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Awarded contract

3 Thames Road Newham - residential Agreement for Lease

LONDON BOROUGH OF NEWHAM

F15: Voluntary ex ante transparency notice

Notice reference: 2021/S 000-032254

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Section I: Contracting authority/entity

I.1) Name and addresses

LONDON BOROUGH OF NEWHAM

1000 Dockside Road

London

E16 2QU

Contact

Andrew Ireland

Email

andrew.ireland@newham.gov.uk

Telephone

+44 2033737104

Country

United Kingdom

NUTS code

UKI41 - Hackney and Newham

Internet address(es)

Main address

<https://www.newham.gov.uk>

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

Housing and community amenities

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

3 Thames Road Newham - residential Agreement for Lease

II.1.2) Main CPV code

- 45211360 - Urban development construction work

II.1.3) Type of contract

Works

II.1.4) Short description

The Contracting Authority proposes to enter into an Agreement for Lease with a developer and a proposed landowner under which, if the developer develops 161 residential units (comprising a mixture of private rent, discount market rent and London affordable rent units) at 3 Thames Road, Newham by an agreed longstop date, the Contracting Authority will take a 50-year lease of the property, with an agreement to purchase the reversion at the end of the lease term.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Value excluding VAT: £104,950,000

II.2) Description

II.2.2) Additional CPV code(s)

- 45211300 - Houses construction work
- 45211340 - Multi-dwelling buildings construction work
- 45211341 - Flats construction work
- 45211350 - Multi-functional buildings construction work
- 45215214 - Residential homes construction work

II.2.3) Place of performance

NUTS codes

- UKI41 - Hackney and Newham

Main site or place of performance

3 Thames Road, Royal Docks, Newham E16 2EZ

II.2.4) Description of the procurement

The Contracting Authority proposes to enter into an Agreement for Lease with a developer and a proposed landowner under which, if the developer develops 161 residential units (comprising a mixture of private rent, discount market rent and London affordable rent units) at 3 Thames Road, Newham by an agreed longstop date, the Contracting Authority will take a 50-year lease of the property, with an agreement to purchase the reversion at the end of the lease term.

II.2.11) Information about options

Options: Yes

Description of options

The Contracting Authority will have an option to purchase the freehold reversion from the landlord for £1, at the end of the 50-year term of the Lease. The landlord will also be able to require the Contracting Authority to purchase the freehold reversion for £1, at the end of the 50-year term of the Lease.

II.2.14) Additional information

The total value of the procurement referred in 11.1.7 above does not take account of inflationary rent increases during the 50 year lease term.

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

The Contracting Authority (CA) proposes entering into a conditional agreement for lease (AfL) with R Blue Regen TR Limited (Developer), Reef Estates Limited (Guarantor), and Pension Insurance Corporation Plc (proposed Landowner, a pension fund which will own the Site).

Under the AfL, if the Developer develops 161 residential units (the Development, a mixture of private rent, discount market rent (DMR), and London affordable rent units) at 3 Thames Road, Newham (Site) by a longstop date, CA will take a 50-year lease of the Site, acquiring the reversion on lease expiry.

The AfL will be conditional on the Landowner completing Site acquisition, and on a resolution for supplemental planning consent for intermediate affordable homes to be used as DMR homes.

The AfL won't require the Developer to carry out the Development, although it specifies that if the Developer starts the Development, it mustn't depart from a specification in the AfL.

If the Developer doesn't complete the Development by the agreed longstop, or departs from the AfL specification, CA can terminate the AfL and not take the Lease, or still take the Lease.

If the Developer practically completes the Development by an agreed longstop, the supplemental planning consent having been issued and in place for an 8-week lead-in period, CA takes the Lease.

CA pays an £8,200,000 premium (Premium) to the Landowner, on Lease grant, then £1,935,000 annual rent (index-linked).

Under a separate funding agreement between the Landowner and the Developer, the Landowner will fund the Development, including paying a profit to the Developer if the Developer completes the Development and CA takes the Lease. If the Developer fails to

complete the Development or becomes insolvent, the funding agreement will give the Landowner funder's rights to step into the AfL and complete the Development. If the Landowner then completes the Development by a longstop, CA still takes the Lease. If the Landowner steps into the AfL as above, CA will, as a deposit, pay an advance payment of the Premium to the Landowner.

If the Landowner steps into the AfL but doesn't finish the Development by a longstop, and/or departs from the AfL specification, CA can terminate the AfL and not take the Lease, the Landowner repaying the Premium to CA, or CA can still take the Lease.

For the above reasons, CA considers that the AfL does not constitute a public works contract under the Public Contracts Regulations 2015, but is an exempt land transaction.

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

2 November 2021

V.2.2) Information about tenders

The contract has been awarded to a group of economic operators: Yes

V.2.3) Name and address of the contractor/concessionaire

R Blue Regen TR Limited

51 Welbeck St

London

W1G 9HL

Email

ekievenaar@reefgroup.co.uk

Telephone

+44 7747536644

Country

United Kingdom

NUTS code

- UKI32 - Westminster

Internet address

<http://www.reefgroup.co.uk/contact>

The contractor/concessionaire is an SME

No

V.2.3) Name and address of the contractor/concessionaire

Reef Estates Limited

51 Welbeck Street

London

W1G 9HL

Email

ekievenaar@reefgroup.co.uk

Telephone

+44 7747536644

Country

United Kingdom

NUTS code

- UKI32 - Westminster

Internet address

<https://www.reefgroup.co.uk/contact>

The contractor/concessionaire is an SME

No

V.2.3) Name and address of the contractor/concessionaire

Pension Insurance Corporation Plc

14 Cornhill

London

EC3V 3ND

Email

cawthorn@pensioncorporation.com

Telephone

+44 8006527000

Country

United Kingdom

NUTS code

- UKI31 - Camden and City of London

Internet address

<https://www.pensioncorporation.com/>

The contractor/concessionaire is an SME

No

V.2.4) Information on value of contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession: £104,950,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

Her Majesty's High Court of Justice in England

Royal Courts of Justice, Strand

London

WC2A 2LL

Telephone

+44 2079476000

Country

United Kingdom

Internet address

<https://www.judiciary.uk/you-and-the-judiciary/going-to-court/high-court/>