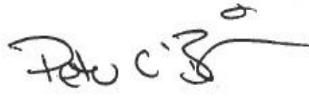


Haringey Council

Written Statement/Record of a decision made by an officer under delegated authority

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| Decision Maker (Post Title) | Assistant Director, Regeneration and Economic Development |
| Subject of the decision | Waiver of Contract Standing Orders and appointment of Grant Thornton to provide specialist financial advice |
| Date of decision | xx April 2020 |
| Decision | Waive Contract Standing Order (CSO) 8.03 (requirement to obtain at least three competitive quotations) as allowed under CSO 10.01.2 D and in accordance with CSO 9.06.1 C award Grant Thornton a contract for the provision of specialist financial advice on an intercreditor agreement and guarantees relating to the Tottenham Hale Strategic Development Partnership. |
| Reasons for the decision | <p>Grant Thornton are experienced and have a strong track record of providing specialist financial advice.</p> <p>The Council urgently requires specialist advice on a proposed intercreditor agreement with Argent Related, as part of the Strategic Development Partnership (SDP) and its Development Agreement.</p> <p>This advice will allow officers to assess the context and merits of proposed guarantees and thereby take an informed view on any risks, while complying with contractual obligations on the Council through the SDP Development Agreement.</p> <p>The delivery of SDP interventions will contribute towards strategic priority outcomes in the Borough Plan, through the delivery of 130 new Council-Rented homes on Council land and a high-quality open and inclusive urban environment and local retail facilities, and by contributing to the creation of a new district centre at Tottenham Hale.</p> |
| Details of any alternative options considered and rejected by the officer when making the decision | <p>The Council could decide not to appoint Grant Thornton; however, this could cause the Council to lack specialist advice on the management of key financial risks.</p> <p>Alternatively a full procurement exercise could be undertaken; however as noted there is an urgent need for this advice in order to comply with contractual obligations. Further, the market for specialist financial advice is limited to a small</p> |

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| | number of suppliers, one of which was discounted due to potential conflict of interest, and another was discounted due to inability to provide services within the required deadline. |
| <u>Conflicts of interest – Executive decisions</u> | N/A |
| <u>Conflicts of interest – Non executive decisions</u> | N/A |
| Title of any document(s), including reports, considered by the officer and relevant to the above decision or where only part of the report is relevant to the above decision, that part) | N/A |
| Reasons for exemption with reference to categories of exemption specified overleaf, or | N/A |
| Signature of Decision Maker |  06/04/2020 |
| Name of Decision Maker | Peter O'Brien, Assistant Director of Regeneration and Economic Development |
| Does the decision need to be published? Yes <input checked="" type="checkbox"/> Y No <input type="checkbox"/> | |

DECISION MAKING REPORT

Report for: Delegated decision by the Assistant Director of Regeneration and Economic Development

Title: Appointment of Grant Thornton to provide specialist financial advice

Lead Officer: David Lee, Regeneration Programme Manager

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Non Key

1. Describe the issue under consideration

Waiver of Contract Standing Order (CSO) 8.03 (requirement to obtain at least three competitive quotations) as allowed under CSO 10.01.2 D and in accordance with CSO 9.06.1 C to award a contract to Grant Thornton to provide specialist financial advice on an intercreditor agreement and proposed guarantees relating to the Tottenham Hale Strategic Development Partnership (SDP).

2. Cabinet Member Introduction

N/A

3. Recommendations

The Assistant Director of Regeneration and Economic Development agrees:

- 3.1. To approve the implementation of Contract Standing Order 10.01.01 D and waive the requirement to tender under CSO 8.03.
- 3.2. To enter into contract with Grant Thornton in the value of £40,000 to provide specialist financial advice on an intercreditor agreement and proposed guarantees relating to the Tottenham Hale SDP.

