

East Devon District Council meeting on 25 July 2018

Agenda Item No 8

Question 1: Procedure Rule 9.2 to the Leader from Councillor Booth

“Can the Leader or CEO please explain why the council were so willing to drop the mixed use development for the Port Royal site from the Local Plan, following the consultant's report in January 2018, which is in stark comparison to how tenaciously the council has stuck to their plans for sale or development of other sites such as at Knowle and in Exmouth?”.

Answer:

As was reported to members of both East Devon District and Sidmouth Town Councils in February this year, the viability of a more extensive development of Port Royal was challenged on multiple counts of flood risk, financial viability and covenant uncertainty. Therefore, both councils agreed that they should focus on the most pressing and possible opportunities which were the Drill Hall and, for Sidmouth Town Council, the Fishermen's shed and fish shop area. To me that seems like an innovative and, dare I say, tenacious approach.

This is not to say that other development for Port Royal may not come forward and it is a cause for optimism to think that a high quality redevelopment of the Drill Hall site could well generate interest in surrounding improvements at later dates.

It's good that we can agree that this is a tenacious council and one that doesn't shy away from making good things happen whether it is the progressive phased improvement to Exmouth's seafront or the strategic savings and improved services that our relocation is bringing about.

Question 2: Procedure Rule 9.2 to the Leader from Councillor Rixson

“Agents are motivated to sell property based on the nature of their fee or commission structure. Is JLL going to be paid on a fixed fee, on a percentage basis related to the final sum achieved for the Drill Hall, or is the contract not yet finalised?”

Answer:

The detail of contract is a confidential matter between the council and JLL. A standard approach would be a combination of fixed fee and percentage but it is the council that will decide on the best bid from those we receive and we will consider both price and quality in that decision.

Question 3: Procedure Rule 9.2 to the Leader from Councillor Rixson

“Have any independent or EDDC surveys on the condition or structural integrity of the Drill Hall been carried out at all at any point since the council took it over from Wessex Cadets in 2012 and before it went on the market to community organisations this June?”

Answer:

With the advice of our agents we will make appropriate information available to interested parties. It is up to any potential bidders to satisfy themselves of the condition of the building and factor their findings into their plan and proposals.

Now that we are in a formal process that is potentially open to challenge, such questions should be directed to our agents since they are our experts in these matters and they can ensure that all potential and actual bidders receive the same information.

Question 4: Procedure Rule 9.2 to the Leader from Councillor Rixson

“Has a Red Book valuation been obtained for the Drill Hall and will this be used as the guide price or will the process be by sealed bids, offers over or some other terms?”

Answer:

I refer to the answer from the previous question.

Question 5: Procedure Rule 9.2 to the Portfolio Holder for Asset Management from Councillor Rixson

“What criteria will be used to determine who the successful bidder for the Drill Hall will be and will members of the Asset Management Forum set these criteria?”

Answer:

The core group of East Devon and Sidmouth Town Councils will work with JLL to ensure a rigorous and even consideration of bids, giving both member, officer and professional input to the outcome. JLL are advising on criteria and what information should be made available to bidders to assist their preparations.

The core group's work will be supported by professional officers of the council who will report to me as Portfolio Holder and Chair of AMF. I may then ask for the report to be taken to AMF itself or direct to Cabinet.

Question 6: Procedure Rule 9.2 to the Leader from Councillor Gardner

“EDDC appointed JLL to sell the Drill Hall, yet their website focuses on their expertise as property finders for clients, not as sales agents and they do not quote any experience of selling public assets for local authorities (although they have of course already sold at least one asset for EDDC). Given that there are many commercial property agents to choose from with wider sales expertise, why did JLL make the shortlist for EDDC in the first place and why was no effort put in to secure an agent that does not have major potential purchasers of the Drill Hall as clients?”

Answer:

On their website you may have missed JLL's advice that they worked with 250 public sector clients last year. Also, it's unfortunate that you weren't able to be at Overview Committee on 13 March this year where JLL sat with the committee and explained in detail to your fellow councillors all about their extensive partnership work with local authorities. The minutes and a link to JLL's presentation were sent to you and other members.

