

# Basic and Occupiers Loss Payments

## Appendix 1

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### Existing System

#### Example 1

Take for example a 100m<sup>2</sup> B1 unit held on a 5 year market lease from the freehold or long leasehold investor owner

	Investor	Occupier	
Value of land taken (freehold)	£100,000		
Value of land taken (lease)		£ nil	
Disturbance	£ 7,000	£75,000	
Basic Loss @ 7.5%	£ 7,500	£ nil	
Occupiers Loss @ 2.5% OR	£ nil	£nil	
Occupiers Loss (bldgs amt) OR	£ nil	£ 2,500	
Statutory minimum	£ nil	£ 2,500	
Total compensation (exc Loss Payment)	£107,000	£ 75,000	
Total Loss Payments	£7,500	£ 2,500	<b>Total £10,000</b>

## Example 2

Take for example a 1,000m2 B1 unit held on a 15 year market lease from the freehold or long leasehold investor owner

	Investor	Occupier	
Value of land taken (freehold)	£1,000,000		
Value of land taken (lease)		£ 5,000	
Disturbance	£ 70,000	£750,000	
Basic Loss @ 7.5%	£ 75,000	£ 375	
Occupiers Loss @ 2.5% OR	£ nil	£ 125	
Occupiers Loss (bldgs amt) OR	£ nil	£ 25,000	
Statutory minimum	£ nil	£ 2,500	
Total compensation (exc Loss Payment)	£1,070,000	£ 755,000	
Total Loss Payments	£75,000	£ 25,375	<b>Total £100,375</b>
	7.5%	3.3%	

In both examples the investor owner receives three times the Loss Payment of the occupier who has had to uproot and relocate his business, and prepare and submit a time consuming disturbance compensation claim.

## Proposal A

Calculate Basic and Occupiers loss payments on total compensation and switch Basic and Occupier loss %.

### Example 1A

	Investor	Occupier	
Total compensation	£107,000	£ 75,000	
Basic Loss @ 2.5%	£ 2,675	£ 1,875	
Occupier Loss @ 7.5%	£ nil	£ 5,625	
Total Loss Payment	£ 2,675	£ 7,500	Total £10,175
	2.5%	10%	

### Example 2A

	Investor	Occupier	
Total compensation	£1,070,000	£ 755,000	
Basic Loss @ 2.5%	£ 25,000	£ 18,875	
Occupier Loss @ 7.5%	£ nil	£ 56,625	
Total Loss Payment	£ 25,000	£ 75,500	Total £100,500
	2.5%	10%	

## Proposal B

Reverse percentages but calculate on s.5(2) 1961 Act value.

### Example 1B

	Investor	Occupier	
s.5(2) compensation	£100,000	£ nil	
Basic Loss @ 2.5%	£ 2,675	£ nil	
Occupier Loss (bldgs)	£ nil	£ 2,500	
Total Loss Payment	£ 2,675	£ 2,500	Total £5,175
	2.5%	3.3%	

## Example 2B

	Investor	Occupier	
s.5(2) compensation	£1,000,000	£ 5,000	
Basic Loss @ 2.5%	£ 25,000	£ 125	
Occupier Loss (bldgs)	£ nil	£ 25,000	
Total Loss Payment	£ 25,000	£ 25,125	<b>Total £50,125</b>
	2.5%	3.3%	