mitigation. The EIA consultation will aim to bring relevant information forward to local people, local authorities and organisations to enable them to contribute their views on the proposed scheme and assist the development of the measures to avoid or reduce the environmental effects.

²⁰ <https://www.gov.uk/government/publications/hs2-information-papers-property-and-compensation>

²¹ <http://assets.hs2.org.uk/sites/default/files/inserts/Impacts%20of%20tunnels%20in%20the%20UK.pdf>

²² <https://www.gov.uk/government/consultations/hs2-phase-two-west-midlands-to-crewe-property-consultation-2015>

²³ <https://www.gov.uk/government/publications/west-midlands-to-crewe-route-engineering-report>

4.9 Comments that related to more than one scheme

4.9.1 The majority of responses received did not comment on every scheme but a number of common issues were raised about the schemes overall.

4.9.2 One respondent questioned the no prior knowledge date for Phase 2a, suggesting that it should be 4 November 2014, the date when the safeguarding consultation was released. Having considered this, the Government continues to take the view that the date the Phase 2a route was proposed, 28 January 2013, should be the 'no prior' knowledge date in these areas.

Valuation process

4.9.3 In this consultation, the valuation process for NTS and RSZ schemes was raised in many of the responses. Respondents asked for valuers with a comprehensive understanding of the local property market to be involved in the valuation process.

4.9.4 The Government remains confident that the current process is functioning well and that fair values are being paid. The average offer made under NTS for Phase One is currently 96.5 per cent (as of 30 April 2016) of the initial asking price of the property. Fewer than half of 2015 property sales in rural areas in England achieved a sale at a greater percentage.

4.9.5 However, to increase the confidence of those needing assistance from the relevant schemes, the Government will make changes to the valuation process. An applicant will now be able to choose any Royal Institution of Chartered Surveyors (RICS) registered surveyor as one of the two initial valuers. The second will continue to be from HS2 Ltd's panel of RICS registered surveyors. Should a third valuation be necessary the applicant will now be able to choose this from the HS2 Ltd panel.

4.9.6 Importantly, the third valuer will be able to consider the two previous valuation reports, including the evidence of the comparables used. The valuation figures themselves will be withheld to ensure that the valuation they provide reflects their own professional assessment of the unblighted value of the property.

4.9.7 The calculation for arriving at a value will remain the same. If the first two valuations are within 10 per cent (calculated by taking the difference between the two values as a percentage of the higher value) we will offer the average (mean) of these. If they are more than 10 per cent apart, a third valuation is arranged and the Government will offer the average of the two closest offers. If three valuations have been undertaken and there are no two close figures (i.e. the highest and lowest figures are equidistant from the middle figure), the middle valuation figure will be used as the offer price.

4.9.8 There was a request for a dispute resolution process to be introduced to address any continuing issues with property offers. The Government believes that, since this is a discretionary scheme, such a process would not be appropriate. The evidence suggests that the existing process is operating well and the Government has every confidence that the new system will continue to provide fair assistance to those eligible for these schemes.

4.9.9 As the schemes are ongoing we need to consider the transitional arrangements. In particular there may be a small number of applicants whose cases are under active consideration who wish for their valuation to take place using the new arrangements. This will be possible where contracts have not been exchanged or, for cash offer applications, prior to the date of the deed of receipt.

5. What you said and the Government's response - Question Two

5.1 We invited responses to the following second question:

What are your views on the proposed boundary of the rural support zone (RSZ) at the south side of the A500?

5.2 Some respondents commented that exclusion of properties north of the A500 was unfair as they perceived this area as rural. It was also questioned how the Government defined rural and urban when setting the RSZ.

5.3 The Government is seeking only to set justifiable boundaries for RSZ and HOP, and does not seek to define more generally the areas that should be regarded as 'rural'. Much of the area that would have been within the RSZ and HOP boundary to the north west of the A500 RSZ boundary is already safeguarded²⁴ and owner-occupiers can access compensation under the Compensation Code. The area in which the RSZ would have operated if extended is substantially affected by existing rail infrastructure as well as the A500 itself. The area to the north east (Basford East) has already been allocated as a site of employment land by Cheshire East Council²⁵. It is stated on the Council's website that the development of these sites is seen as crucial to the future prosperity of this part of Cheshire East.

