

Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth
Department for Economy, Science and Transport

Cyfarwyddwr Cyffredinol • Director General



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair
Public Accounts Committee

29 April 2015

Dear Mr Millar

Public Accounts Committee: Inquiry into value of money of Motorway and Trunk Road Investment

Thank you for your letter of 22 April 2015. As requested please find attached additional information on how the Welsh Government ensures value for money in acquiring and disposal of land related to trunk road and motorway projects, both in terms of acquisition for construction and blight.

Yours sincerely

A handwritten signature in black ink that reads "James Price" with "(J.R. PRICE)" written below it in a smaller, less legible script.

James Price

A Acquisitions

There are two principle ways in which the Welsh Government acquires land required for road schemes.

The first, which was the subject of the recent correspondence from the Auditor General, follows qualifying applications for statutory blight or discretionary purchase. Each application must meet certain criteria and is subject to rigorous assessment including expert advice from the District Valuer Services of the Valuation Office Agency (DVS) and from the project team in relation to the scheme's impact on the property.

The three powers used are:

- 1) **Discretionary Purchase Applications.** Landowners are able to submit an application under Section 248 of the Highways Act 1980, prior to a preferred route being protected, if their property is directly affected by one of the routes under consideration and they are trying to sell it for reasons unconnected with the proposed scheme but cannot do so as a consequence of the uncertainty.

Once a preferred route has been announced this then triggers Statutory Blight under the Town and Country Planning Act 1990 and "off line" discretionary purchase powers under Section 246(2A) of the Highways Act 1980.

- 2) **Statutory Blight Notices.** Section 150 of the Town and Country Planning Act 1990, enables property owners to serve on Welsh Ministers a Blight Notice requesting their property be purchased in advance of need if it is directly affected by the protected route.
- 3) **Off Line Discretionary Powers.** Section 246(2A) of the Highways Act 1980, enables property owners to submit an application requesting purchase of their property which is considered seriously affected by its proximity to the protected route and they are trying to sell it for reasons unconnected with the scheme but cannot do so because of it.

The second method is by Compulsory Purchase through the service of 'Notices to Treat and Enter' on all persons with an interest in land required for a scheme.

In both cases, the DVS are instructed to provide an expert valuation of the land and assess the compensation payable on behalf of the Welsh Ministers. Each claimant is also entitled to employ the services of a professional surveyor to prepare its claim and to negotiate with the DVS for the open market value of the land, based on comparable evidence (actual market transactions), disregarding any affect on its value due to the road scheme. This is the amount which the land/property might be expected to realise if sold on the open market by a willing seller to a willing buyer.

The basis for assessment of compensation is founded on the principle of 'equivalence' and is in line with statute and case law i.e. the claimant should not be placed in a worse or better position to that which existed before the acquisition took place.

Once the compensation has been agreed between both parties or where a statutory advance payment is requested, the DVS provides a valuation report breaking down the agreed compensation, the land and rights required and relevant other information. Before any payment is made, this information is submitted to a Property Leadership Team (PLT) within the Department for Economy Science and Transport which consider policy compliance and value. The panel assesses each submission based on a number of factors including the area of land-take, type of land, value per acre etc. All payments are then submitted to the Minister for approval.

When assessing market values, the VOA has access to a database that details every land transaction (sales/transfers) across the country – since around 2003. The VOA also subscribes to various commercial websites providing data within the profession for commercial property. When looking to the future costs of land, an inflation related index to allow for uplift in value is calculated. Residential data is already generally publically available.

The date of valuation for blights/discretionary purchases is fixed as at the date of agreement; the date of valuation for CPO land is fixed at the date of entry for the building of the road scheme (the date of loss of use by the owner).

B Disposals

The overriding principle applied to all property disposals, irrespective of size or method of sale is that “value for money” needs to be achieved and witnessed. Aligned with that is a requirement and that all potential purchasers are treated with equality and fairness. Whereas acquisition values are valued in a no scheme world, disposal values achieved recognise the presence of the road scheme.

Transport assets are reviewed at the point of acquisition and decision made to retain for the associated road scheme or immediately identified as surplus (an example would be a property that acquired under discretionary offline powers). All properties are reviewed annually or if there is a development in relation to a road scheme, for example a preferred route announcement, alteration or publication of draft Orders. The project team are asked to identify whether properties are required for the future proposed scheme.

Having identified an asset as surplus we aim to expedite its disposal. An annual asset realisation programme is prepared and every property has its asset value independently assessed. These assets are offered internally to other Welsh Government departments to provide opportunity to meet other programme for government objectives.

To accord with the land transfer protocol, in advance of marketing, the assets are hosted as surplus on the e-PIMS system. Access to e-PIMS is available to all organisations within the public sector and also extends to Housing associations and faith organisations. User bodies have to register.

The land transfer protocol (LTP) encourages collaboration within the public sector but transfers of assets will normally take place at market values. Prospective purchasers would need a properly costed business case supported by appropriate funds to pursue a formal purchase. The LTP seeks to avoid delays in disposals by reason of purely speculative enquires.

Should the decision be made to take a property to open market sale, in accordance with recognised best practice professional advice is sought on the appropriate disposals method and value. Agricultural assets are specialised and advice from chartered surveyors is sought who advise on how best to parcel the land plots and advise on the appropriate disposal method.

Should a route change or a scheme be cancelled, the threat of compulsion is lifted and under Criche Down, the property is first offered back to the original seller for the market value at the time of the potential sale.

Where land affected by a scheme proposal is held by Welsh Ministers for a non-transport purpose, an internal transfer takes place (as with Berryhill Farm, part of Queensway Meadows).

C M4 Properties

You have asked for particular comment about the M4 properties. All transport properties were acquired under one of the 3 statutory or discretionary powers detailed above. Any sales would have been as a result of scheme route developments where property holdings would have been reviewed to consider if they should be retained.

Properties held as part of the Economy portfolio were inherited from predecessor bodies such as the WDA and were acquired for Economic Development purposes.