

Navigating Compensation Claims Under Schedule 4 of the Electricity Act 1989: A Guide for Landowners



The UK's electricity network is fundamental to daily life, ensuring that homes, businesses, and industries have a stable power supply. The continued operation and expansion of this network, however, rely on the use of private land. While many landowners are aware of the need for access rights when new electricity infrastructure is installed, far fewer understand their rights regarding existing infrastructure that may have been in place for years without proper documentation.

Under Schedule 4 of the Electricity Act 1989, electricity operators have statutory powers to access land for the installation, repair, and maintenance of their equipment. These rights exist to prevent delays in essential electricity supply, but they do not eliminate the landowner's ability to seek compensation. Many landowners wrongly assume that once infrastructure is installed, no further recourse is available. In reality, the presence of infrastructure without a properly registered wayleave or easement can create a valid claim for compensation, and in some cases, landowners may have the right to demand removal of the infrastructure altogether.

Whether a landowner is dealing with new works, temporary disruption, or longstanding infrastructure that was never formally agreed, they must understand the legal framework, compensation mechanisms, and negotiation strategies necessary to secure fair financial redress. Without this understanding, landowners risk accepting undervalued settlements or failing to pursue claims they are rightfully entitled to.

LEGAL AND PRACTICAL BASIS FOR COMPENSATION

The Electricity Act 1989 grants electricity operators statutory powers to carry out works related to the installation and maintenance of infrastructure. While these rights give operators a significant degree of control, they do not override landowners' financial interests, and compensation remains an essential element of the statutory framework. The basis for compensation can arise in several key scenarios, each requiring a different approach to assessment and negotiation.

When electricity operators install new infrastructure, compensation is typically focused on damage to land, temporary loss of use, and disturbance caused during construction and installation. Operators often seek to rely on their statutory powers rather than negotiating agreements, meaning landowners must ensure that the financial impact of the works is fully accounted for. Beyond immediate disruption, landowners must consider whether the long-term presence of infrastructure affects their ability to use, sell, or develop their land.

Compensation is not only relevant for new installations. A significant number of landowners find themselves entitled to financial redress due to the presence of undocumented existing infrastructure. In many cases, electricity companies have failed to secure the correct legal agreements, meaning landowners have never been properly compensated for the use of their land. This often becomes apparent during land transactions, estate reviews, or when landowners seek to develop their property, only to discover that pylons, underground cables, or substations restrict their plans. Where infrastructure has been in place for

years without an official wayleave or easement, landowners may be able to claim retrospective compensation or renegotiate terms to reflect current land values and future use.

Another key aspect of compensation arises where infrastructure affects property value, even if it does not physically obstruct land use. A well-sited pylon or an underground cable may deter potential buyers, limit commercial activities, or reduce development potential. In these cases, landowners can seek compensation based on the diminution in land value, ensuring they are not left financially disadvantaged.



HOW COMPENSATION IS ASSESSED

The assessment of compensation claims under Schedule 4 requires a thorough analysis of both direct and indirect financial losses. Compensation is not limited to immediate physical damage but can extend to economic loss, reduced property value, and long-term restrictions on land use. The specific method of valuation will depend on the type of claim being pursued.

Where landowners suffer direct damage, such as soil disturbance, crop loss, fencing damage, or contamination, compensation is typically calculated based on the cost of reinstatement. If land is temporarily out of use due to construction works or maintenance access, compensation should reflect the financial impact of the loss, whether through lost rental income, disruption to business operations, or additional costs incurred.

For permanent infrastructure, such as pylons, underground cables, or substations, the assessment becomes more complex. Compensation is often based on the reduction in land value, taking into account market comparisons, professional valuations, and the impact on future development potential. This is particularly relevant where landowners intend to develop or sell their land but find that electricity infrastructure imposes planning restrictions or deters buyers.

Another factor that can influence compensation is disturbance, which covers financial losses resulting from disruption to business or farming operations. Landowners may incur additional costs due to the presence of infrastructure, such as increased maintenance expenses, changes in land management practices, or the need to alter access routes. These costs should be fully documented and included in any compensation claim.