5.4 The Central Association of Agricultural Valuers, however, agreed that the proposed boundary of the RSZ should start at the south side of the A500 and continue for the whole of this section of HS2, reflecting the essentially rural nature of the land through which the Phase 2a route will pass.

5.5 Having considered all the responses the Government intends to adopt the RSZ boundary proposed in the consultation.

²⁴ <https://www.gov.uk/government/publications/hs2-safeguarding-maps-west-midlands-to-crewe>

²⁵ http://www.cheshireeast.gov.uk/planning/spatial_planning/saved_and_other_policies/additional_planning_policies/supplementary_plan_guidance/basford_employment_areas.aspx

6. Additional feedback received to this consultation

6.1 Consultation process

6.1.1 Many commented that previous consultation viewpoints had not been taken into consideration, and some were unhappy with the compensation and assistance schemes available for Phase One, and therefore argued the basis of this consultation was flawed. However, positive responses were received, with respondents stating that they considered the Phase One schemes to be fair and suitable for Phase 2a. Furthermore some respondents also commended the Government for listening to concerns outlined in previous consultations.

6.1.2 The Government has listened to the views and concerns of previous consultation respondents. For example the Government changed the design of the Phase 2a route, and has made incremental changes to the property schemes in response to feedback received through consultations. This Command Paper records the latest changes the Government is making to the schemes.

6.1.3 Respondents requested further communication events in their areas, and for those to be location-specific. Further regular local information events and drop-in sessions at key stages in the project are planned. As the project has developed we have broadened the range of ways we work with stakeholders, including the appointment of a Residents Commissioner and Agricultural Liaison Officers. HS2 Ltd will continue to attend local community meetings and community group events.

6.2 Large businesses and investment properties

6.2.1 A number of respondents commented that the compensation and assistance schemes should be made available to all property owners, not just owner-occupiers. Many requested that compensation was given to fund replacement buildings and facilities that may be taken away as a result of railway construction.

6.2.2 It remains the Government's view that larger businesses and investment properties should remain outside the scope of the discretionary compensation and assistance measures. Generalised blight has a lesser effect on investment or commercial property than it does on owner-occupied property and therefore we remain content that such properties should not be eligible. The compensation and assistance measures set out in

the consultation document²⁶ are intended primarily to assist residential owner occupiers and small-businesses.

6.2.3 The proposed NTS scheme recognises that some people who needed to move home may have chosen to let their former home if they found they could not sell it because of HS2. The Government recognises that people in this situation are distinct from investment landlords or owners of second homes. It has therefore made NTS available to 'reluctant landlords' (those who can demonstrate that they had a compelling reason to sell at the time they moved out and that letting the property could provide only temporary relief).

6.3 Construction

6.3.1 Numerous comments were received stating that owner-occupiers affected by the construction of the route should be eligible for certain compensation or assistance schemes. Of specific concern was the length of the construction period, impacts of large construction works (such as viaduct construction, which may extend across a wider area), and construction traffic disruption to the local roads.

6.3.2 Respondents also noted existing infrastructure and development projects in the area, which in combination with HS2 would compound the feared impacts. These include development work on the West Coast Main Line, with particular concern for residents situated between the two lines, and the M6 motorway. A few respondents also highlighted concerns for traffic, safety and noise impacts arising from temporary worker accommodation. Respondents argued more generally that the potential impacts of the line on local communities had not been appropriately assessed or considered.

6.3.3 HS2 has been designed and will continue to be developed with the objective of reducing the adverse effects of construction and operation of the railways as far as reasonably practicable. As with Phase One, HS2 Ltd will introduce a draft Code of Construction Practice (CoCP) for Phase 2a. This will be part of the Environmental Statement to be published later this year. The CoCP will include measures and standards to protect the living conditions of those who live along the route, and to limit the impact of the project on communities and the environment during construction works.

6.3.4 A further concern raised by respondents was the effects of HS2 on the saleability of their property. Some respondents expressed concern that they were not able to move because of the reduction in property value. Some responses stated, that their property value would be blighted as a result of construction. Many respondents expressed concern that they would suffer blight for a long period of time until construction finishes.

