

Notice of KEY Executive Decision

Notice of Key Decision containing exempt information.

This Key Decision contains some appendices which comprise exempt information which is not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A of the local Government Act 1972. They are exempt because they refer to confidential information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Subject Heading:	Approval to Enter into a Pre-Construction Services Agreement (PCSA) with Wates Construction for the Development of Chippenham Road, Harold Hill
Decision Maker:	Councillor Graham Williamson Cabinet Member for Development & Regeneration.
Cabinet Member:	Councillor Graham Williamson Cabinet Member for Development & Regeneration.
SLT Lead:	Neil Stubbings Strategic Director of Place
Report Author and contact details:	Michael Rourke Senior Regeneration Manager michael.rourke2@haverling.gov.uk
Policy context:	Housing Asset Management Plan The Havering Wates Joint Venture Business Plan The HRA Business Plan Update and Capital Programme
Financial summary:	The total estimated cost for the PCSA £1.75M will be met from the approved Housing Development Budget. The agreement includes cost control mechanisms, ensuring the

Key Executive Decision

	Council's total liability does not exceed the agreed amount unless formally increased. This stage of the project will enable the Council to finalise construction costs and risks before entering into a full contract for the main works. The cost plan includes detailed market testing, risk assessments, and programme management activities to ensure budget compliance and value for money.
Reason decision is Key	Expenditure exceeding £500,000
Date notice given of intended decision:	13 March 2025
Relevant Overview & Scrutiny Committee:	Place Overview & Scrutiny Sub Committee
Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents X

Place - A great place to live, work and enjoy X

Resources - A well run Council that delivers for People and Place. X

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Approve the budget provision of £1,754,632 million to enable the Havering and Wates Regeneration Joint Venture LLP (JV LLP) to enter into a Pre-Construction Services Agreement (PCSA) with Wates Construction Limited for the development of the Chippenham Road site, with the agreement being entered into by the JV LLP on the Council's behalf, subject to formal confirmation of GLA grant funding.

Delegate authority to the Strategic Director of Place, in consultation with the Deputy Director of Legal and Governance and the lead Cabinet Member for Development and Regeneration, to authorise the JV to enter into the PCSA on behalf of the Council.

Note that a further report will be brought forward at the conclusion of the PCSA phase, setting out the proposed delivery strategy, final cost plan, and risk assessment to support any recommendation to enter into the main construction contract.

AUTHORITY UNDER WHICH DECISION IS MADE

Council Constitution – Part 3.2 Executive Functions

3. The following Functions may be delegated to individual Cabinet members by the Leader.

3.8 To approve the commencement of the tender process, to award contracts, agree extensions of contract terms where the value of such matter is between £1,000,000 and £2,000,000 subject to consultation with the Strategic Director of Resources.

STATEMENT OF THE REASONS FOR THE DECISION

The Chippenham Road site has been prioritised within the Council's regeneration programme and forms part of the wider Harold Hill housing-led masterplan. The scheme is being brought forward through the Havering and Wates Regeneration Joint Venture LLP (JV LLP) and is intended to deliver 138 high-quality affordable homes.

In June 2025, Cabinet approved entry into an Early Development Agreement (EDA) with the JV LLP to enable early-stage site preparation. This included phased demolition, enabling works, and initial design activity to support timely progression into construction. Phase 1 demolition is now underway, funded from the approved HRA Capital Programme and in line with the JV Business Plan.

The current decision relates to the next phase of activity under the EDA framework: progressing technical design and cost planning by way of a Pre-Construction Services Agreement (PCSA).

Key Executive Decision

The PCSA will enable the project team to finalise RIBA Stage 4 design, undertake detailed market testing, and prepare construction documentation and delivery plans.

The key deliverables under the PCSA include:

- Completion of RIBA Stage 4 (Technical Design), including full coordination with statutory bodies and design freeze;
- Market testing of Stage 3 design to achieve cost certainty and align with the scheme budget;
- Finalisation of the RIBA Stage 4 Report, including cost plan, risk register, and programme sequencing;
- Preparation of construction logistics and mobilisation plans ahead of the main works contract.

The PCSA will be structured using the JCT PCSA 2024 form, incorporating cost control mechanisms, termination provisions, and oversight through the JV governance framework. This approach ensures transparency, safeguards value for money, and provides a controlled gateway into the delivery phase.

OTHER OPTIONS CONSIDERED AND REJECTED

Other Options Considered

Option 1 – Proceed directly to a main construction contract.

This was discounted due to the high level of commercial and technical risk. Proceeding without full design development and cost validation would expose the Council to significant uncertainty and potential budgetary pressure.

Option 2 – Delay progression until demolition works are complete.

This would undermine programme continuity, increase exposure to cost inflation, and risk loss of momentum following the completion of Phase 1 works.

Option 3 – Re-procure through an alternative route.

This approach would disrupt the agreed JV delivery model and delay progression. The JV LLP offers an efficient and compliant route, with aligned governance and assurance mechanisms in place.

PRE-DECISION CONSULTATION

None

Key Executive Decision

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Michael Rourke

Designation: Senior Regeneration Manager

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has the power to award the contract under s111 of the Local Government Act 1972, which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council also has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual can do, subject to any statutory constraints on the Council's powers. None of the constraints on the Council's Section 1 power are engaged by this decision.

