

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2164

Title: Albert Island Developer Selection

Executive Summary:

GLAP has undertaken a competitive procurement to select a development partner for the Albert Island, a 11ha brownfield site in the Royal Docks, with the potential to deliver commercial development and associated jobs for London. The procurement has been conducted in accordance with the requirements of an OJEU compliant Competitive Procedure with Negotiation under the Public Contracts Regulations 2015; two compliant final tenders were received and evaluated. London & Regional Group Holdings Ltd (L&R) has presented the most economically advantageous tender and therefore is GLAP's preferred development partner.

GLAP has negotiated the terms of the Development Agreement during the procurement and confirmed the finalised version with the preferred development partner as part of the tender process. The terms for delivery of the scheme are explained in this paper (see Part Two Reserved).

Decision:

That the Mayor:


- Approves the selection of L&R as development partner which will signal the closure of the procurement process and GLAP entering into a Development Agreement and supporting agreements with L&R.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

9/8/12

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 The Albert Island development project seeks to dispose of circa 11ha brownfield land to London & Regional Properties Ltd to enable the redevelopment of a site located in the Royal Docks Enterprise Zone. The procurement process sought to identify a partner that can bring a comprehensive approach to development that meets the Mayor's key objectives for the project:
- a) **Comprehensive redevelopment of the Albert Island Site** to create well connected, sustainable employment hub with a mix of uses, good cycling and walking links, an enhanced river frontage and improved public realm to create an attractive working environment with upgraded and enhanced new site infrastructure required to support the long term future of the Albert Island Site;
 - b) **Creation of a marine hub with a modern boatyard facility** which supports the marine supply chain to service the need of boat operators on the Thames and support the Mayor's objective for increased passenger and freight traffic on the Thames, complemented by an enhanced marina and other water/water edge based facilities that capitalise on the unique physical and social context of the Albert Island Site;
 - c) **Provision of sustainable employment hub** with a mix of uses offering high quality employment space to attract employers to the island and improve the quantity, quality, range and availability of local employment and training opportunities;
 - d) **Promotion of skilled and sustainable local employment opportunities**, both through the development process and through the operation of the longer term employment uses;
 - e) **Long term economic and sustainable management** and maintenance of the overall asset, which includes suitable arrangements for interim uses;
 - f) **Provision of an appropriately resourced project team** for the effective delivery of the redevelopment plan;
 - g) **Provision of a timely, co-ordinated and feasible development** mechanism and programme to ensure the timely delivery and coordinated build out of the overall site;
 - h) **Maximum financial receipt** from the disposal of the Albert Island Site which enables the project objectives to be achieved.
- 1.2 A recent update was provided in MD2097, signed 3 April 2017, that outlined the progress made on the procurement and set-out the funding requirements for the lifetime expenditure of the project.

2. Objectives and expected outcomes

Procurement Approach:

- 2.1 A Prior Information Notice (PIN) setting the scope of the project and GLAP's proposed objectives was published on 21 May 2015. This coincided with a launch event and a website (www.albertisland.london) to promote the opportunity. The marketing activity was successful in eliciting developer responses and a register of interested parties was set up. Using the feedback from the PIN survey, the project team could establish commercial parameters for the project to proceed to a competitive procurement and achieve the agreed key objectives.

- 2.2 As outlined in MD1539, signed 10 September 2015, the preferred procurement route was identified as a Competitive Procedure with Negotiation under the Public Contracts Regulations 2015. This route was a change to the originally proposed approach of a Competitive Dialogue route. The extent of objectives for the procurement were felt to be sufficiently clear enough to structure a procurement that would meet the Mayor's minimum requirements in considering the proposals from Bidders, where the Negotiation Stage would provide a sufficient scope for flexibility during the commercial negotiation to deliver both a viable and competitive solution.

Pre-Qualification Questionnaire (PQQ) stage:

- 2.3 The PQQ was issued on 12 February 2016 and on 5 April 2016 GLAP received seven responses and these were evaluated against the stated evaluation criteria.