6.3.5 The draft CoCP should limit general anxiety surrounding this element of the project and so mitigate the effect of generalised blight. Nevertheless, it is recognised that some generalised blight is unavoidable. The package of property measures is recognition of this fact and our commitment to providing assistance to those directly affected whilst such blight persists. The Government has always been clear that we expect the effects of generalised blight around HS2 to be temporary. Experience from previous infrastructure projects tells us that once there is greater certainty around the plans, construction activity, and operational impacts of the infrastructure, the area affected by generalised blight begins to reduce.

6.3.6 Respondents raised the point that in many cases property values of entire rural villages would be blighted, as a result of the HS2 project. Local, significant attractions and pockets of land, such as listed buildings, a golf course, conservation areas, hamlets, sites

²⁶ <https://www.gov.uk/government/consultations/hs2-phase-two-west-midlands-to-crewe-property-consultation-2015>

of special scientific interest and areas of outstanding natural beauty were mentioned as being particular areas requiring preservation from the impacts of the proposed route and its construction. Some emphasised the need to consider the impacts of construction vehicles on narrow country roads and views.

6.3.7 The Government does acknowledge that the effects of construction are likely to be relatively greater on communities in rural areas. It also accepts that impacts are likely to be felt further away in a rural setting than would be the case in urban areas. It is for such reasons that the Government introduced the RSZ.

6.3.8 The need to sell scheme has no geographical boundaries so owner-occupiers outside the 300m scheme boundary are eligible to apply. Furthermore, Part 1 of the Land Compensation Act 1973 allows a qualifying occupier to claim for loss of value of property resulting from factors including noise, vibration or artificial lighting caused by the operation of any new high-speed line, regardless of distance from the line, one year after the railway is operational.

6.4 Property Bond

6.4.1 The Government considered the idea of a Property Bond as part of the Phase One Property Compensation Consultation 2013²⁷. The idea was subsequently rejected partly because it was judged the scheme was too large on which to trial such an approach.

6.4.2 A number of responses favoured a Property Bond, arguing it could be expected to reduce blight and provide full and fair compensation for those suffering blight. One respondent argued the Government's previous decision²⁸ to reject the Bond was taken in order to save Government money at the expense of local residents.

6.4.2 The Property Bond remains largely untested and unproven in practice and its effects on the behaviour and decisions of property owners, professionals and property buyers remain unknown and hard to assess.

6.4.3 The Phase One Select Committee reported in the 'High Speed Rail (London-West Midlands) Bill: Second Special Report Session 2015-16²⁹' that arguments were heard, notably from HS2 Action Alliance (HS2AA), for a Property Bond to be preferred over the Government schemes. It reported that the Government provided a note on the difference between its figures for operating a bond scheme and those presented by HS2AA. The Committee concluded that the case of a Property Bond scheme being preferred over other options was not sufficiently established.

6.4.4 The Government's overall aspiration is to facilitate the smooth operation of a property market. We have considered views expressed in the consultation and we are still of the belief that currently it would not be appropriate to introduce a Property Bond.

²⁷ <https://www.gov.uk/government/consultations/hs2-property-compensation-consultation-2013>

²⁸ <https://www.gov.uk/government/consultations/hs2-property-compensation-consultation-2013>

²⁹ <http://www.parliament.uk/business/committees/committees-a-z/commons-select/high-speed-rail-london-west-midlands-bill-select-committee-commons/>

6.5 Statutory compensation - The Compensation Code, statutory blight, home-loss payment and reform of Capital Gains Taxation

6.5.1 A number of respondents called for a revision to the statutory Compensation Code, deeming the existing legislation to be outdated. It was not the purpose of the consultation to invite views or comments on the Compensation Code or the statutory blight regime. The Department for Communities and Local Government and HM Treasury have previously consulted on improvements to the compulsory purchase system. In the March 2015 consultation³⁰, a number of respondents called for a further reform. A further consultation was issued in March 2016³¹ on a second package of proposals. This package builds on ideas put forward in response to the 2015 consultation, and contains a number of proposed reforms to the principles of assessing compensation and further technical process improvements. These proposals are intended to make the compulsory purchase process clearer, fairer and faster for all parties.

