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APPENDIX A
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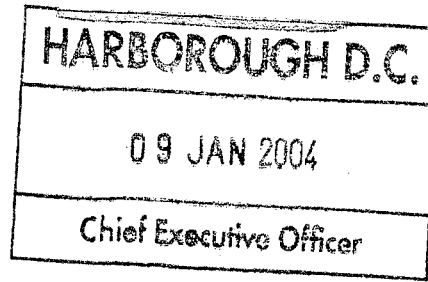
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JJ/JA

08 January 2004

M. Wilson Esq
Chief Executive
Harborough District Council.
Council Offices,
Adam and Eve Street,
Market Harborough.
Leicestershire.
LE16 7AG.



Dear Mike,

Lutterworth Allotments, De Verdon Road, Lutterworth

I thank you for your letter of the 23rd December and for the information set out therein.

Firstly may I say that I would be very pleased to act on behalf of the Council in connection with this project, as far as I am aware I have no conflicts of interest and no professional association with any other of the parties likely to be involved. I therefore feel well able to carry out the work professionally and independently.

Before embarking upon the project I would need to have a further meeting with yourself or the relevant officers in order to establish one or two further matters. These would include my line of report, accessibility to other information held by the Council, and perhaps most importantly whether in this matter I am to represent the interests of the Council or I am to act as "independent expert" seeking to reach a fair and equitable agreement between the parties concerned. I will also need to agree a little more detail concerning the nature and conditions of my engagement.

However assuming that these matters can be resolved without a great deal of delay I am quite comfortable with the timetable you have suggested, providing that Hugh Lander can let me have the site history within the next week or so.

The question of costs is a lot more difficult, at this stage there is absolutely no way of assessing how much time is likely to be involved and how long the project is likely to take until an agreement is reached. I must say that although your anticipated timetable of six months seems quite reasonable, it is in my opinion almost inevitable that this would need to be extended if for example we are needing to take a proposal to members that would involve at the very least agreed heads of terms for the acquisition of the replacement allotment site. Nevertheless this can be a target.

I have been involved in similar work with other Councils and corporate organisations and I have always been quite prepared to work on a risk basis whereby the front end costs are limited to no more than our breaking even, but subject to an agreement that if at any time in the future the land is marketed then my firm will be instructed to have some degree of involvement with the marketing process. I would have thought that this would have been a fair and reasonable approach to take in this case. I would therefore propose the following.

I would suggest that the work is divided into three separate sectors that are viewed as a single agreement. The works could be summarised as follows.

Within the first sector I would include the work of liaising between the allotment holders, Lutterworth Town Council, and Harborough District Council, concerning the specification for a replacement allotment site. The subsequent search for and identification of replacement sites, negotiation of heads of terms and all necessary planning enquiries. This sector would then

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bring us to the point at which a replacement site is identified, specification agreed, and acquisition and establishment costs defined. I would suggest that in respect of this work my firm's fee be agreed in the sum of £1,000 plus VAT, payable 50% upon the expiry of three months from the date of instruction, and the balance due upon completion of the work.

The second sector relates to the planning work associated with the De Verdon Road allotment site. As outlined within my letter of the 25th November 2002 I believe that there is a need for a great deal of planning ground work to be done before the site can be effectively marketed. These works would include topographical, boundary, and geotechnical reports. Reviewing servicing infrastructure and any resultant ransoms, agreeing densities, reviewing archaeological data, and considering the need for off-site traffic calming works, and on and off site landscaping requirements. There would then be a need to negotiate the main elements of a Section 106 Agreement relating in particular to the provisions of affordable housing, public open space, play space, play equipment, educational contributions, transport subsidies, and general highway works.

I would like to think that at the end of this sector there will be an agreed development brief backed up by a planning resolution upon an outline planning application and a draft Section 106 Agreement. This would give the Council maximum control over the development process whilst at the same time accessing maximum value for the site.

The work involved in undertaking this work is likely to be very time consuming and is also likely to involve additional fees and costs via external consultancies dealing with for example archaeology, ground conditions, traffic flows, and services.

For my part I would be prepared to undertake this work on behalf of the Council at a set charge of £2,500 with this being paid 50% three months after instruction, and the balance at completion of the works.

The final sector of work will relate to the sale of the site. I fully understand that at this stage the District Council would not wish to enter into a binding agreement to instruct an external agency to handle the sale, and may even (with some consultancy help) want to look at the possibility of handling the sale in-house. This being the case I would propose that if Godfrey-Payton are involved in the sale process in any way whatsoever we would receive a commission on sale equivalent to 1.25% of the sale price.

If however we are not involved in the sale process then we would receive just 0.75% of the sale price at the time of completion of a sale.

Structuring the costs in this way means that you bear very little in the way of up front costs, and only incur a significant fee charge when or if the land is sold. I have noted that in other similar sales of late the Vendors have imposed conditions to the effect that the Purchasers agree to pay the Vendors' agent's sales costs to a level of 0.75%. This being the case your Council would only incur the additional fee charge in the event of our being involved with the sale, and this would be limited to an equivalent of 0.5%.

I believe that this fee structure provides us with adequate incentive to complete your instructions effectively and swiftly, and at the same time gives your Council a very cost effective route to resolving the replacement allotment site and planning issues.

For the sake of clarification I would view the three sectors as a single instruction, if you would wish to proceed with sectors 1 and/or 2 independently of the sale instruction I would be quite happy to provide you with a further fee quote, most likely based upon a recorded time charge based upon my existing charge out rate of around £110 per hour plus VAT.

I hope that this provides you with the information you require in order to take this matter further. I await hearing from you as to the next step in the process.

With kind regards,
Yours sincerely,