- 2.4 The PQQ reviewed the following:

- Tests for Eligibility
- Economic and Financial Standing
- Technical & Professional Ability (including relevant experience)
- Insurance
- Compliance with Equality Legislation
- Environmental Management
- Health & safety
- Quality Assurance

- 2.5 On 12 April 2016 five shortlisted bidders were issued with an Invitation to Submit Initial Tenders (ISIT). These were ASF Group Ltd; Ballymore Properties Ltd; Albert Island Development Ltd (a consortium led by House of Santon); London and Regional Group Holdings Ltd; and SEGRO Properties Ltd.

Initial Tender Submission:

- 2.6 The Initial Tender responses were received on 16 June 2016 from all five shortlisted Bidders.

- 2.7 The Initial Tender selection sought to focus on the solutions as submitted by the bidders and explore the opportunities that the development opportunity presented. The criteria for evaluation were divided into three sections – Quality, Deliverability and Financial and evaluated using the scoring table and Evaluation Matrix (see Appendix 2).

Evaluation	Component	Weighting	
Quality	Scheme Concept and Design	15%	45%
	Boatyard, Marina and Water Use	10%	
	Employment Space	10%	
	Employment Opportunities	5%	
	Estate Management	5%	
Deliverability	Project Team	5%	15%
	Phasing and Development Programme	10%	
Financial	Financial Return	40%	40%

- 2.8 The outcome of the evaluation resulted in a short-list of three selected parties as follows: ASF Group Ltd; London and Regional Group Holdings Ltd; and SEGRO Properties Ltd. The shortlisted parties received an Invitation to Participate in Negotiation (ITPN) on 29 July 2016.

Negotiation Stage:

- 2.9 Bidders were invited to attend several negotiation meetings during the Negotiation Stage which focused on the following key aspects of their solutions:
- Commercial strategy, viability & employment approach
 - Boatyard and marina/water and water edge activation proposals
 - Development Agreement / legal structure
- 2.10 Bidders were also invited to attend a 'Stakeholder Engagement Day' on 6 September 2016. The purpose of this event was to offer the opportunity for Bidders to meet key stakeholder bodies to discuss their proposals for achieving GLAP's Minimum Requirements expanding on the Memorandum of Information (MOI) and proposals submitted at the Initial Tender Stage.
- 2.11 GLAP has maintained a record of clarification questions raised in the meetings and during the process, issuing responses via the TfL e-tendering portal and unless otherwise considered commercially sensitive and confidential, these have been shared with all Bidders involved in the process.
- 2.12 A Final Tender Presentation was held to give the Bidders the opportunity to present their commercial proposals to members of GLAP's senior management team to ensure that there was a clear understanding of the solutions being proposed.
- 2.13 GLAP called for a Trial Tender Submission on 24 April 2017 to consider whether the proposals were sufficiently progressed and acceptable to allow for the closure of the Negotiation Stage. GLAP received the Trial Tender responses on the 5 May 2017 and conducted a review, without evaluation of the bids. GLAP was satisfied that the commercial solutions were broadly acceptable, and therefore sought to finalise the Development Agreements with each bidder.
- 2.14 Legal negotiations continued until GLAP was satisfied that it had two acceptable Development Agreements and the Negotiation Stage was closed on 19 June 2017 and the Call for Final Tenders issued to the Bidders.
- 2.15 During the course of the Negotiation Stage, on 29 September 2016, SEGRO notified GLAP of its withdrawal from the process.
- Final Tender Submission:
- 2.16 GLAP received Final Tender responses on 30 June 2017. The evaluation of the Final Tender Submission followed the same scoring matrix as set out in the Initial Tender Stage, but required a greater level of detail to be submitted for the Final Tender requirements. The full details of the Scoring table and Evaluation Matrix are contained in Appendix 2.
- Evaluation results:
- 2.17 The detailed evaluation results are contained in Confidential Appendix 3.
- Preferred Development Partner:
- 2.18 L&R's Final Tender set out a Scheme Concept and Design, Boatyard, and Employment Opportunities which addressed GLAP's key objectives as stated at the launch and outset of the procurement, with the proposed solution refined through negotiation.
- 2.19 The proposal commits L&R to the delivery of a Boatyard and Marine Facility under the terms of the Development Agreement.

