

Report to: Cabinet
Date of Meeting: 3 December 2014
Public Document: No
Exemption: Para 3 Schedule 12A Information relating to the finance or business affairs of any particular person
Review date for release None
Agenda item: 21



Subject: **Standing orders exemption covering report for the continued appointment of Jones Lang LaSalle for professional services in relation to Queen's Drive, Exmouth.**

Purpose of report: The purpose of this report is to advise Cabinet of an exemption to standing orders in relation to the appointment of a consultant.

We undertook a competitive tender to select JLL to provide the marketing and feasibility advice for the disposal of the Queen's Drive site. When we initially appointed JLL to undertake the marketing work for Queen's Drive, this was on an agency basis where their fee would be determined as a percentage of the sale value for the site.

The marketing of the Queens Drive site commenced in March 2014. The nature of the requirements for the site meant that interest in the site has been more limited and we have not received a financial offer for the whole of the site for any of the uses that the Council wishes to see achieved, or are close to the outline planning application achieved.

Instead, we have had offers for different parts of the site that would see either a nil capital receipt or an annual revenue income for the Council. The structure of the proposals has therefore somewhat changed over the period of the marketing and has moved away from a straightforward agency instruction.

With regard to the Water Sports Centre, JLL's involvement is no longer a straightforward disposal of the site and they will need to be involved in the structuring of a community interest group advising the Council of the way forward with the structure of that deal and the long leasehold interest and insuring the protection of East Devon District Council in regard to the proposed sale of the lease.

If the Council proceeds with the current proposal for the remainder of the site, this is also moving away from a straightforward agency perspective and has increased workload somewhat in that JLL's advice will be based on the structure of the lease, the protection of the Council, the structuring on a turnover/profit style rent and possible negotiations over the structure of the car park and the road.

Proposal.

JLL is keen that their fee remains as a success-based fee and their proposal is that they are able to submit an account of £10,000 plus VAT now which would cover the marketing work undertaken, the differing advice and meetings attended to date. They will then continue to act as

advisors in the structure of the deal going forward with both interested parties and that these are based on a success fee which is payable on each area of land at £10,000 each, but payable only on completions of unconditional deals on both. The fee is therefore capped at £30,000.

By appointing JLL to continue to work with the Council on this project we will ensure continuity of knowledge about the redevelopment opportunities and will be able to make progress on bringing forward development proposals for this key site within Exmouth's regeneration programme.

There is funding available within the Exmouth Regeneration Budget to cover this work.

Recommendation:

Cabinet notes the exemption and reasons for entering into the arrangement for the continued appointment of Jones Lang LaSalle for Queen's Drive Exmouth.

Reason for recommendation:

To enable officers to clarify the nature of the fee basis for our professional advisor on the Queen's Drive project and continue their appointment on this project.

Officer:

Alison Hayward, Economy & Regeneration Manager, 01395 571738 x 1738 or 01404 41719 or 07986 179071 ahaywardd@eastdevon.gov.uk

Financial implications:

The financial details are detailed in the report.

Legal implications:

The exemption was agreed following legal advice. The Council's Constitution requires the matter be reported to Cabinet.

Equalities impact:

Low Impact

Risk:

Low Risk

There is a risk that a fee is paid without any agreement being reached with a developer.

This fee is being restricted to £10,000 which is an appropriate reflection of the work undertaken to date by JLL in respect of the marketing activities already undertaken and the feasibility and development consultancy advice already received. Any subsequent fees would be dependent on entering into contract with the 2 developers that we are currently in discussions with.

There is a risk that these 2 developers do not proceed and other parties come forward with a capital receipt offer for the site. What fee will be payable in this instance?

If this is the case, then the fee will be reconsidered and will depend upon the nature of the offer being made. The 2 current developers are putting forward complex offers. If a more straightforward capital receipt offer is made (either for freehold or long lease), then if it is a straightforward transaction, the agency fee would be more appropriate.

Links to background information:

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Link to Council Plan:

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