

PRIVATE & CONFIDENTIAL

Sent by email only to: Claire.Morris@guildford.gov.uk

Our ref: REG0000046685 and REG0000046696

12 July 2022

Dear Ms Morris

Outcome of investigation into concerns about Lambert Smith Hampton and JLL

I have completed my review of the concerns raised about Lambert Smith Hampton (case reference REG0000046685) and JLL (case reference REG0000046696) and I am writing to inform you of my decision.

I have decided that there is insufficient evidence to demonstrate that either firm has failed to comply with RICS rules or professional standards.

I have therefore decided that there is no case to answer and this decision has been supported by the Head of Regulation.

When making my decision I have followed our processes and guidance, explained in the following documents:

- [*Investigating and Managing Concerns*](#)
- [*Regulatory decision making guidance*](#)

To help you understand my decision, I recommend that you read these documents together with my reasons below.

Your concerns

Lambert Smith Hampton

Concerns were raised that Lambert Smith Hampton:

- Undervalued the property in 2020
- Marketed the property in a rush
- Failed to advise on switching the asset into housing stock
- Failed to establish permitted development rights
- Failed to take into account flood mitigation issues
- Failed to include an 'overage clause' in the contract so the Council could share any value increase if further units were obtained (purchasers achieved an extra 18 units)

There is no evidence to suggest that the asset was not marketed effectively, was marketed in a rush, or was worth more than £10m at the time of disposal in 2020. According to the bid summary, 12 bids for the property were made which were wide ranging, based on many variables, and for many different purposes. The average of the 12 bids received was for almost £8.5m and the winning bid was higher than predicted. RICS cannot provide a second opinion on the valuation advice or a further valuation.

The climate of the market (height of Covid-19 pandemic) and the transition to increased home working must also be taken into consideration. There is nothing in the documents that have been provided to RICS to suggest that Lambert Smith Hampton failed to carry out its professional work as expected.

The Options Report dated December 2018 indicates that Lambert Smith Hampton did consider converting the property into housing and establishing the permitted development rights, contrary to the complaints that have been raised with the Council. Furthermore, a Flood Risk Assessment was commissioned and is clearly referenced in the Options Report, indicating that flood mitigation issues were considered.

In relation to the overage clause, Lambert Smith Hampton advised that such a clause would not be given as the property had been purchased by the developer on the basis of an unconditional bid. The Council approached the developer directly in this regard and an overage clause was indeed refused.

In conclusion, RICS has seen no evidence to support conduct concerns and therefore it determines there is no case to answer against Lambert Smith Hampton.

JLL

Concerns were raised that JLL:

- Overvalued the property in 2013
- Rushed the acquisition
- Did not consider the consequences of the tenant of the property exercising the break clause within their lease

There is no evidence to suggest that JLL rushed the acquisition, was incompetent, or that the valuation was not compliant with RICS standards. There were 26 comparables referred to in the valuation report and it appears that all relevant factors were taken into account in reaching the valuation figure. RICS cannot provide a second opinion on the valuation advice or a further valuation.

The consequences of the break clause being exercised were clearly explored within the valuation report, contrary to the complaint that has been raised with the Council.

There is nothing in the valuation report to suggest that JLL failed to carry out its professional work as expected. In conclusion, RICS has seen no evidence to support conduct concerns and therefore it determines there is no case to answer against JLL.

How we will use your information

Your information is very important to us. It will be stored on our records, including your personal data. It may be considered if we receive new information or complaints about Lambert Smith Hampton or JLL. It can help us build a profile and show patterns of behaviour. If we receive a lot of complaints about the same issues, this may amount to misconduct that we could investigate further.

If you would like to discuss anything in my letter, please call me.

As we consider the matter to have been investigated thoroughly, you will not be able to appeal the decision made and the case is now closed.

Thank you for contacting us and thank you for your co-operation.

Yours sincerely

Natasha Reid
Lead Investigator, RICS Regulation