3. Equality comments

- 3.1 The public procurement has been conducted in accordance with Public Contracts Regulations 2015 and TfL Procurement best practice guidance to ensure that the opportunity was widely available.
- 3.2 The development of the Mayor's land will be subject to the statutory planning process and will need to conform to required planning policy and undertake appropriate consultation.
- 3.3 GLAP's marketing of the site for development has ensured a significant new investment is secured to ensure the future development and long-term economic regeneration, as supported by the designation of the Royal Docks Enterprise Zone. GLAP will work with the selected bidder to ensure a positive overall impact on local employment and economic opportunities in an area that currently consists of some of the highest levels of indices of deprivation in London.
- 3.4 GLAP is acting within its rights as freeholder to make the site available for disposal that will secure the investment required to deliver overall comprehensive development. GLAP is aware of temporary occupiers that will not have their occupation extended beyond the time that the Albert Island Site is required for development and will seek legal advice where necessary to ensure its obligations under the Equalities Act 2010 are met throughout the process of securing vacant possession.
- 3.5 It is not anticipated that the recommendations in this paper will have a negative impact on any groups with protected characteristics under the Equality Act 2010. The request for the Albert Island Site disposal to conclude the procurement and selection of a development partner has no expected negative impact on prospective users and/or existing residents with any of the relevant protected characteristics.

4. Other considerations

Key risks and issues

- 4.1 **Procurement:** GLAP could be subject to challenge if a participant or other organisation dispute that the proper process has been followed or suggest that one organisation has been given an unfair advantage during the procurement. Throughout the CPN process GLAP has sought and followed specialist internal and external procurement and legal advice to mitigate the risk of challenge and to ensure that the process has been run to comply with the relevant Procurement Regulations and is satisfied that the process has been compliant.
- 4.2 **Financial:** GLAP's financial return for the sites is protected through a Guaranteed Minimum Land Value (GMLV) obligation. The terms of the Financial Offer have been agreed through the tender process and has been subject to review by GLAP's independent Property Consultants Cushman & Wakefield and reflect Best Consideration for the site.
- 4.3 **Delivery:** As part of the bidding process. Bidders were required to submit a detailed financial and technical solution with milestone dates for delivery which are reflected in the Development Agreement to ensure that they are maintained throughout the development programme. The ongoing project management and scrutiny responsibility will sit within the Strategic Projects and Property team in the Housing and Land directorate.
- 4.4 **Land Assembly:** GLAP will work with the preferred development partner to ensure that third party land is secured to facilitate delivery of the approved scheme through the service of appropriate notices to tenants. This will also include working closely with the Royal Docks Management Authority Ltd (RoDMA) to ensure the available and surplus operational land is included in the

assembly of land required for the development. Negotiations have progressed with RoDMA to identify the minimum available land that can be included for development.

- 4.5 **Boatyard Viability:** GLAP is working closely with relevant stakeholders, partners and statutory authorities to ensure the successful delivery of the minimum requirements as set out in the development brief. Whilst London Plan Policy supports the development of a boatyard on this site there remains a level of uncertainty around the boatyard's viability and consequent market interest in developing a facility of this kind. However, because of the policy imperative, the delivery of a boatyard it has been set as a minimum requirement of the procurement. To manage this potential risk GLAP has ensured that bidders received all information relating to market demand and has encouraged bidders to form specialist partnerships to assist in the delivery of this facility.

Mayoral strategies and priorities

- 4.6 The redevelopment of the Albert Island Site sits within a number of key Mayoral objectives; specifically, the Royal Docks is a designated as an Enterprise Zone and the Mayor of London chairs the London Enterprise Action Partnership (LEAP) that will provide strategic direction for the Royal Docks in accordance with a Royal Docks Vision and Strategy.
- 4.7 The development of the Albert Island Site will result in employment-led uses generating jobs and economic growth for the Royal Docks Enterprise Zone, Newham and London. The Albert Island Site has been promoted as a key opportunity in the Enterprise Zone to encourage skills and training with a focus on delivery that will maximise the potential local benefits for Newham, tackling inequality and deprivation, whilst generating business rate uplift and contributing to the income LEAP.
- 4.8 The Mayor's wider manifesto commitments state the priorities of delivering improvements to local transport and infrastructure to facilitate economic regeneration and the development of public land, including the public land assets in the Royal Docks.
- 4.9 The delivery of essential river infrastructure is supported by the London Plan policy 7.27 'Blue Ribbon Network: Supporting Infrastructure and Recreational Use' and a policy initiative 7.81 that aims to tackle the shortage of boatyard facilities that are capable of inspecting, maintaining and repairing the larger passenger craft on the Thames. This is further supported by the Mayor's River Action Plan that states an objective to increase freight and passenger traffic on the Thames to 12m by 2020 and a requirement of the Mayor to promote and invest in new facilities and infrastructure in order to attain this target.

