

## Scope of Services – Commercial and Financial Advisor

### 1. Meridian Water Overview

1.1. Meridian Water comprises 85 hectares of land in the Upper Edmonton area of the London Borough of Enfield (the Council). The ambition is to develop the land to provide a minimum of 10,000 new homes and 3,000 new jobs within a high quality setting. The project will deliver all elements of a successful neighbourhood inclusive of schools, a health facility, new rail infrastructure, connection into the LVHN, and new open spaces. The ultimate ambition is to create a place which becomes a destination for living, employment, leisure and entertainment and to raise the area out of the high levels of deprivation currently seen.

### 2. The Council's Objectives for Meridian Water

2.1. From the outset the Council has been clear on its intention for Meridian Water to deliver the following objectives

- Highest quality of design and place-making (built environment, public realm, landscaping, hinterland greening, water features, open spaces) all in accordance with the vision provided by the masterplan contained within the draft Edmonton Leaside Area Action Plan (ELAAP) and the Placebook
- At least 10,000 new mixed tenure homes
- At least 3,000 new jobs
- Speed of delivery - the scheme is intended to be delivered over circa 20-25 years
- A return on the Council's financial investment
- A legacy to be proud of after 50 years based on effective and sustainable estate management & maintenance of homes & public realm. (likely to be delivered by a non profit management company)
- Environmentally sustainable development

### 3. Current position

The London Borough of Enfield (The Council) is seeking to procure a commercial and financial advisor that is able to provide qualitative and quantitative advice that will assist the Council in facilitating and delivering the scheme in a way which optimises the achievement of these objectives.

#### Overarching Timeline (subject to change).

Commercial and Financial Advisor in contract – September 2018

Master Plan V 1 completed – autumn 2018

Procurement for Phase 1 Developer complete (note separate piece of work) –October 2018

#### Brief

The following scope of work is a maximum which would be required in the event that the Council is not able to successfully secure a master developer and therefore has to deliver individual phases to the market. In the event that a master developer is secured the scope will be more limited. This will be agreed prior to entering into an appointment document with the Advisor.

**Estimated contract value:** £600,000 over three years

The brief is broken into 2 parts to reflect the workstreams required.

**A) Strategic Approach**

**B) Delivery**

**A) Strategic Approach**

The majority of this will need to be carried out in the months leading up until December 2018. However, work will be required beyond this to ensure that the strategic approach is still fit for purpose and providing the council with the best outcomes throughout Delivery, Part B, of the brief.

**Scope:** Masterplan

Phase Programme (including financial support)

**Timing:** September 2018 to March 2019

**Expected Resource:** 3 days a week for 7 months. Please note that Key Personnel CVs must be provided in the Quality Section of the tender response (Question 4), the provider is not permitted to replace any Key Personnel save in certain limited circumstances e.g. if the person in question resigns or retires. In other circumstances the consent of the Authority is required.

**Specific Outputs (dates subject to confirmation):**

- 1. Review of and input into masterplan uses and individual phases to ensure regeneration and commercial viability goals are met (September to December)**  
Version 1 of the Masterplan is due for completion in 2018 (date to be confirmed). Input from the Commercial and Financial Advisor will be required to ensure that the Masterplan contains an optimised mix of uses and adjacencies to meet market demand.
- 2. Overarching Phasing Programme for delivery of Meridian Water phases (January to March)**  
Phased delivery of the masterplan to be programmed to optimise returns to the Council having regard to the regeneration effect and take advantage of expected market conditions.
- 3. Financial Models (December to March)**  
A detailed cash flow based model for both the Master Developer role and individual phase delivery with flexibility to allow various sensitivities to be run including value, cost, indexation and programme options, different use and mix scenarios to be modelled and variable assumptions to be assessed quickly. The outputs of the model are to include quarterly cash flow, income, debt position and % returns A simple dash board front sheet to be designed to allow clear visibility all model assumptions and the resultant metrics to be assessed. Commercial inputs such as market prices and costs to be provided by the Advisor.  
The Financial Models are to be updated both on an ad hoc basis and quarterly
- 4. Commercial risk log and risk reward profile for scheme updated monthly.**

**B) Delivery**

This piece of work will be to assist the Council in the delivery of each individual phase in accordance with the outputs from the Strategic Approach. This will include the preparation of tender documents to secure delivery partners.