6.5.2 Phase 2a consultation³² respondents argued that the home loss payment should not be capped at £53,000, arguing it was unfair on owners whose property was of a higher valuation and would therefore receive less proportionate compensation in comparison to a lower valued property. This payment is given in return for an individual having to give up their home. The thresholds (maximum, minimum and flat-rate for tenants) in the Land Compensation Act 1973 are reviewed every year by the Department for Communities and Local Government. Any changes normally come into force on 1 October.

6.5.3 Responses suggested provisions should be made for rural businesses, who have land along the line of route. It was argued that HS2 Ltd should either engage with banks, or make provision for assisting with rural businesses/farms, whose land may be blighted as a result of the HS2 route. Respondents expressed concern over being unwittingly caught out by Capital Gains Tax or Inheritance Tax. Some suggested that before any compensation could be re-invested these monies will be subject to assessment for Inheritance Tax, not as agricultural property, but as cash. Some argued Capital Gains Tax should be abolished on compensation payments, or the classes of business assets available for roll over relief should be widened. The Government response to these arguments is³³:

For IHT (Inheritance Tax), in general terms money does form part of the estate of an individual and therefore will potentially be subject to IHT. Whether any surplus cash from the Compulsory Purchase Order compensation held by the business qualifies for business relief, depends on the facts and circumstances of each case and established case law, and whether that cash was going to be used for qualifying business purposes. HMRC will consider claims for relief on an individual basis, and will be sympathetic to the problems in relation to compensation from Compulsory Purchase Orders. However, as the facts will be different in each case, HMRC cannot give blanket assurances that compensation will qualify for relief in all circumstances.

For Capital Gains Tax (CGT), there are already provisions in the tax system for those subject to compulsory purchases. The purchase of a replacement business asset will allow the capital gain to be 'rolled over' where new trade assets are purchased. CGT

³⁰ <https://www.gov.uk/government/consultations/improving-the-compulsory-purchase-process>

³¹ <https://www.gov.uk/government/consultations/further-reform-of-the-compulsory-purchase-system>

³² <https://www.gov.uk/government/consultations/hs2-phase-two-west-midlands-to-crewe-property-consultation-2015>

³³ <https://www.parliament.uk/documents/commons-committees/hs2/Correspondence/2015-16/160126%20Letter%20from%20David%20Gauke%20MP%20to%20Chair%20re%20CGT%20and%20IHT.pdf>

business asset rollover relief on compulsory purchased land can be claimed if a replacement asset is purchased up to one year prior to the disposal and three years afterwards. For both reliefs, HMRC can extend the time limits. Similarly to IHT, this has to be considered on a case by case basis, which would take into account any mitigating factors. The principle behind the relief is that there is a desire to reinvest, and this must be determined on an individual basis.

Further information on the qualifying conditions for CGT Business Asset Rollover Relief can be found in Helpsheet 290 on the GOV.UK website³⁴. The response from the Financial Secretary to the Treasury to the Select Committee on these issues can be found here³⁵:

³⁴ <https://www.gov.uk/government/publications/business-asset-roll-over-relief-hs290-self-assessment-helpsheet/hs290-business-asset-rollover-relief-2015>

³⁵ http://www.parliament.uk/documents/commons-committees/hs2/Correspondence/02.02.15_Letter_from_David_Gauke_MP.pdf