4. Reasons for decision

- 4.1. The Council is party to a Development Agreement (DA) with Argent Related as part of the Strategic Development Partnership (SDP), as agreed by Cabinet on 12th July 2016 and completed on 21st March 2017.
- 4.2. Under the terms of the DA, Argent Related are able to request that the Council enter into an inter-creditor agreement in relation to SDP sites, in a form agreed at the time the DA was entered into. If Argent Related or a funder thereof request any amendment, variation or waiver of the principles set out in the DA, the Council's approval is required.

- 4.3. Argent Related submitted a proposal under this provision on 5th December. In order to evaluate the context and merits of the proposed guarantees in this inter-creditor agreement, the Council requires specialist financial advice, including advice on the proposed bond, receipt upfront payment and potential alternative guarantor entities. The Council has further sought advice on the financial performance and position of Argent Related over the past two years, including its historical trading results, balance sheet, cash flows and overall liquidity position, and its corporate structure. As part of this proposed contract, they will provide advice and support in negotiations over the inter-creditor agreement and provide a report containing key findings and recommendations.
- 4.4. Officers require this advice in order to determine whether the proposal received from Argent Related constitutes a material amendment to the relevant provisions of the DA; crucially, this will centre on whether the guarantees to be provided are equivalent to those in the DA.
- 4.5. This advice is also needed urgently; although the Council is able to undertake reasonable due diligence on this proposal, it would not be reasonable to unnecessarily delay approval, given this agreement is needed urgently in order to allow SDP sites to progress to delivery. If the Council is not able to take a position quickly on this proposal, it could be open to challenge from Argent Related.
- 4.6. The market for specialist advice of this nature is largely limited to the 'big four' accountancy firms. KPMG were discounted as a supplier as they are auditors for Argent Related, presenting a potential conflict of interest on this matter. Grant Thornton and Price Waterhouse Coopers (PwC) were contacted in relation to this work, with PwC advising the Council that they were unable to prepare a proposal in the required timeframe. It is therefore proposed that Grant Thornton are appointed as soon as possible to provide this advice.

5. Alternative options considered

- 5.1. **Do Nothing** – The Council could decide not to appoint Grant Thornton and to directly assess the proposal received by Argent Related; however, in this case officers have determined a lack of specialist advice would represent an unacceptable risk to the Council.
- 5.2. **Undertake full procurement exercise** - The Council could decide not to appoint Grant Thornton; however as outlined above this work is urgent and there are no other currently identified suppliers in a position to provide this advice in the timescales required.

6. Background information

- 6.1. On 21st March 2017 the Council entered into the Development Agreement (DA) with TH Ferry Island Limited for the disposal and redevelopment of various plots, include Sites 3 and 4.
- 6.2. Schedule 5 paragraph 14.2 of the DA provides for the developer to at any time prior to the discharge of the relevant Legal Charge propose alternative security which

may be a suitable bond or guarantee to the relevant Legal Charge and in considering whether to approve that security the Council must act reasonably.

6.3. Advice is needed as to the suitability of The Related Companies LP as a guarantor in order for the Council to comprehensively review this alternative security.

7. Contribution to strategic outcomes

7.1. The delivery of SDP schemes and related interventions will contribute towards the following priority outcomes in the Borough Plan:

- *Housing* – By securing the timely delivery of high-quality new homes, delivering 1,000 homes overall and including 131 homes towards the Council's target of 1,000 new Council-Rented homes on Council-owned land
- *Place* – By delivering a new district health centre and new retail facilities set in a high quality, open and inclusive urban environment, contributing towards the creation of a place for all of Tottenham Hale's communities to be proud of.
- *Economy* – By contributing to the delivery of the core of a new district centre at Tottenham Hale, unlocking opportunities for the local community to gain access to learning, skills and employment, and directly creating new end-user jobs.

8. Statutory Officers comments

Procurement, Finance, Legal

Not required, as the contract award is under £50,000.

9. Local Government (Access to Information) Act 1985

This report is exempt from publishing under the Act, as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).