



The Stansted Airport Compensation Scandal

Briefing by Stop Stansted Expansion
10 June 2016



Historical Background

1986 – Phase 1 of Stansted expansion gets planning approval – 8 mppa capacity.

1991 – Phase 1 completed – includes new terminal, train station etc.

1992 – Payments for house price devaluation become due to local residents under Land Compensation Act – i.e. 12 months after development is completed.

1992 → onwards: Stansted invites compensation claims from local residents and it receives some 1900 claims of which two out of every three are successful. The airport paid the legal and surveyors fees for successful claimants.

The area where devaluation was found included most of Broxton, Burton End, Great Hallingbury and Little Hallingbury, and parts of Birchanger, Bishop's Stortford, Elsenham, Hatfield Broad Oak, Hatfield Heath, Takeley and Thaxted.

The extent of the devaluation ranged from 2.0% of the value of the home in outlying areas to over 20% of the home value in areas close to the airport.





Historical Background (cont'd)

- 1999 – Phase 2 of Stansted expansion gets planning consent – 15mppa capacity.
- 2002 – Stansted reaches a throughput of 15mppa but refuses to pay the Phase 2 compensation until all the works approved for Phase 2 development are completed. Importantly the Echo cul-de-sac, which soon becomes known as ‘the golden rivet’ has not yet been completed.
- 2003 – Stansted gets planning consent for 25mppa and still refuses to consider compensation claims because the Echo works are still not completed.
- 2008 – Stansted gets planning consent for 35mppa and still refuses to consider compensation claims because the Echo works are still not completed.
- 2016 – Stansted will handle around 25mppa. .

Stansted has handled over 15mppa every year since 2002, but, in compensation terms, local residents still live next to an airport handling less than 8mppa.





Stansted Airport's advice to Local Residents

2004

“On land compensation, you will probably recall a presentation to STACC¹ on the continued development of Stansted. You are right in saying that we do not now envisage completing works on the [Echo] aprons and taxiways until 2008/2009 and only after that will consideration be given to compensation.”

Mike Clasper, Chief Executive of BAA
7 June 2004

¹STACC = Stansted Airport Consultative Committee





Stansted Airport's advice to Local Residents

2006

“In response to comments by a Member, it was indicated that some preliminary work on Taxiway Echo stands was underway, but that area would not become fully operational until 2009/10. That would then be the trigger point for land compensation claims.”

Terry Morgan, Stansted Airport Managing Director
26 July 2006

Extract from STACC minutes





Stansted Airport's advice to Local Residents

2008

“... at present we anticipate that Echo will be completed in 2011/2012. At that time, individuals will be able to submit claims under Part 1 of the Land Compensation Act 1973, demonstrating any diminution in value of their properties arising from the use of the new infrastructure which has been constructed and which forms the "Scheme".”

Stewart Wingate, Stansted Airport Managing Director
14 November 2008

Letter to Sir Alan Haselhurst MP



Stansted Airport's advice to Local Residents

2009

“Members noted that the crucial element which would trigger payments was completion of the Echo cul-de-sac. Members were concerned about the time being taken to do this despite it being part of the planning application to increase use to 15 million passengers per annum (mppa).

...

STAL management undertook to consider the points made but indicated that they were very unlikely to agree to make payments unless and until they were legally obliged to do so.”*

Extract from STACC minutes

* David Johnson, Stansted Airport Managing Director

28 October 2009



Stansted Airport's advice to Local Residents

2010

“The Echo Cul de Sac is the location of a number of aircraft stands. The construction of the Cul de Sac is split into a number of phases to provide aircraft stands in line with demand. ... The latest forecasts are suggesting that all phases of Echo are due to complete around 2019/20.”

Nick Barton, Stansted Airport Commercial Director

7 June 2010

Letter to local resident in response to his enquiry about compensation.



Stansted Airport's advice to Local Residents

2011

“The first scheme for land compensation followed the opening of the “new” airport in 1991. ... A second scheme was identified which includes the completion of Charlie, Delta and Echo cul-de-sacs together with the outer taxiway. Some of these developments have been completed but as traffic volumes have declined the need for such infrastructure has repeatedly slipped back and so therefore has the completion date of the second scheme. It is the completion date and bringing into use of this asset which triggers the compensation process. ...”

Nick Barton, Stansted Airport Managing Director

14 January 2011

Letter to local resident in response to his enquiry about compensation.





Stansted's lawyers recently conceded that ...

“ ... the evidence suggests that, since the mid-1990's, STAL were clear and consistent in advising local residents that Part 1 claims could, and should, not be made until the final completion of the public works authorised by its Phase 2 planning permission.”

Submitted to Court by Stansted Airport's lawyers

April 2016





Stansted's lawyers also now concede that ...

“ ... 1 March 2007 is a relevant date at least in respect of some of the works in paragraph 1.8..”

