

Land and property acquisition and compensation policies

Draft Professional Fees Policy

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1. Definitions

The definition of key terms referred to in this policy are explained below.

Term	Definition
Compensation Code	The rules, statute (Acts of Parliament), and case law governing compensation for the compulsory purchase of land in the UK.
Compulsory purchase/compulsory acquisition	A legal mechanism that enables land to be purchased without the agreement of the owner. It can only be used for projects that are deemed to be in the public interest, such as infrastructure and regeneration schemes, and compensation must be paid to impacted owners and occupiers in accordance with the Compensation Code. This may also be referred to as compulsory acquisition where the compulsory purchase powers are being sought as part of a Development Consent Order application.
Compulsory Purchase Zone (CPZ)	The Compulsory Purchase Zone (CPZ) is the defined area within the Heathrow expansion boundary comprising all properties currently anticipated to be required for the Project, and for which we will seek powers under the Development Consent Order to purchase compulsorily, if necessary.
Development Consent Order (DCO)	The legal instrument under which we are seeking planning permission, and the compulsory acquisition powers that may be required to purchase the land needed to construct the Project.
Discretionary policy	Compensation or other support offered to property owners or occupiers that is beyond the statutory requirement.
Examination	A formal stage in the DCO process where a planning inspector reviews the application.
Enhanced loss payment	A discretionary loss payment offered by us under one of our draft policies to eligible persons who sell their property to us by agreement in accordance with the terms of the draft policy.
Home Purchase Scheme	The discretionary scheme under which Heathrow will offer to purchase single residential dwellings from owners within the Compulsory Purchase Zone which will allow owner occupiers to sell their property to Heathrow either via the bond or direct purchase.
Draft Policy	A document that sets out a proposed policy for comment from relevant stakeholders, whose feedback will be considered in finalising the adopted policy.
The Project	The development of a new Northwest Runway and associated infrastructure to expand Heathrow, for which we will be seeking a DCO under the Planning Act 2008.
Interim Property Hardship Scheme (PHS)	An existing Heathrow policy that is already in place to offer protection for vulnerable property owners who have a compelling need to move and have

Term	Definition
	tried and been unable to sell their property on the market because of the impact of published proposals for the Project.
Royal Institution of Chartered Surveyors (RICS)	A global professional body that sets standards and regulates professionals working in land, property, construction, real estate and the built environment. This is the professional body that sets and upholds the standards followed by chartered surveyors and property valuers in the United Kingdom. RICS-registered valuers carry out the Red Book valuations used to determine the unaffected market value of properties purchased by us.
Statutory compensation	A person's legal entitlement to compensation in accordance with the Compensation Code.
Unaffected market value	The price the property would sell for on the open market, between a willing buyer and seller, ignoring any positive or negative impact of the Project.

2. Introduction

2.1 Purpose of this policy

- 2.1.1 This draft professional fees policy is provided to give guidance on the circumstances in which owners of property who may be affected by our proposals for a new Northwest Runway at Heathrow Airport (the Project) can expect to recover professional fees incurred by our acquisition of their property in connection with the Project.
- 2.1.2 Professional fees typically include the costs of legal services for conveyancing and surveyor services for property valuation. It is important to get the right professional advice from practitioners experienced in compulsory purchase.
- 2.1.3 This draft policy is one of the discretionary policies that we are proposing to ensure those people whose properties are within the area affected by the Project, are fairly compensated. Our discretionary policies are intended to supplement and operate in parallel with the existing statutory regime governing compensation for the compulsory acquisition of property.
- 2.1.4 Professional fees are usually only reimbursable after land or property has been purchased or temporarily occupied under a legal notice. As this can take several years, we have introduced a discretionary policy to allow earlier support. This policy is intended to support us in:
 - 1. Working positively and collaboratively with landowners
 - 2. Supporting early access to professional advice
 - 3. Making progress on land negotiations at an earlier stage.

