

Date: 15 November 2019

Your Ref:

Our Ref: AB / 001523

Huddies Ltd
Lone Pine
Sheringwood
Beeston Regis
Sheringham
NR26 8TS

BY EMAIL:

Dear Sirs

Our Client: North Norfolk District Council
Former Shannoeks Hotel, 1 High Street, Sheringham

We refer to recent correspondence.

You will be aware that Cabinet resolved on 4 November 2019 to make a compulsory purchase order in respect of the Shannoeks and simultaneously resurrect purchase negotiations with you.

At the outset we confirm that the Council will meet the reasonable costs of Solicitors instructed by you to negotiate compensation pursuant to the Council's decision to make a compulsory purchase order. We trust that upon instruction, the key issues on which the parties remain apart can be narrowed and resolved.

In relation to the Cabinet report, we confirm the only appendix not disclosed to you was the estimated costs breakdown of the compulsory purchase process. This was withheld as it includes provision for your estimated legal fees, and it is not in the financial interests of the Council to set a target for your instructed Solicitors to meet. We are, however, happy to disclose a redacted version, which you will find enclosed.

As you correctly identify, the Council's key decision to purchase the Shannoeks, either voluntarily or compulsorily, was taken in October 2015. The report before Cabinet on 4 November 2019 therefore served to update Members on a key decision already taken.

The Council still intends to disclose its Statement of Reasons to you, however this is presently being updated by its planning consultant to take account of the inclusion of the potential scheme for the Council to only develop within the Shannoeks' current footprint. As soon as this updated version is available, this will be shared with you. This is expected within

the next two weeks. The Statement of Reasons will cover the Council's position on public interest of either scheme. Given that both schemes will be included within the Statement of Reasons in the alternative, there is no basis on which to suggest that one or the other of the schemes would not be implemented by the Council upon acquisition.

With regards to voluntary negotiations, we confirm that the Council's offer dated 26 April 2017 to purchase the Shannoeks for £405,000 plus associated costs has remained open for acceptance since it was made and remains so. You will recall your confirmation in May 2017 that the Council's offer was described by Mr Andrew Roper as 'unacceptably low'.

A key factor to the officer's decision to recommend that negotiations be undertaken simultaneously was that Savills' updated reports, dated September 2019, confirmed that there was no change in the market value, when also taking account of marriage value. The Council's offer to purchase therefore remains the same. Given that the offer dated 26 April 2017 is still open for acceptance, and had already been described on behalf of Huddies to be unacceptably low, this informed the view on the merit of expending further time before triggering a formal process.

In addition to the above, a factor that has also changed is that the sheer length of Huddies' delay in commencing its development is now putting at risk the potential of the Council triggering its planning permission before its expiry, should it proceed with a scheme including the car park via a compulsory purchase process. Indeed, if the Council elects to proceed with a development within the Shannoeks' own footprint in line with the planning permission obtained by you on 25 October 2017, this even more sharply focuses the need for the Council not to incur any further delay in its actions if it wishes to avoid the time and cost of reapplying for planning permission.

It is denied that any assertions or assumptions made with regards to the Council's previous aspiration to conduct and conclude voluntary negotiations prior to making a CPO amounted to a legitimate expectation that could be relied on by Huddies, thereby limiting and prejudicing the Council's position within such proceedings. The compulsory purchase regime is a lengthy process upon which the Council is entitled to make decisions based on the facts as they present themselves at the time. If the Council had previously been provided with accurate information by Huddies on when development would in reality start, then its position on voluntary negotiations could have been explored far before now.

Additionally, we do not accept your position that you have relied on the Council conducting and concluding voluntary negotiations to your detriment by ceasing your pursuit of exempted reports to Cabinet and Council. Indeed, we do not accept any link between the two. Your stated basis for not continuing with voluntary negotiations was that it was the company's explicit intention to develop the Shannoeks itself, which the Council afforded you time to progress for a number of years. The Council confirmed on multiple occasions that by the company developing the Shannoeks itself, the Council, at that stage, would have no reason

to proceed with a CPO. Accordingly, we fail to see how the resurrection of voluntary sale negotiations could have even been in your contemplation, let alone how you placed reliance on them, given that your unequivocal position throughout has been to develop the Shannoeks yourself thereby obviating the need for a CPO entirely.

The Council's position is that there is little or no prejudice caused to Huddies by the Council engaging in voluntary negotiations simultaneously to triggering the formal compulsory procedure. If the parties don't agree a voluntary sale during this period, then this justifies the Council's decision to undertake the two processes simultaneously. If a voluntary sale is agreed, then the compulsory process necessarily stops in any event.

On the issue of the Council taking possession of the Shannoeks, the Council will confirm its position in relation to your questions upon the confirmation of a CPO.

We hope to hear from your instructed Solicitors in due course with regards to negotiation of compensation.

Yours faithfully

eastlaw

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ESTIMATED COSTS OF COMPULSORY PURCHASE ORDER FOR THE SHANNOCKS

Legal costs of making the order	£2,000.00 (internal)
Advertising costs (notices in paper)	£2,000.00
If objections received:	
• Public inquiry:	
Secretary of States costs for holding the inquiry	£15,000.00
Legal costs	██████████ (partial internal)
OR	
• Written Representations	
Legal Costs	██████████ (partial internal)
Legal costs of confirming and implementing the CPO (internal)	£2,500.00 (internal)
If CPO is confirmed compensation is payable:	
Market Value of the property	£325,000.00
Marriage value if car park included (assuming 50% split)	£20,000
Basic Loss Payment	██████████ 7.5% of market value
	(will not become payable due to the successful s215 prosecution on 2 July 2015)
Negotiating compensation including expert fees	██████████
Contested Lands Tribunal costs to conclude compensation (if no agreement reached)	██████████
Costs of purchase if agreed voluntarily:	
Surveyors and conveyancing fees and	£3,500.00 (internal)
Owner's surveyors and conveyancing fees	██████████
Additional disbursements:	
SDLT payable on acquisition	£3,750.00 - £4,750.00
Land Registry Fees	£200.00
Maximum Total: ██████████	(assuming marriage value and public inquiry)
Maximum Costs excluding market value: ██████████	(assuming public inquiry)