

Booklets in this series

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Learning Tourism

COMPULSORY PURCHASE ORDERS
MAKING IT WORK FOR YOU

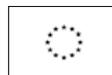
Learning
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www.thecontactpartnership.ac.uk



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Welcome to Learning Tourism

Learning Tourism is a two-year European Regional Development Funded programme which shares resources at Lancaster University with the wider community.

This series of booklets is just one element in the four activities which the project has outlined.

The others include:

- Free 'bite-sized' small-business consultancies to help the company grow;
- An interactive website, for the tourism industry to use - <http://www.learningtourism.lancs.ac.uk>
- Action Learning sets - essentially business clubs - will help like-minded business professionals come together in a relaxed forum to discuss issues from business rates, through to purchasing power, decoration tips, to menu alterations.

To find out more about how you can get involved please call
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You can send any thoughts suggestions or criticisms on these booklets back to the team :

Comments on this subject

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Any suggestion for future topics of discussion?

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Have you visited our website?

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Thank you for your comments.

entrepreneurs into areas with business development potential; (ii) amalgamation grants – to help proprietors of small hotels/self-catering businesses buy the property next door, so that their business can grow, perhaps also reducing the number of bedrooms and upgrading the remaining ones.

What should I be doing now?

As property valuations are based on current market value when the re-development is proposed, individual property owners should continue to invest in their properties and upgrade them to make them as attractive as possible. There is no point, therefore, in getting a property valued now for future CPO purposes and expecting the value to remain the same, as the development phase for a particular area could be many years away.

Although the valuation on a property will be different in the future, it may be worthwhile getting periodic valuations on your property, so that you have a record of the ongoing value of your business should a CPO arise in the future.

In the meantime, don't neglect your property and make sure you continue to invest in your business. Remember that CPO properties will be valued in the same way as non-CPO properties. To achieve the best valuation for your property vendors should, where necessary, consider improving its condition both internally and externally, and ensure they submit accurate and up-to-date accounts. A low-turnover, low-profit business will have a low CPO value.

Businesses are advised to keep reading the local papers and to keep up-to-date with the local situation regarding development and planning. Your local tourism association will be a good source of advice and information.

COMPULSORY PURCHASE ORDERS

You are unlikely to find your business premises subject to a Compulsory Purchase Order, but if you do, this paper guides you through the process.

A group of accommodation providers in Blackpool are faced with the possibility that some of their premises may be subject to Compulsory Purchase Orders as part of the resort's re-development over the next decade. Unsure of what this might involve for them as businesses, they invited experts to help them (a solicitor, estate agent and senior planner). The group was funded by Lancaster University's 'Learning Tourism' project and facilitated by Viv Cuthill during 2003. This guide is based on their discussions but applies in general terms to any business and local authority.

This paper is based on the situation in July 2003. This document is intended as a general advice. It is not a legal document. You should consult your legal advisor for detailed advice.

What is a Compulsory Purchase Order?

A Compulsory Purchase Order (CPO) under Town and Country Planning legislation arises when a Local Authority can show that the land is 'required' and 'necessary' for the purpose of the proper and comprehensive development / re-development of an area. The process always starts with negotiations between the council (or developer) and property owner to try and acquire the land by way of agreement. Failing that, the CPO procedure will then be put in place, usually by the council.

How will property be valued under CPO?

The property will be valued on its open market value at the time. When valuing the land, no account will be taken of the fact that it is being compulsorily acquired for development or re-development. Property valuations are based on its location and the desirability of the area, the condition of the building and on the success of the business where it is a commercial venture. The business's accounts form an important part of the valuation – property/business value is calculated by looking at turnover and net profit. Banks determine whether or not they will lend money to the purchaser based on this evidence.

What is the CPO process?

The CPO process operates under national planning legislation. The local authority can use their planning powers to acquire property. The relevant Act states that the compulsory purchase of property will occur when the purchase is in the interests of the comprehensive development of an area. There needs to be a clear Statement of Reasons that justifies the inclusion of every property and piece of land in the CPO area. The local authority can pursue a CPO on behalf of a developer. There can be Joint Venture Proposals in which the private developer is responsible for investment, demolition and construction, while the council provides the powers to make this happen.

The Council has to demonstrate that the acquisition and development will take place within a specific time period, there is the money available to carry it out, and there exists a commitment from the developer.

There are three stages:

- Local Plan
- Planning Permission
- CPO.

Each stage is subject to enquiry. Compulsory purchase happens only when the Joint Venture company has failed to negotiate the purchase of the necessary properties. Prior to the CPO they must provide evidence that there has been negotiation to buy the property and/or to relocate the business, and that this has failed.

Only if all the above have failed does a CPO come into force. If a price cannot be agreed, there will be an independent Land Tribunal Valuation. This can be completed quickly or slowly, the time being determined by the property owner. As soon as the CPO has been confirmed, the council/developer can enter the land.

CPO can apply to a single property or to a group of properties in an area under going development. The council may decide to target properties that are in poor condition, or are derelict as a consequence of business failure. The council is free to decide whether, under the approved local plan, to demolish the property or to sell it on for improvement in the interests of upgrading the neighbourhood.

What assistance can I get from my local authority?

As part of the CPO process, the Council is required to seek to relocate business uses. There will be an agreed sum of money for the cost of acquiring the replacement business and funding the relocation process.

CPO may also be linked to regeneration grants such as:
(i) translocation grants – to help relocate good