3. General principles

3.1 Approach

- 3.1.1 Heathrow will pay reasonable professional fees incurred in connection with the compulsory acquisition of property, including those incurred negotiating a claim for compensation.
- 3.1.2 You have a statutory right to recover such fees provided they have been incurred in accordance with the relevant rules, case law and statute, collectively known as the Compensation Code.
- 3.1.3 To secure a position under this policy, your professional advisers should contact the Heathrow Land and Property Team using the online enquiry link to begin a discussion about the proposed instruction, scope of work and fee eligibility.
- 3.1.4 A fee agreement should be in place before any costs are incurred to avoid any disputes over fee reimbursement.
- 3.1.5 To complete a fees agreement, your professional advisers will need to provide:
 - Details of the instruction and relevant property information
 - A proposed scope of services
 - An interim fees budget
 - Confirmation they will comply with the Royal Institution of Chartered Surveyors Professional Standard: Surveyors advising in respect of compulsory purchase and statutory compensation.
- 3.1.6 Before submitting an invoice for payment, you are encouraged to first send a draft invoice including a supporting narrative, bank details and VAT information, so this can be reviewed and approved prior to formal submission for payment. Heathrow will let you know if more information is required to approve the invoice.
- 3.1.7 Each application for payment under a fees agreement will be considered on its own merits. Not every case will be eligible and we recommend that your professional advisers check with us before any costs are incurred. While we may reimburse reasonable fees, please note:
 - The contract for services is always between you and your professional adviser.
 - You are responsible for payment of their fees.
 - Any costs outside of an agreed scope or budget, which must be set out in the fees agreement, will also be your responsibility.
- 3.1.8 We may update this policy from time to time. However, your statutory rights to compensation (including professional fees) will not be affected by any future changes.

4. Fees recoverable for compulsory acquisition (statutory rights)

4.1 When your statutory rights apply

- 4.1.1 We are seeking a Development Consent Order (DCO) to construct a new Northwest Runway and associated infrastructure (the Project) under the Planning Act 2008. As part of our application for the DCO, we will seek powers to compulsorily purchase property required in connection with the Project's delivery. If development consent is granted and we exercise such powers, it will automatically trigger your statutory right to recover reasonable professional fees in negotiating your claim for compensation.
- 4.1.2 The Compensation Code provides that reasonable professional fees will normally be recoverable from us on the following basis:
- Reasonable costs, charges and expenses incurred in conveying or transferring property to Heathrow. This includes surveyors' fees for the valuation and solicitors' fees for the transaction.
 - Fees must be reasonably and properly incurred and be caused by the acquisition of property by us, for the Project.
- 4.1.3 The obligation on us to reimburse fees on this basis would only be engaged if compulsory acquisition powers are exercised to purchase your property. Once powers have been exercised, reasonable professional fees may also be recoverable, provided they have been reasonably and properly incurred in connection with the acquisition.

5. Fees recoverable for purchase by agreement

5.1 Fees under negotiated acquisitions

- 5.1.1 We will look to reach agreement with owners regarding the purchase of their property. Unless stated otherwise within the discretionary policies, any agreement to purchase will be conditional on obtaining development consent for the Project.
- 5.1.2 We will reimburse property owners for reasonable professional fees incurred in connection with such transactions. However, the basis of reimbursement of fees should be agreed with us in advance.
- 5.1.3 An owner or their professional adviser should seek to agree fees, including rates and scope of work, with us at the start of the commission and prior to work beginning. This should minimise the risk of misunderstanding or dispute at a later time.
- 5.1.4 Fees that have not been pre-approved by us may not be reimbursed.

6. Fees under the Heathrow discretionary compensation offers

6.1 Entitlements under the discretionary offers

- 6.1.1 Where an owner takes up one of our discretionary compensation offers, there is a procedure for determining the unaffected market value of the property. The discretionary compensation offers may be under the Home Purchase Scheme or one that includes an enhanced loss payment. Under these offers, Heathrow pays for an independent valuation, so we would not normally reimburse fees for any other valuation services.
- 6.1.2 We will also meet the reasonable legal costs associated with the transfer of ownership of your property to us.
- 6.1.3 It is not anticipated that any other professional fees would need to be incurred, so it is unlikely that these would be reimbursed unless they have been previously agreed by us.

7. Fees outside the scope of reimbursement by Heathrow

7.1 When your fees may not be recoverable

- 7.1.1 Property owners should be aware that certain categories of fees may not be eligible for reimbursement. These include fees:
- That have not been pre-approved by us.
 - That an owner incurs when obtaining information about the Project and its impact.
 - That owners incur in responding to a pre-application consultation and publicity on the proposals for the Project; drawing up and submitting relevant or written representations on the Development Consent Order (DCO) application; and presenting their case to the Examining Authority, as part of the DCO examination (currently expected to be in 2028).
 - Incurred by an owner seeking to sell their property to us under the Interim Property Hardship Scheme unless the property is located wholly or partly within the Compulsory Purchase Zone (please refer to the Interim Hardship Policy).
 - Incurred for surveyors' work that is not in accordance with Royal Institution of Chartered Surveyors (RICS) Professional Statements, particularly relating to compulsory acquisition. See **Appendix A** for more information on RICS surveyors.