**Scope:** Ongoing market advice to underpin the timing and methodology for delivery of individual phases.

Management of phase by phase tender to procure partner developer  
Detailed Development Appraisal for individual phases.

**Timing:** September to end of contract (3 years). (It is not expected that all phases will be procured within this time).

**Expected Resource:** As required, dependent upon individual phase and position in the programme. Please note that Key Personnel CVs must be provided in the Quality Section of the tender response (Question 4), the provider is not permitted to replace any Key Personnel save in certain limited circumstances e.g. if the person in question resigns or retires. In other circumstances the consent of the Authority is required.

**Specific Outputs:**

1. Develop individual phase appraisals and advise on any change to the estimates contained within the overarching financial model.
2. Provide detailed development advice including insight into market conditions and active developers and the most appropriate method of procurement for each phase
3. Provide Risk reward profiles for individual phases.
4. Manage tender process for procurement of a developer for each individual phase
5. Assist in relation to tender evaluation, negotiations etc from submission of tenders to selection of preferred party.

**Outline of Tasks**

The below table outlines the key tasks that will be required across the full brief. Some tasks will be required across both Strategic Approach and Delivery sections and this is shown in the table below.

Outline of Tasks	Section	
	A	B
Support and advise the Council on the ongoing strategy for delivery of the scheme taking into account current and evolving market conditions - including financial modelling and analysis of the risks and rewards	*	*
Provide in-depth market and industry knowledge throughout the course of the project to inform both anticipated development/land values as well as optimal procurement routes and partners	*	*
Carry out soft market testing of potential development partners		*
Support and advise the Council on financing strategies, investment partners and an appropriate balance between risk and reward for delivering the whole scheme and in particular the strategic infrastructure.	*	

Support the Council on financial and commercial matters during the course of the development both as a whole and for individual phases	*	*
Support the Council in identifying and understanding all commercial and financial risks and advise on how to mitigate them	*	*
Advise the Council on a prudent balance of risk and reward for the project; update and review the risk/reward profile throughout the course of phase procurement	*	*
Work with the Council's other advisors, including legal, tax and cost consultancy, where appropriate in order to ensure advice and recommendations are fully informed.	*	*
<p>Establish and manage a financial model for the project for the internal use of the Council, allowing the Council full access to the model. The model should be setup in such a way that inputs, including assumptions can be easily manipulated and different scenarios generated quickly. The model should include a Report appendix (front sheet) which provides a summary of key outputs from the model, which demonstrates the impact on Council's finances (capital and revenue) over the project life. All model assumptions and metrics should also be clearly visible.</p> <p>The model will be used for 3 distinct purposes:</p> <ol style="list-style-type: none"> <li>1. To assess the viability of each phase of the project</li> <li>2. To establish a baseline approved position</li> <li>3. As a monitoring tool during delivery</li> </ol> <p>The advisor will hold the master copy of the model and a version control protocol will be agreed at commencement. The Council will be given a working copy of each version of the model and full rights of use</p>	*	*
Advise the Council on the most appropriate financial and non-financial metrics to be used for assessing the health of the project including both the metrics themselves and what levels need to be achieved in order to protect the Council's financial interests.	*	*
Support the Council in developing evaluation criteria and methodology for the procurement of each phase.		
Support the Council in drafting the financial and commercial sections of tender documentation on a phase by phase basis as required		*
Support the Council in assessing developer proposals for each phase during the procurement evaluation process against both the financial metrics and the market.		*
Support the Council on the evaluation of the financial and commercial aspects of all bidder responses on a phase by phase basis as required		*
Advise the Council on commercial and financial matters during bidder discussions, negotiations and evaluations as appropriate on a phase by phase basis as required		*

**1. SERVICE LEVELS AND PERFORMANCE**

1.1 The Authority will measure the quality of the Supplier's delivery by holding regular meetings with the successful provider.

**2. BUDGET**

2.1 Prices should be inclusive of expenses and exclusive of VAT.