Impact assessments and consultations

- 4.10 GLAP continues to work in close partnership with the Royal Docks Management Authority Ltd (RoDMA), Port of London Authority, Transport for London, Environment Agency and London Borough of Newham to ensure that the stakeholders remain informed of the progress being made on the procurement. To date all the stakeholder bodies have been supportive of the regeneration proposals and are keen to see the redevelopment come forward on the Albert Island Site; it is generally recognised that the Albert Island Site is underutilised in its current state and that it presents a significant opportunity to revitalise the area for the benefit of local and regional stakeholders.
- 4.11 **Estate management:**
- Temporary occupation of the Albert Island Site will continue until a date is established with the preferred development partner to achieve vacant possession of the site. There are a number of tenants who will be affected by the forthcoming comprehensive redevelopment of the Albert Island

Site and they have been consulted throughout the lead-up and will continue to be consulted during the process of the development. Further extensive work has been completed by the GLA Estates team to regularise leases and ensure the timescales of occupation does not prohibit delivery.

5. Financial comments

- 5.1 The Decision is seeking approval to appoint L&R, the successful bidder of a competitive procurement process, as development partner for the development and economic regeneration of the Albert Island site, which is located within Royal Docks Enterprise Zone. The redevelopment will include the delivery of a Boatyard and Marine facility. Additional funding approval has been secured through MD2097 to assist with the land assembly and if further estate management costs are to be incurred additional approval will be sought.

6. Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) (the Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2) of the Act are:
- i. Promoting economic development and wealth creation in Greater London;
 - ii. Promoting social development in Greater London; and
 - iii. Promoting the improvement of the environment in Greater London,
- and, in formulating the proposals in respect of which a decision is sought, officers confirm they have complied with the GLA's related statutory duties to:
- i. pay due regard to the principle that there should be equality of opportunity for all people;
 - ii. consider how the proposals will promote the improvement of health of persons in Greater London, promote the reduction of health inequalities between persons living in Greater London, contribute towards the achievement of sustainable development in the United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom; and
 - iii. consult with appropriate bodies.
- 6.2 The foregoing sections of this report indicate that the GLA has the power to make the requested decisions.
- 6.3 The directors, acting both as directors of GLAP and as the decision makers of Greater London Authority Holdings Limited (the sole shareholder) are empowered by the companies' articles and the authority provided under MD937 to do such things to transact the business of the companies and make decisions on behalf of the GLA, save where such decision is significant in policy terms or is novel or contentious.

7. Programme:

Activity	Timeline
Announcement of preferred partner	August 2017
Completion of contract	September 2017
Inaugural Albert Island High-Level Steering Group meeting	October 2017
Submission of Planning	Q1 2019
Start on site	Q2 2020
Phase one completion	Q3 2024
Delivery End Date	Q3 2026

Appendices and supporting papers:

APPENDIX 1: Site Plan

APPENDIX 2: Scoring table and Evaluation Matrix

APPENDIX 3: COMMERCIALLY CONFIDENTIAL – Evaluation summary

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason:

To enable the procurement process to complete the standstill period and for the Development Agreement to be signed.

Until what date: 1 October 2017

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – Yes - Appendices reserved

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Paul D Clarke has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

David Lunt has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

James Murray has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on the 7 August 2017

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

re. D. Clarke

Date

7.8.17

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Nick Bowes

Date

7.8.17

NICK BOWES ON BEHALF OF DAVID BELLAMY