Submitted to Court by Stansted Airport's lawyers

April 2016

In other words STAL finally concedes that it had been wrong to use the 'golden rivet' ploy to avoid paying compensation.



**... but they then come up with a new ploy
to avoid paying compensation**

***“Pursuant to Section 9 of the Limitation Act 1980,
the Claimants’ right to recover compensation (if
any) under Part I of the 1973 Act must be brought
within 6 years of the “first claim day”.***

Submitted to Court by Stansted Airport’s lawyers
April 2016

Prompting the Deputy President of the Lands Tribunal to remark:
*“So, after years of telling people you can’t claim until the works
are complete, you’re now saying Tee-Hee – you’re too late?”*





Stansted's lawyers then write as follows to a local resident ...

“... our client takes the view that the claim submitted by you is now out of time on the basis that, as far as we are aware, no reference to the Upper Tribunal (Lands Chamber) was made by you prior to the expiry of the relevant limitation period.”

Recent letter to local resident from
Stansted Airport's lawyers

At this point SSE decides to give STAL until 31 May to make a public statement reversing this stance – or face a legal challenge.





SSE's Legal Team

- **Paul Stinchcombe QC**
- **Richard Wold, Barrister**
- **Nigel Hewitson, Planning Solicitor**



Paul Stinchcombe QC

- Double first MA in Law from Trinity College, Cambridge
- LLM from Harvard Law School, Massachusetts
- Called to the Bar in 1985 – worked with Cherie Blair
- Member of Parliament from 1997- 2005
- Elevated to Queens Counsel (QC) in 2011
- Represented SSE at the 2007 Stansted G1 Public Inquiry and subsequent legal proceedings in Court of Appeal
- Instructed by SSE for the Stansted G2 Public Inquiry before this was cancelled in 2010 after BAA threw in the towel.
- Represented SSE in High Court in 2013 over Geoff Muirhead
- Recent CV includes planning, environmental and human rights cases, and multi-million pound compensation claims.





Richard Wald

- Called to the Bar in 1997
- Specialises in planning, environmental and other public law
- General Editor of Encyclopedia of Environmental Law
- Appointed to Attorney General's B-Panel of Counsel to the Crown
- Regularly features in the main legal directories as amongst the most highly rated juniors in UK in planning and environmental law
- Regularly acts for public and private sector clients in all aspects of planning and environment law
- Acted for the claimants in the successful 2010 challenge to third Heathrow runway
- Currently acting for local residents in the Farnborough Airport compensation case





Nigel Hewitson

- Planning solicitor with over 25 years' experience
- Previously Legal Director, English Heritage and partner at international lawyers Norton Rose Fulbright
- Specialities include all planning aspects of property transactions;, planning applications and appeals, development consent orders, CPOs and judicial review of public authority decisions.
- Legal Associate of the Royal Town Planning Institute and a member of its General Assembly.
- Author of numerous articles in professional journals and frequent speaker at legal conferences.





**PUBLIC ANNOUNCEMENT
STANSTED AIRPORT LIMITED (STAL)
CLAIMS RELATING TO AIRPORT WORKS
DATING FROM 1999-2007**

**Public Statement
from Stansted
Airport on 9th
June 2016**

STAL recognises that there has been some uncertainty in recent years about the status of compensation claims relating to development works carried out at the airport in the 1999-2007 period.

Having reviewed the matter thoroughly, and in light of two recent legal decisions, STAL has decided to clarify the status of these claims to remove any uncertainty for local residents.

The relevant legislation is complex but, broadly, the owner of a residential property, at the time of the works, is entitled to compensation if they can show that the value of their house has been reduced as a direct result of those works and provided they bring their claim "in time".

STAL confirms it remains willing to consider claims from qualifying residents and will, for the time being, treat them as having been made "in time". This means that residents who believe they may be entitled to compensation can now submit a claim. Of course, residents will still have to show that their claims have legal merit.

STAL will announce more details on the process to be followed shortly, including the specified period for lodging claims which will be of sufficient duration to allow residents to take professional advice. STAL will also be discussing these issues with the Stansted Airport Consultative Committee.

**Stansted Airport Limited
9 June 2016**





Impact on Local House Prices

SSE has a considerable quantity of evidence on the movement in house prices in postcode sectors near to around the airport compared to the average movement in house prices for Essex as a whole.¹

SSE compiled this information from quarterly Land Registry statistics over the period 1999-2007, as part of SSE's evidence to the Stansted G1 Public Inquiry.²

