

Contract Control and Monitoring Policy

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Scottish Social Housing Charter Relevant Standard Outcomes

STANDARD	OUTCOME
Section: Housing quality and maintenance	
4. Quality of housing	
Social Landlords manage their business so that:-	
<i>Tenants' homes, as a minimum, when they are allocated, are always clean, tidy and in a good state of repair, MEET THE Scottish Housing Quality Standards (SHQS), and any other building quality standard in place throughout the tenancy; and also meet the relevant Energy Efficiency Standard.</i>	
Section: Getting good value from rents and service charges	
13. Value for money	
Social landlords manage their businesses so that:-	
<i>Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.</i>	

Scottish Housing Regulator – Relevant Standards of Governance and Financial Management and Guidance

STANDARD	
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. Relevant standard 1.3
2	The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities. Relevant standard 2.2
3	The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay. Relevant standard 3.1
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose. Relevant standard 4.3

CONTRACT CONTROL AND MONITORING POLICY

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CONTRACT CONTROL AND MONITORING POLICY

1. INTRODUCTION

- 1.1 This policy sets out the approach that will be taken by Lochalsh and Skye Housing Association to the control and monitoring of contracts in relation to its development programme.
- 1.2 The Association's policy in relation to the procurement of consultants and contractors is set out in its **Procurement Strategy and Policy**. These documents are designed to ensure that the contract is put in place using accountable, transparent and value-based methods. This policy on Contract Control and Monitoring is designed to ensure that contracts, once in place, are controlled effectively to meet the client's requirements and expectations.

2. CONTEXT

- 2.1 The form of contract will be based on the appropriate industry model (JCT). However, its precise form will be influenced by the respective roles of consultant, contractor and client, and in particular on the extent to which partnering applies, where the roles are set out in a partnering agreement or charter. As a consequence, although this policy is designed to set out the general principles which will apply to each contract, it is subject to some variation.
- 2.2 In the case of Design and Build (D&B) projects, control is exercised through the employer's agent who will be responsible for ensuring that the Association's requirements are met. This policy does not apply to such projects. **The Design and Build Policy** sets out the Associations position on D&B projects.

3. PURPOSE OF POLICY

- 3.1 The specific objectives of this policy are to:
 - Ensure that the contract proceeds in accordance with the agreed terms in respect of cost, time, quality and safety
 - Ensure that procedures are in place to identify and remedy any problems or difficulties
 - Set out the monitoring and reporting arrangements during the contract

4. IMPLEMENTING THE POLICY

- 4.1 The Association will effectively delegate the client's responsibility for contract control and monitoring to the Development Officer, reporting to the

Development Manager. He/she will be responsible throughout for ensuring that a contract meets the client's requirements and expectations, in relation to the programme, budget, standards and reducing the Association's exposure to risk at all stages of the contract.

- 4.2 The Development Officer will operate in collaboration with the Design Team comprising the relevant consultants, normally led by the architect and the contractor, once selected. The lead consultant will, amongst other things, be responsible for the supervision of the contract and reporting on progress. The Project Team will be the medium for sharing information, discussing variations, raising problems and attempting (in the first instance) to resolve disagreements.
- 4.3 For each project, the Association will either use the services of its in-house Clerk of Works or appoint a Clerk of Works for each project with reference to the Association's **Procurement Strategy and Policy**. The role of the Clerk of Works is to act as the Association's representative on site and will be required to maintain an effective relationship with the contractor and with the Project Team throughout the contract. He/she will visit the site at least weekly, or as laid down in the contract documentation, to inspect progress of the works, and to draw to the attention of the contractor and the lead consultant any non-conformance with the specifications referred to in the contract. The Clerk of Works does not have the authority to instruct variations to the contract. Where the need for variations is identified, they must be notified to the Development Officer and the lead consultant who can then raise the issue with the contractor. The Clerk of Works will be a member of the Project Team and will attend all site meetings.
- 4.4 As soon as possible after tender acceptance, a pre-start meeting of the Design Team will be held with reference to the contract and/or partnering agreement where applicable. A prestart meeting agenda should be used as a checklist. The areas that should be specifically covered are as follows:
- The roles and responsibilities of various parties
 - The contract start and completion dates
 - The contractors programme of work (see below)
 - PC and provisional sums included in the contract
 - The names of proposed sub-contractors and key suppliers
 - Any outstanding planning or building control issues, and any conditions attached to planning approval
 - Issues associated with utilities
 - The frequency and conduct of site meetings, including arrangements for minuting
 - Arrangements for site inspections by client (including Clerk of Works) and consultants
 - Site security arrangements

- Site signboards
 - Any outstanding issues associated with insurance and warranties
 - Health and Safety, including maintenance of health and safety file
 - Maintaining good relationships with neighbours, including any boundary issues
 - Any information required by the contractor and timescale for provision
 - Telephone numbers for emergency call outs
 - Methods of dealing with disagreements or disputes (with reference to Dispute Resolution Policy)
- 4.5 As soon as possible after this meeting, the contract documentation will be signed.
- 4.6 Project team meetings will be held at agreed times and frequency throughout the project, and will normally be held on site, where the meeting can be coincide with a site inspection. The responsibility for arranging and drawing up an agenda for the meeting will be the responsibility of the lead consultant. The contractor will be expected to present a report on progress, including any matters which could affect the contract programme or costs. The Clerk of Works will also present a report indicating progress against building standards. All meetings will be minuted.
- 4.7 The terms of the contract empower the Association's consultants to issue variation orders or instructions which amend the terms of the original contract. Where these variations are likely to impact on the cost or the timing of the contract, these will be the subject of prior discussion with the Association. Where significant (as determined by the Association's delegated authorities), they will be referred to the governing body for approval prior to issue. Where an urgent decision is required then Chairperson's Action should be sought and reported retrospectively to the next Board Meeting. Where the cumulative value of instructions exceed delegated authority limits then the variations will be reported to the Board. All instructions to the contractor will be issued through the lead consultant, following Design Team discussion at site meetings where appropriate. Any concerns or issues raised by the Clerk of Works will be channelled through this route. Any instructions issued to the contractor, and associated drawings, must be copied to the Association.
- 4.8 The lead consultant and/or the Quantity Surveyor (QS) will report monthly to the Association on project progress, and will cover the project budget, the project programme, the agreed standards and health and safety aspects. These are dealt with below.