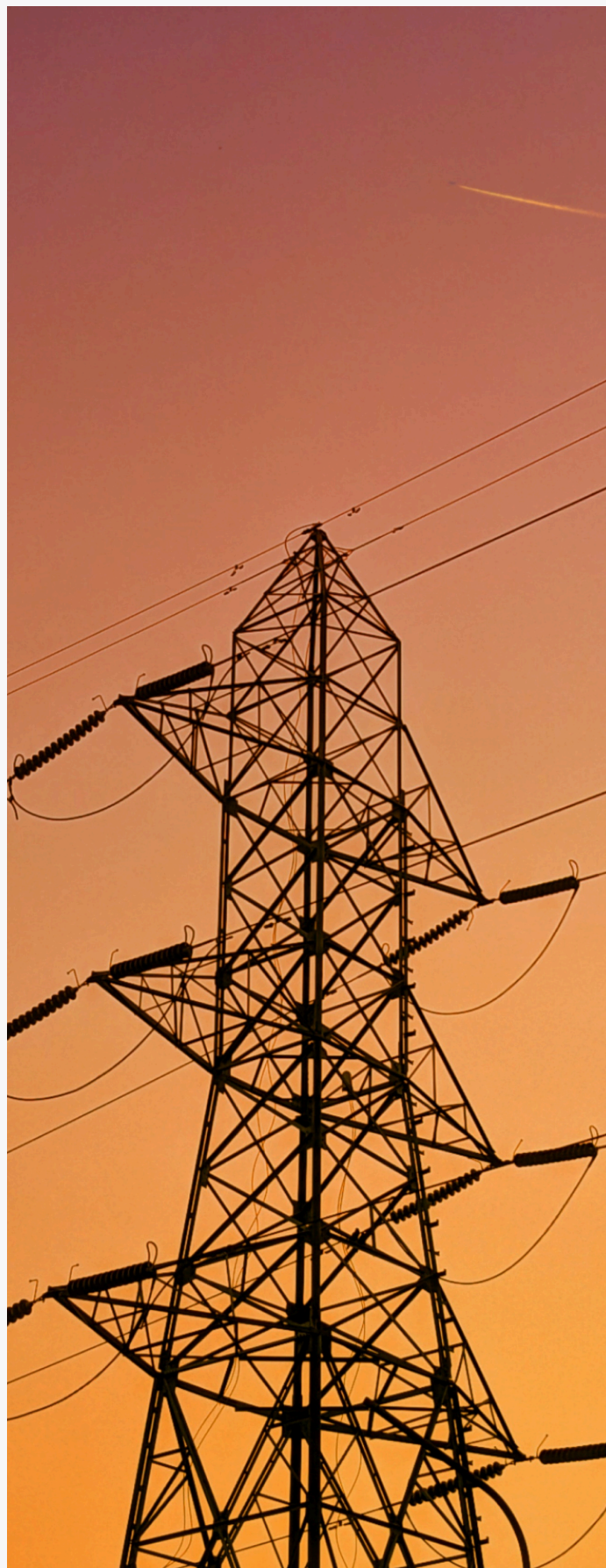
THE PROCESS OF MAKING A COMPENSATION CLAIM

The first stage in any compensation claim is to establish whether a valid claim exists. Landowners must determine whether infrastructure is covered by a formal wayleave or easement and whether the operator has the necessary legal authority for its presence. If no valid agreement exists, the landowner may be in a strong position to negotiate a compensation settlement or request a formalisation of rights on their terms.

Once the basis of the claim has been established, the landowner must compile clear evidence of financial loss. This could include professional land valuations, historical records demonstrating land use restrictions, photographic evidence of damage, or financial accounts showing business disruption. Electricity operators will typically instruct their own valuers to assess the claim, so it is crucial for landowners to have independent professional representation to ensure that their claim is properly quantified.

Negotiation plays a central role in securing fair compensation. Operators may initially offer low settlements, particularly where landowners are unfamiliar with their full entitlements. By engaging experienced surveyors, landowners can strengthen their position, ensuring that negotiations reflect the true financial impact of the infrastructure. If an agreement cannot be reached, the case may be escalated to the Upper Tribunal (Lands Chamber), where an independent decision can be made.

While litigation can be a lengthy process, it provides an essential mechanism for challenging unfair compensation assessments and ensuring that landowners receive what they are entitled to.



CHALLENGES AND COMMON PITFALLS

A frequent mistake made by landowners is accepting an initial compensation offer without proper scrutiny. Operators often seek to minimise payments, relying on landowners' lack of knowledge or willingness to accept quick settlements. Another common issue arises when landowners fail to act within statutory time limits, which can result in a loss of entitlement to compensation. Delays in pursuing claims can also weaken a landowner's negotiating position, making it harder to secure a favourable outcome.

Many landowners also underestimate the long-term impact of electricity infrastructure. Accepting compensation for immediate damage without considering the future impact on land value or development restrictions can lead to financial disadvantages. Seeking professional advice early in the process ensures that all potential impacts are properly accounted for.

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