The Council entered into a Joint Venture with Wates Construction Limited in accordance with the Public Contracts Regulations 2015 (PCR 2015), so the PCR is still relevant in this instance. The Members Agreement (MA) requires sub-contracts to be procured, where relevant, in accordance with the procurement regulations. For the purpose of those regulations, this is a sub-threshold contract for works, and on that basis, the full implications of the PCR are not engaged.

The Chippenham Road site was not included within the scope of the JV when first instituted, although there is a contractual mechanism for the inclusion of Further Sites. This requires certain approvals from the Council, Wates Construction Limited and the JV itself, which have now been received and confirmed. Officers are aware of the need to seek further approvals in relation to the phased viability plans as the project progresses.

That JV agreement provides a structure for awarding contracts to Wates relating to sites and further sites, providing them with a first right of refusal for building contracts on the basis of a defined process designed to demonstrate best value. The PCSA is to be awarded under that structure and is compliant with the requirements set out within the JV agreement and MA.

In particular, as required by the agreement, the MA stipulates that where Wates awards a sub-contract works package, at least three sub-contractors shall be invited to tender. As set out in the report, this process has been followed.

In light of the above, the Council may enter into the PCSA.

FINANCIAL IMPLICATIONS AND RISKS

This report seeks approval to enter into a Pre-Construction Services Agreement (PCSA) with Wates Construction Limited (WCL), with a contract value of approximately £1.755 million. The cost will be met from the approved £67.3 million capital allocation for the Chippenham Road regeneration scheme, which forms part of the Housing Revenue Account (HRA) Capital Programme.

Key Executive Decision

The primary purpose of the PCSA is to complete RIBA Stage 4 design and support the preparation of a tendered main works contract for the delivery of 138 new affordable homes. This design and cost development work is essential to confirm viability and de-risk the scheme ahead of construction.

Entering into the PCSA does not constitute a commitment to proceed with the main works. Any future contract award will be subject to the outcome of this phase and to Cabinet approval, based on a finalised cost plan and delivery strategy.

Financial Risks and Value for Money

Cost Overruns: While WCL has provided a detailed programme for the PCSA phase, there remains a risk of delay or design development costs exceeding expectations. These risks will be monitored and managed through JV governance procedures.

Abortive Costs: Should the scheme not progress to a viable construction contract, the Council may incur non-recoverable costs of up to approximately £1.755 million. However, this risk is offset by the value of de-risking the main phase through robust technical preparation.

Tender Price Risk: There is a risk that tendered work packages may exceed the scheme budget. While a client contingency has been included, the final aggregated cost may not be justifiable if value thresholds are exceeded.

Value for Money: As observed during the demolition procurement, WCL's rates and time allowances sit at the upper end of industry benchmarks. While it is possible that alternative contractors could offer greater cost efficiency, the additional time and inflationary pressures associated with re-procurement could negate such savings. It remains essential that the JV continues to secure demonstrable value for money, either through WCL or through alternative delivery partners in future phases.

Phasing Considerations and Delivery Constraints: While the PCSA scope was developed on the basis of a single-phase delivery strategy, it is recognised that full site-wide vacant possession (VP) has not yet been secured and remains subject to ongoing CPO processes. The current programme assumes progression based on the market testing undertaken, but the delivery of only one phase may be feasible within the fixed tendered packages at this stage. Officers will continue to review phasing assumptions in light of VP risk and funding certainty, including any implications for the main works contract and overall scheme viability. Should the scheme need to proceed in more than one phase, additional costs would be incurred both at pre-contract stage (e.g. extended design, management and procurement activity) and within the main works, where mobilisation and construction costs are likely to increase as a result of re-sequencing and duplication of site operations.

**HUMAN RESOURCES IMPLICATIONS AND RISKS
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no HR (Human Resources) implications or risks arising that impact directly on the Council's workforce.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EHIA (Equality and Health Impact Assessment) has not been completed and is not required for this decision. There are no equalities and social inclusion implications and risks associated with this decision.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

Havering Council is committed to improving and protecting the health and wellbeing of its residents. The provision of good quality and affordable homes is an important determinant of health, as housing impacts both our physical and mental health and wellbeing. The quality, accessibility and inclusivity of the local built environment also has significant implications for public health and wellbeing.

The recommendation of this report to enter into a PCSA with Wates Construction for the Development of Chippenham Road has no direct health and wellbeing implications. The decision will support progress towards the intended regeneration of the area, which is expected to deliver positive health and wellbeing benefits for residents once completed.

Key Executive Decision

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no environmental and climate change risks arising from instructing the Pre Construction Services Agreement

BACKGROUND PAPERS

Havering & Wates Joint Venture Business Plan Update – report to Cabinet 5th February 2025

APPENDICES

Appendix A – **Exempt** Financial Implications Report

Appendix B- **Exempt** Draft Pre-Construction Service Agreement Contract.

Key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

Proposal NOT agreed because

Details of decision maker

Signed

Name: Councillor Graham Williamson
Cabinet Member for Development & Regeneration.

Date:

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____