- **Budget**

A budget for the project will be finalised based on the tender documentation, including any cost savings or other amendments agreed

before the contract begins. This will be used to update the Association's finance monitoring.

Monthly Contract Financial Statements will be prepared by the QS to ensure that the Association is appraised of all cost variations and the reasons for such variations. The impact of these variations on the projected final account will be recorded and will be included in the monthly reports from the lead consultant. The Development Officer must always be aware of approved tender figures and cost variations to ensure that the Association's Authorisation limits for expenditure are not breached and the any scope for compensating savings for any cost increase are implemented as soon as possible. It is important that re-measures of work are reported in the monthly Contract Financial Statements as soon as possible.

- **Programme**

The programme of works agreed at the outset will set out how the contractor intends to meet the contract dates, including any phased handovers. Any anticipated difficulties in meeting programme dates will be reported by the lead consultant in his/her monthly reports to the Association. The contract provides for the appropriate action to be taken in the event of any potential or actual delays.

Any changes in projected handover dates will be notified by the Development Officer to the Housing Services Manager and the Development Officer will update cashflows, HARP and Performance Reports. Where date changes occur within the 2 months of the original completion date then Housing Services Manager and Legal Services Manager will be informed. Subsequent slippage should be reported as soon as it is known to the Development Manager.

- **Standards**

The project brief and the contract documentation/partnering agreement will set out the standards expected in terms of materials and quality of work. Responsibility for ensuring that these standards are adhered to rests with the Clerk of Works in the first instance and the lead consultant, who will report any issues in his/her monthly reports.

- **Health and Safety**

Each project will have a Construction Phase Plan, in accordance with CDM Regulations and the Association's own **CDM Policy**. The CDM Adviser will attend the periodic site meetings and report to the Association monthly as part of the lead consultant's report. A Health and Safety File will be maintained for each project, and this will be handed over to the Association upon completion.

- 4.9 The reports received from the lead consultant will form the basis of the contract monitoring arrangements. The Development Officer will identify from the report any issues requiring remedial action. The action to be taken will depend on arrangements for delegation of authority. Where required the decision will be taken by the Development Manager/Chief Executive within the authority delegated to him/her. Where the delegated authorities require a decision to be taken by the Board, it will be reported to its next meeting. It may be necessary in cases of urgency to reach an immediate decision through Chairperson's Action. Such action will require homologation at the next Board meeting, with reasons for the urgency reported.
- 4.10 The terms of the contract allow for interim payments to the contractor. Payments will only be made on issue of a certificate for payment. The Quantity Surveyor will prepare a detailed cost report to accompany the certificate for payment, based on a valuation of the work completed to date. This information will assist in the financial monitoring of the project and enable the Association to exercise control over total costs. Certificates for payment will be processed for payment to the contractor within the due date.
- 4.11 The Development Officer will issue all Grant claims to the FSM via the DM for submission to the funding bodies, for HARP as an example.
- 4.12 A contact file will be maintained for each development in which will be kept all documentation associated with the project. Responsibility for maintaining the file will rest with the Development Officer.

5. RISK

- 5.1 The failure to have adequate contract control and monitoring exposes the Association to risk in terms of both standard of build and financial risk associated to uncontrolled cost increases. The Association's **Development Risk Policy** and **Risk Register** sets this out in greater detail.

6 EQUALITY IMPACT ASSESSMENT

- 6.1 An Equality impact assessment has been carried out in preparation of the Development Consultation Policy. No impact or barriers were identified; therefore, activity will proceed.

7. REVIEW

- 7.1 This document will be reviewed by the Board or Sub-Committee set up for that purpose in accordance with the requirements of the Association's Register of Policies and Procedures.

SCHEDULE OF REVISIONS		
DATE	REVISION No.	DETAILS
03/10/2024	2.1	Policy tracking - Version 2, Approval now from the Board, to be reviewed by the DM. Revision 2.1.
03/10/2024	2.1	Regulatory standards reformatted and summarised
03/10/2024	2.1	4.1 The DM is now responsible not the DOI.
03/10/2024	2.1	4.3 COW is the Associations representative
03/10/2024	2.1	4.6 COW reporting on standards added.
03/10/2024	2.1	4.8 grammatical correction para 2.
03/10/2024	2.1	4.8 Programme para 2 omit LSM, slippage to be reported to the DM not DOI.
03/10/2024	2.1	4.8 Health and Safety para 1, grammatical correction.
03/10/2024	2.1	4.9 decision taken by the DM, not the DOI.
03/10/2024	2.1	4.11 Grant claims submitted by the DO to FSM via the DOL.
03/10/2024	2.1	6 New section, Equality Impact Assessment added.