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C. (54) 312

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CABINET

TOWN AND COUNTRY PLANNING BILL

CONCESSION FOR PEOPLE WHOSE LAND IS COMPULSORILY ACQUIRED WHERE THERE OUGHT TO HAVE BEEN A CLAIM UNDER THE 1947 ACT BUT NONE WAS MADE

MEMORANDUM BY THE CHANCELLOR OF THE EXCHEQUER

I have read the Minister of Housing's paper, C. (54) 309, and do not dissent from his conclusion. The concession he proposes seems the best that can be devised, within the framework of the current Bill, to deal with the difficult situation which the Pilgrim case has brought into prominence.

2. In view of the imminence of the Bill's Second Reading in the House of Lords, I understand that it may be necessary to settle the terms of a Government announcement without a Cabinet discussion of the Minister's paper.

3. I am therefore putting on record my view that the concession may be the forerunner of much more far-reaching and expensive departures from the principles on which the Bill was based.

4. The Minister of Housing devised his "limited compensation scheme," as being likely to cost much less than the £300 millions of the last Government's scheme, because compensation would be paid only to people who had claimed on the £300 millions (and, of course, not to all of them) and only up to the amounts of their claims.

5. Now the real danger, which could cause the cost of the Bill to soar, is that we may be driven from compensation at 1947 values to compensation at current values. The danger of admitting payments in cases where no claim was made in 1947 is that these cases will have to be assessed currently: the valuers will make a current assessment of what they think the development value would have been in 1947, but there will be increasing difficulty in doing this as 1947 recedes into the past. The process may well become more and more unrealistic until finally we may be driven to solve the difficulty by moving to current values. That would inevitably mean current values in all compulsory acquisition cases.

6. Moreover, concessions on compulsory acquisitions may well react on compensation for planning restrictions. I note from paragraph 8 of his paper that the Minister is prepared to defend a distinction here, but the defence will not be easy: the loss suffered by an owner who is completely prevented from developing his land by planning restrictions may not be very far removed from that suffered by an owner whose land is taken away from him by compulsory acquisition.

7. I hope that our spokesman in the House of Lords will bear these dangers in mind. I can do no more at this stage than to say that the concession appears inevitable. But the situation as it is developing confirms my warnings during our discussions in 1952 that this Bill may prove in the end to be more costly than previous attempts to solve the compensation and betterment problem, and we have now irrevocably sacrificed the offsetting revenue from development charges. The purpose of this memorandum is to indicate the possible dangers which may follow the concession: we should so shape our course as to prevent them from happening.

R. A. B.

*Treasury Chambers, S.W. 1,
14th October, 1954.
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