7. Glossary

- Generalised blight – Planning proposals, such as HS2, may have an adverse effect on the property market so that an owner-occupier is unable to realise the market value that would have been obtainable had HS2 not been proposed. This is despite the fact the owner's land has not been directly affected by the proposals, but because prospective purchasers, having learned of the planning proposals, either will not proceed with the purchase or will only offer a lower price.
- Statutory blight - A legal term which refers to land in certain specific situations (such as land subject to a safeguarding direction), as set out in Schedule 13 of the Town and Country Planning Act 1990. It is to be distinguished from 'generalised blight'.
- Blight notice – A means for qualifying property owners affected by statutory blight to apply to the Government to purchase a property on compulsory purchase terms before it is needed for construction.
- Cash offer – A Government proposal for owner-occupiers who qualify for the voluntary purchase scheme but do not choose to sell. Under the proposal, owner-occupiers could receive a lump-sum payment equal to 10% of the full unblighted market value of their property (subject to a proposed minimum of £30,000 and a maximum of £100,000).
- Compensation Code – A collective term for the principles deriving from Acts of Parliament and case law, relating to compensation for compulsory acquisition. The measures available have developed over the years through a mixture of statute, case law and established practice. Where land is compulsory acquired, compensation is based on the principle of equivalence, meaning that a person should be no worse off in financial terms after the acquisition than they were before.
- Department for Transport (DfT) – DfT works with our agencies and partners to support the transport network that helps the UK's businesses and gets people and goods travelling around the country. We plan and invest in transport infrastructure to keep the UK on the move. DfT is a ministerial department, supported by 19 agencies and public bodies, including High Speed Two Limited.
- Cut-and cover tunnel – Excavating a cutting, constructing a box-type structure and reinstating the ground over the top to its original level and surface features. This tunnelling method can be used where self-supporting subsurface material (e.g. rock/hard clay) is present. It involves the use of drill and blast techniques or excavation/sprayed concrete lining to advance the excavation.
- Deep tunnel – These are constructed using a tunnel boring machine (TBM) or are mined. A modern TBM typically consists of the rotating cutting wheel, called a cutter head, followed by a main bearing, a thrust system and trailing support mechanisms. TBMs have the advantages of limiting the disturbance to the surrounding ground and producing a smooth tunnel wall. This significantly

reduces the cost of lining longer tunnels, and makes them suitable to use in heavily urbanised areas.

- Exceptional hardship scheme – The existing interim measure introduced to assist homeowners who have an urgent need to sell but, because of HS2, cannot do so or can do so only at a substantially reduced price.
- Express purchase scheme – An offer under which the Government relaxes some of the rules that normally apply to statutory blight in the safeguarded area, making it easier for owner-occupiers to sell their property to the Government.
- High Speed Two (HS2) Phase Two – The proposed second phase of the high speed railway from the West Midlands to (on its west route) Manchester and (on its east route) to Leeds.
- High Speed Two (HS2) Phase 2A – the proposed first part of the Phase Two high speed railway; the line of the route between the West Midlands and Crewe. A separate hybrid Bill was introduced to expedite the process to enable construction of the Phase 2a section of HS2. This will be introduced into Parliament in 2017 with the aim of obtaining statutory authority through Royal assent in 2019. This will enable us to open the Phase 2a section in 2017, rather than 2033 as originally planned.
- High Speed Two Limited (HS2 Ltd) – The company responsible for developing and promoting the UK's new high speed rail network. It is funded by grant-in-aid from the Government. HS2 Ltd is an executive non-departmental public body, sponsored by the Department for Transport.
- Homeowner payment – A Government scheme for a payment for eligible owner-occupiers between 120m and 300m from the railway in rural areas, with the exception of those adjacent to deep tunnel areas. The scheme will pay a lump sum cash payment of between £7,500 and £22,500, depending on a property's proximity to the route.
- Home-loss payment – If an individual is required to vacate their home for the construction of HS2, they may be entitled to receive 'home-loss payment'. If an individual owns their home (either freehold or with a lease with more than three years still to run), they will be entitled to a sum equal to 10 per cent of its value, subject to a current minimum payment of £5,300 and a current maximum of £53,000. This applies to all eligible properties subject to compulsory purchase. If the interest is other than an owner's interest, then the payment is a specified statutory amount (currently £5,300).
- Hybrid bill – Public bills change the law as it applies to the general public and are the most common type of bill introduced in Parliament. Private bills change the law only as it applies to specific individuals or organisations, rather than the general public. Groups or individuals potentially affected by these changes can petition Parliament against the proposed bill and present their objections to committees of MPs and Lords. A Bill with characteristics of both a public bill and a private bill is called a hybrid bill and is generally used for large infrastructure projects.
- Need to sell scheme – A discretionary scheme available to owner-occupiers, who can demonstrate they have a compelling reason to sell their property within the next three years, but have been unable to do so – other than at a substantially reduced price – as a direct result of the announcement of the route of HS2. An independent panel will consider each application according to five criteria:

property type, location, effort to sell and the impact of blight, no prior knowledge and compelling reason to sell. There will be no outer boundary to this scheme.