JLL were appointed to the Drill Hall commission by a group made up of councillors from East Devon and Sidmouth Town Councils with advice from EDDC officers and the Sidmouth Town Clerk. JLL are an experienced and multi-skilled company well versed in marketing and managing land and property sales and are also locally based so understand the local market. It is entirely reasonable and appropriate that they were among the companies invited to pitch for the role.

Furthermore, we would expect property agents worth their while to have good contacts among relevant investors. That may include having specific clients who the agent, in this case JLL, are open and transparent about. An agent that did not have links to potential investors wouldn't be a very good agent.

Question 7: Procedure Rule 9.2 to the Leader from Councillor Gardner

“Did you consider the impression it would make to the public to select JLL as the sales agent for the Drill Hall, given that they act for Whitbread, handled the sale of Elizabeth Hall in Exmouth for EDDC to their client Whitbread for Premier Inn and were also involved in the selection of Morai (now dropped) as preferred developer for Queens Drive for EDDC?”

Answer:

The Premier Inn in Exmouth created 40 local jobs where there were none before and a 60 bed hotel that is hugely popular with visitors who then spend their time and money in our fair town of Exmouth. We reinvested receipts from that land sale back into Exmouth through the new Mamhead Slipway to re-establish Exmouth as a centre of maritime leisure. This is regeneration at work.

It is only a part of the story to pick on the development proposed by Morai Capital which the Council subsequently brought to an end. Perhaps we should be more positive and celebrate JLL and their marketing of the Exmouth Queens Drive site that has succeeded in bringing a unique and much anticipated Watersports Centre to Exmouth seafront. The Centre will be a community owned asset and able to reinvest in community benefits for the town. JLL did well. The Watersports Centre is the investment that will be delivered and that will be the impression that lasts.

Question 8: Procedure Rule 9.2 to the Leader from Councillor Gardner

“Those responsible for appointing JLL to sell the Drill Hall are aware that JLL has Whitbread as a client and that John Kinsey, the person liaising with potential bidders, is the same person who, according to JLL's website, actively searches for sites for Premier Inn. This surely represents a serious conflict of interest. Did you not consider it would be more prudent to prevent the possibility for sharing of highly sensitive information, both from this Council to a potential bidder and from other bidders to Whitbread via JLL?”

Answer:

This question seems to be premised on a fundamental misunderstanding of the relationship of agent and client. JLL's commitment is to seek out and bring forward the best proposals they can for the councils to consider whether those bids are community or commercial. JLL has a client base that it seeks sites for and they are open about that. Their marketing work reaches a broad range of potential investors and developers.

JLL are also professional and scrupulous in their protection of privileged information in the process. I would hope that this question is not suggesting otherwise since that would cast aspersions toward our agents which they might reasonably take issue with.

Question 9: Procedure Rule 9.2 to the Leader from Councillor Gardner

“The press release announcing the commencement of the marketing of the Drill Hall was issued about one month before any sales materials are apparently going to be made available to potential community bidders. With no guide price, terms of sale, access for a survey or written materials of any kind, the initiation of ‘marketing’ was surely an illusion. Will the three-month exclusivity period for community bids be restarted and the closing date extended once all the essential information is available?”

Answer:

Advising Sidmouth and its community that agents had been appointed and encouraging bid preparation at the earliest opportunity is a good thing bearing in mind the importance of the Drill Hall site and local interest in its successful redevelopment.

I understand that at least one surveyor has already been given access to the building on behalf of a community interest and our agents are arranging another opportunity. JLL advise that this week there will be guidance given by them for any parties thinking about a community based bid and they are in correspondence with some interests already. The three month period will start with the issue of guidance. I think it is also important to point out that bidders, community and then commercial, will be expected to carry out work themselves in the preparation of their bids according to the guidance from JLL. We will take our advice from our professional advisers as to what we should reasonably expect the council to provide and what work bidders should be doing on their own behalf.