



MINISTRY OF DEFENCE

Ministry of Defence

Legislation to enable sale of the Government Pipeline and Storage System

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The pipeline

The Government Pipeline and Storage System (GPSS) was established to provide a secure oil distribution network for the United Kingdom at the beginning of World War Two in 1939. Over a period of years the pipeline route has been extended and amended, certain sections renewed and relaid or diverted until it now covers approximately 2,500 km of pipe and associated storage depots, pumping stations and other sites. This is shown in the illustration below.



The GPSS network provides an important link around the country, is unobtrusive and its presence removes the need for significant tanker movements across the UK. The GPSS distributes about 40% of aviation fuel within the UK and serves a number of important civil airports such as Heathrow and Gatwick as well as significant military airfields.

Current operation

The GPSS is managed on behalf of government by the Oil and Pipelines Agency (OPA) which employ some 50 staff together with contractors who carry out the day to day maintenance and pumping control of the system. The OPA is an agency that was set up as successor to the British National Oil Corporation and is a public corporation within the budgetary control of the Ministry of Defence.

Although the network was regarded as a secret operation during World War Two, this classification has been gradually relaxed and today its broad route is known and the pipeline location can be identified from the white stiles that mark the presence of the underground pipeline at field boundaries.

Evolution of Powers

The powers under which the GPSS was constructed and under which rights were acquired in relation to it were many and various. Much of the GPSS was constructed under statutory powers pursuant to the Defence Regulations 1939. These powers were extended and renewed in 1945 and 1948. However, more recent elements of the GPSS constructed under statutory powers, will have been constructed under the Land Powers (Defence) Act 1958.

Proposals

Following a review of the status of the GPSS involving the Ministry of Defence, the Shareholder Executive, Her Majesty's Treasury, the Department for Energy and Climate Change, the Department for Transport and the Cabinet Office, it has been concluded that the GPSS does not need to be retained in public ownership. The benefits of selling the GPSS include:

- enabling increased private sector investment in the GPSS in order to increase the resilience of the system and allow even greater commercial development, by removing current restrictions on developing the system for greater commercial usage unless there is an underpinning defence requirement; and
- generating a capital receipt for Government.

Because the rights enjoyed by the Secretary of State in relation to the GPSS are personal to him, primary legislation is to be introduced in the 2012/13 Parliamentary session to create a package of rights necessary to operate the GPSS which can be transferred to an owner or operator of the GPSS other than the Secretary of State.

The new legislation will be broadly compatible to the Pipe-lines Act 1962. In particular it is proposed that the legislation will:

- provide for rights of access for the purposes of maintenance, use, renewal, removal or replacement of sections of the GPSS, restoring land if the GPSS has been removed or abandoned and inspecting or surveying the land or system. This access will be limited to the land of the landowner on or under which the GPSS runs or, where the landowner enjoys a right of access to his land through other land, through that other land. This compares with the current right of access to any land. These rights will be exercisable, except in an emergency, with the consent of the relevant occupier or under the authority of a warrant. Except in cases of urgency, 7 day's notice would be given of the intention to apply for a warrant. A warrant may authorise the exercise of reasonable force and obstruction of a warrant will be made a criminal offence. The new rights will also rectify instances where elements of the GPSS may have been constructed outside the deviation limits of the authority under which they originally purported to have been constructed or where the rights originally enjoyed by the Secretary of State may have been lost due to their non-registration and subsequent sale of the affected land;
- provide for a complete registration of the transferrable rights on the local land charges register in England and the Register of Sasines in Scotland (and possibly also the Land Register of Scotland);
- provide that where the value of an interest in land is depreciated as a result of the creation of these rights, the owner will be entitled to compensation;
- impose an obligation on the owner of the GPSS to pay compensation in respect of loss caused by the exercise of these rights; and
- modify the application of certain provisions of the Pipe-lines Act 1962, in particular so as to provide third parties the ability to apply to access the GPSS so as to reduce the necessity for the construction of other pipelines.

A few questions and answers that might be helpful in understanding the proposals

1 *What does this mean for land owners and occupiers?*

Sale is not expected to make much of a difference for landowners. A purchaser of the GPSS will not enjoy any additional powers of access over and above those currently enjoyed by the Secretary of State, whilst the exercise of these powers will be clearly laid down in legislation. Wherever possible, they will be exercised with the agreement of the occupier of the land.