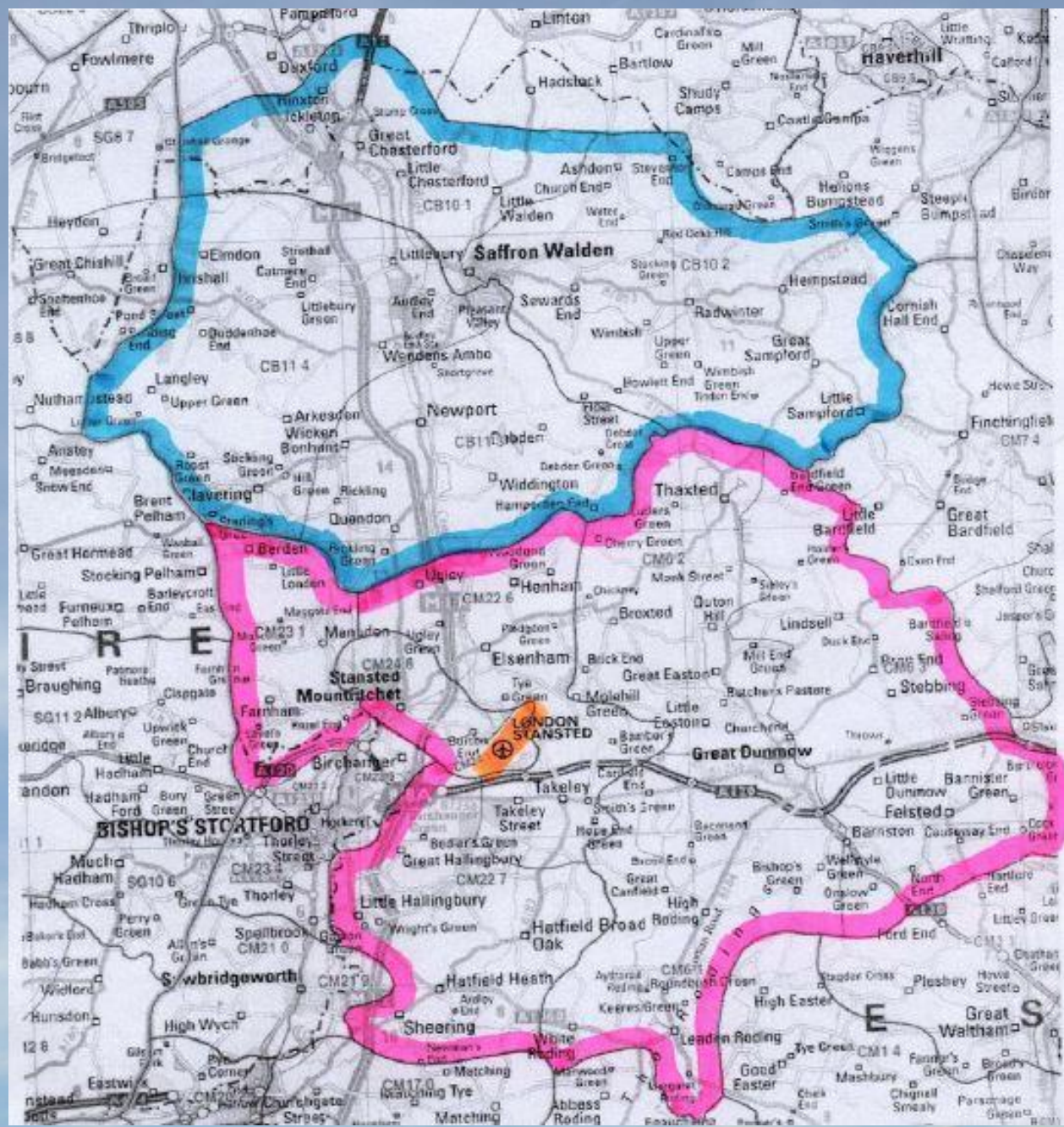
¹ This was the comparison used by BAA in its 2004-2007 HVGS scheme

² The full SSE Proof of Evidence submitted to the 2007 Stansted G1 Public Inquiry is on SSE's website at http://stopstanstedexpansion.com/r1_public_inquiry4.html





Impact on Local House Prices



Stop Stansted Expansion – June 2016





Impact on Local House Prices

1 July 2001- 31 December 2006**

North Uttlesford (CB10 1, CB10 2, CB11 3 and CB11 4)

- **Average depreciation found = 7% (£13,000 per house)**
(13,593 houses in the 2001 census)

South Uttlesford (CM6 1, CM6 2, CM6 3, CM22 6, CM22 7, CM24 8)

- **Average depreciation found = 25% (£56,000 per house)**
(14,796 houses in the 2001 census)

East Herts Border (CM23 5) = Part of B. Stortford & Birchanger

- **Sample size too small to provide reliable data**

**The above is based on official Land Registry statistics from 1 July 2001 to 31 December 2006. SSE produced this analysis for the 2007 Stansted G1 Public Inquiry where its evidence on local house price impacts was unchallenged in cross-examination. However, factors other than the expansion of the airport may have affected house prices over that period and so the above should be viewed as illustrative. Potential claimants should take professional advice.



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Q&A

Local residents available for interview