- Owner-occupier – Anyone who owns a property (either outright or with a mortgage) as a freehold or on a fixed-term lease (with at least three years unexpired) and has it as their principal residence or place of business, subject to certain qualifiers. This definition is laid out in the Town and Country Planning Act 1990.
- Part 1 compensation – Compensation which may be claimed by the owner-occupiers of dwellings, small business premises and agricultural units under Part 1 of the 1973 Land Compensation Act for any reduction in the value of their property as a result of the physical effects of the operation of the railway. This can be claimed only after the scheme has been open for one year. Further information is provided in the DCLG booklet Compulsory Purchase: Compensation to Residential Owners and Occupiers (2011)³⁶.
- Reluctant Landlord - An individual with a qualifying interest (under section 149 of the Town and Country Planning Act 1990) in a residential property that has resorted to renting their property to facilitate an essential relocation (e.g. due to their employment circumstances) or undue financial hardship if they were to have remained in the property. It would be anticipated that 'reluctant landlords' would own only one property - that which they had been forced to rent and would be expected that such individuals had not become owner-occupiers of a separate property following the letting of the rented property.
- Safeguarding – A planning tool which aims to ensure that new developments which may conflict with planned infrastructure schemes do not affect the ability to build or operate the scheme or lead to excessive additional costs.
- Safeguarded area – An area of land subject to a Safeguarding Direction, meaning that Local Planning Authorities are required to consult with the Government before determining planning applications affecting any land within it, except where that type of application is exempted. This can affect either surface or sub-surface development.
- Safeguarding directions – These are the mechanism by which the Secretary of State can protect the proposed alignment of a road or railway from conflicting development. The Secretary of State issues a safeguarding direction under Articles 18(4), 31(1) and 34(8) of the Town and Country Planning (Development Management Procedure) (England) order 2015. Safeguarding directions are issued to Local Planning Authorities (LPAs) by the Secretary of State. Those LPAs are then required to consult with a body named in the directions (for example HS2 Ltd) before determining planning applications for land within the limits shown on the safeguarding plans attached to the directions, except where that type of applications is exempted. These directions also trigger statutory blight and allow owners within the safeguarded area to serve a blight notice.
- Rent back scheme – A scheme for people who sell their homes to the Government under any of the HS2 compensation schemes who would find it helpful to remain in residence as tenants subject to a commercial letting suitability assessment. It will enable those wishing to remain in their community in the short

³⁶ <https://www.gov.uk/government/publications/compulsory-purchase-and-compensation-booklet-4-compensation-to-residential-owners-and-occupiers>

term the option to do so and help those seeking to buy a property elsewhere to be well placed to do so quickly.

- Stamp duty – Stamp Duty Land Tax (SDLT), more commonly known as ‘stamp duty’, is generally payable on the purchase or transfer of property or land in the UK where the amount paid is above a certain threshold. Broadly speaking, SDLT is charged as a percentage of the amount paid for property or land when it is bought or transferred.
- The consultation – The Property Consultation 2015 undertaken by the Government and HS2 Ltd on the Government’s compensation and assistance schemes proposals for Phase Two of the HS2 route between the West Midlands and Crewe (known as the ‘2a’ route).
- The consultation document (HS2 Phase Two: West Midlands to Crewe Property Consultation 2015) – A document published by the Government, which sought the views of the public, in particular those along or near the line of the West Midlands to Crewe section of HS2 (Phase 2a) on the proposal to implement the same long-term property compensation and assistance schemes for this section as for Phase One. Once introduced, these measures would replace the current EHS for this section of HS2.
- Unblighted market value – This is the value that a property would have on the open market if the cause of blight were removed – in this case if there were no plans for HS2.
- Voluntary purchase scheme – a scheme whereby eligible owner-occupiers of property within the RSZ will be able to ask the Government to purchase their property at 100% of its unblighted open market value. This discretionary property scheme would allow eligible owner-occupiers of properties within the RSZ to ask the Government to purchase their property. The Government would pay 100 per cent of the unblighted open market value of the property, as assessed by two independent valuers.

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