2. *Will this change who is able to access the land on or under which the pipeline runs?*

Yes. Once sold it will be the owner of the GPSS, and persons working on its behalf, that will access the land rather than the Ministry of Defence.

3. *In future will landowners be able to develop land in the immediate vicinity of the pipeline?*

Landowners will need to ensure that any development still allows the GPSS operator to be able to exercise his right to access the GPSS; that in accordance with pipeline safety regulations it does not cause damage which gives rise to danger to people; and that planning permission is obtained when required.

4. *How will landowners know if a planned development will allow the operator to exercise his rights and not pose a threat?*

It is the industry standard not to carry out works within 3 metres of a high pressure pipeline or supporting infrastructure, so landowners should contact the operator of the GPSS or their agent regarding any planned development within this area.

5. *Why is it necessary to register the new rights?*

Many of the plans under which the original GPSS orders were made were limited in geographic referencing and small scale. As part of the process of transfer it is proposed to register the rights on the local land charges register based on modern Ordnance Survey digital mapping. In addition, some of the Secretary of State's rights may have been lost over time and new rights are therefore required (see question 9 for more detail).

6. ***Will this mean that the pipeline routes change?***

No. The actual pipeline under the ground is marked by white stiles and other markers across the country so its position is well known to land owners. Every few years the entire route is walked to ensure that these stiles are still standing. In addition letters are sent every three years to the names and addresses of land owners known to the OPA's agents, Fisher German. In addition, the OPA has a programme to establish digitally the exact route of the pipeline.

7. ***What work will the GPSS owner be able to undertake under the new legislation?***

The operator of the GPSS will be able to carry out works associated with the right to use, maintain, repair, renew or replace sections of the GPSS, restore land if the GPSS has been removed or abandoned and inspect or survey the land or system.

8. ***Will additional compensation be paid to landowners for the new rights that are being created?***

In most instances the creation of rights that can be transferred to any buyer of the GPSS is not expected to result in compensation being paid. This is because landowners will already have been appropriately compensated when the GPSS was built and the creation of a transferrable right is not expected to lead to any additional decrease in the value of their land.

There are two instances however where we expect the creation of rights may result in compensation being paid. This is where the Secretary of State may not already enjoy equivalent rights of maintenance, use etc or where the pipeline has been laid outside of the permitted limits and in land belonging to another landowner.

9. ***Why wouldn't the Secretary of State enjoy equivalent rights***

The Secretary of State may have lost his rights in certain circumstances if, during certain periods after 1950, the rights were not registered when relevant land was sold. We are aware that the Secretary of State's rights may not have been registered by the following Local Authorities during this period:

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|----------------------|-----------------|
| Babergh | Maidstone |
| Bury St. Edmunds | North Norfolk |
| Central Bedfordshire | Rushcliffe |
| Chelmsford | Suffolk Coastal |

| | |
|------------------------------|--------------|
| East Northants | Thurrock |
| East Riding | West Lindsey |
| Elmbridge | Worcester |
| Epsom & Ewell | Fife |
| Huntingdonshire | Highland |
| King's Lynn and West Norfolk | Moray |

10. ***What should a landowner do if they bought land in any of these areas after 1950?***

If they have evidence that a search of the local records showed that there were no rights associated with the land when they bought it, then they should contact Fisher German in the first instance once the new provisions have come into force at: GPSS PO Box 7273, Ashby de la Zouch, Leicestershire LE65 2BY.

11. ***What will happen then?***

The MOD will determine whether it is likely that the land was bought free of any rights and if so, the landowner would be compensated accordingly

12. ***When do you expect the new provisions to come into force?***

Although it is not possible to predict with any great precision how long a piece of legislation will take to pass through Parliament, these provisions are likely to come into force sometime next year.

13. ***How will landowners know if the GPSS has been laid outside of the permitted area?***

If, as a result of the OPA programme to establish digitally the exact route of the GPSS, it is found to be outside of the permitted area, then the MOD will contact the current landowner in order to establish whether compensation was paid to the correct landowner when the GPSS was first built. In practice however it is extremely unlikely that the wrong landowner was compensated.