8. What do we mean by “reasonable” fees?

8.1 Establishing reasonableness

- 8.1.1 In all cases, an owner will need to demonstrate to us the need to incur fees that they expect us to reimburse. The property owner will need to demonstrate that the scope of work and the proposed charges are reasonable and proportionate to the complexity of the property acquisition.
- 8.1.2 It would be reasonable to consider the following:
- To demonstrate the fee rate is reasonable and in line with the market. We expect individuals to seek competitive bids from at least two firms for professional services.
 - In circumstances where advisers are sourced from a panel or through other property services contracts procured by their clients, and the rates proposed have already been subject to competition and evidenced as such, additional quotations will not be expected provided the rates used are no higher than the panel or contract rates.
 - We are not seeking to restrict individuals from appointing who they choose but, in circumstances where the selected adviser is not the cheapest, justification will be needed. Where surveyors are involved in negotiating on behalf of the owners of a number of similar properties, a quantum reduction or cap may be appropriate.
 - Travel expenses for out-of-area advisers would only be agreed where no reasonable local alternative is available. As with all fees, the basis of these would need to be agreed in advance with us.
 - Where you choose to use a team of advisers, or are proposing to change advisers, it should be recognised that the ultimate fee reimbursement by us may not fully cover your outlay, because of the duplication of cost involved.
 - To reduce the potential for dispute at a later stage, you should adopt the approach recommended in this draft policy.

9. Fees where no land is taken

9.1 When this may apply

9.1.1 In accordance with the Compensation Code, reasonable professional fees will be payable to owners who do not have any land or property purchased from them for the Project, but who are successful in claiming compensation in respect of the adverse effect of the Project on the value of their land or property under:

- Part 1 of the Land Compensation Act 1973
- Section 10 of the Compulsory Purchase Act 1965; or
- Section 152 of the Planning Act 2008.

Appendix A Chartered surveyors

It is important to obtain the right professional advice from practitioners experienced in compulsory purchase and it is normal to appoint a chartered surveyor. They are required by their governing body, the Royal Institution of Chartered Surveyors (RICS), to comply with a mandatory Professional Statement when advising on compulsory purchase and statutory compensation.

This requires your surveyor to, among other things:

- Advise you that you will be liable for any fees that are not borne by the purchasing authority (in this case, Heathrow Airport Limited).
- Be able to demonstrate a proper understanding of the statutes, statutory instruments, case law and Government guidance in respect of the compulsory purchase code (the Compensation Code).
- Not accept instructions to provide advice in matters unless they have the:
 - requisite competence appropriate for the assignment; and
 - resources to complete the assignment within the timescale and to the standard required.
- Provide you with balanced and professional advice that seeks to secure an equitable outcome for you consistent with the requirement to agree fair and reasonable compensation, in accordance with the Compensation Code, for a reasonable cost and within a reasonable timescale.

Where a basis for calculating fees is proposed, they must demonstrate the basis for fees and disbursements is reasonable in relation to the complexity of the claim and in all cases the basis on which they propose to charge fees and the arrangements for payment. In addition, they must ensure that any subsequent changes to these arrangements are agreed with you in writing. They must also make clear to you before time is incurred, that you bear ultimate liability for their fees on the agreed basis.

Seeking advice

The RICS operates a customer helpline that can put you in touch with a firm in your area that offers up to 30 minutes of free consultancy on compulsory purchase. This should help you understand what services you need and the type of expertise required. For example, do you need a specialist compulsory purchase surveyor or a surveyor who is a specialist in valuing a particular type of property? In all cases you should get competing quotes to demonstrate the fee rates are reasonable.

The RICS contact details are:

Royal Institution of Chartered Surveyors

12 Great George Street (Parliament Square)

London SW1P 3AD

Tel: 024 7686 8555

contactrics@rics.org

The Central Association of Agricultural Valuers may also be able to assist owners of agricultural property.

Its contact details are:

The Central Association of Agricultural Valuers

Market Chambers

35 Market Place, Coleford

Gloucestershire GL16 8AA

Tel: 01594 832979

enquire@caav.org.uk