14. ***What rates of compensation will be used with regards the creation of new rights?***

Any compensation payable will be based on the depreciation in the value of the land and will be based on the principles set out in the Land Compensation Act 1961. In

most circumstances it is our view that, as a result of the proposed legislation, there will be no additional depreciation.

15. ***Are there time limits for submitting claims re the creation of new rights?***

Claims must be made within 6 years of the legislation coming into force.

16. ***What happens if the landowner is not satisfied with the handling of their claim***

In the event that agreement cannot be reached between the claimant and the MOD, the claim will be considered by the Upper Tribunal in respect of England and Wales or the Land Tribunal for Scotland.

17. ***In what circumstances will compensation be paid for the exercise of the new rights?***

Compensation would only be payable where a quantifiable financial loss had been proven to have been suffered as a result of access being taken in exercise of the new rights.

18. ***Are there time limits for submitting claims re the exercise of rights?***

Claims must be made within 6 years unless there are reasonable grounds for not doing so.

19. ***Impact on safety?***

There is no reason to believe that sale of the GPSS will adversely impact on safety. The OPA already has to comply with a number of safety regimes, such as the Health and Safety at Work Act 1974, the Control of Major Accident Hazards regulations 1999, regulations under the Environmental Protection Act 1990 and Pipeline Safety Regulations 1996. This will not change.

20. ***Impact on the environment?***

Sale should have no adverse impact on the environment.

21. ***Will you be able to guarantee that the Armed Forces requirements will be met post sale?***

There are a range of potential mechanisms for ensuring surety of supply, predominantly through the contractual arrangements with the new owner.

22. ***Why is sale of the GPSS being considered?***

Because it is now used predominantly for commercial purposes and we are satisfied that any government requirements can continue to be met post sale.

23. ***When will it be sold ?***

The legislation will allow for sale or lease of the GPSS. But a final decision will not be made until the Bill has been approved and the government can be sure that sale will deliver value for money. The earliest date for sale is 2014 since the sale process can only begin once the legislative provisions have been passed by Parliament.

24. ***Will all the GPSS be included in the sale?***

Whilst the Bill makes provision for the sale of all of the GPSS, some elements may be excluded on value for money grounds.

25. ***What will happen to the Oil and Pipelines Agency in the event of the GPSS being sold?***

It is most likely that those staff responsible for managing the GPSS will transfer over to the buyer under the Transfer of Undertakings (Protection of Employment) Regulations. Depending on whether the OPA is deemed to have any remaining functions, it may then be dissolved.

26. ***Won't sale end up costing the taxpayer more in the long term?***

A final decision on sale is dependent on being able to strike the right deal with the private sector and value for money is a key consideration. Whilst the Ministry of Defence will need to pay for the services it receives, sale does offer the opportunity for the private sector to invest in the GPSS and potentially offers wider economic benefits.

27. ***What will happen to other customers when the GPSS is sold?***

The Ministry of Defence will seek to protect the interests of other customers during negotiations to sell the GPSS

28. ***Who is being consulted?***

In addition to landowners, this document is being circulated to all MP's and Members of the Scottish Parliament whose constituencies are along the route of the GPSS and the relevant County, District and Unitary Councils. It is also being sent, amongst others, to the chairmen of the House of Commons Defence Committee and a number of All Party Parliamentary Groups, the County Landowners Association, Scottish Land and Estates and customers of the GPSS. In addition, information has been placed on the Ministry of Defence consultation website and adverts placed in local newspapers.

29. ***Where can further information be obtained?***

Further information, including the draft legislative provisions, can be found on the Ministry of Defence public consultation website at: <http://www.mod.uk/gpss>

30. ***Where should comments be sent?***

Any comments or queries should be submitted either by email to mod@gpss.info or in writing to GPSS PO Box 7273, Ashby de la Zouch, Leicestershire LE65 2BY.

31. ***When must comments be received by?***

Any comments must be received by 31 July.

32. ***What happens next?***

The Government will carefully consider any comments received on the draft clauses and publish its response on the MOD's website.

33. ***If I object and my comments are not taken forward then what can I do?***

As with any government bill, a constituent may voice their concerns with their MP, so as to propose changes to the Bill or ask questions in parliament during the debate in the House of Commons. The Bill will also need the consent of the House of Lords where similar procedures for making objections are also available.

