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Policy:	Development Contract Control Policy
Legal Requirements:	This policy refers to the Housing Grants, Construction and Regeneration Act 1996 which, among other things, is intended to ensure that payments are made promptly throughout the supply chain and that disputes are resolved swiftly.
Regulatory Standards:	<p>The Scottish Housing Regulator has set out Regulatory Standards for all Registered Social Landlords (RSLs) to ensure that RSLs deliver good outcomes and services for its tenants and service users through good governance and financial management.</p> <p>This policy evidences that the following Regulatory Standards are being met:</p> <p>Standard 1. The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.</p> <p>Standard 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.</p> <p>Standard 4. The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation’s purpose.</p> <p>Standard 5. The RSL conducts its affairs with honesty and integrity.</p>
Notifiable Events Guidance	In compiling this policy, consideration has been given to the Notifiable Events Guidance issued by the Scottish Housing Regulator and the impact of that guidance on the policy.
Equality and Diversity:	<p>The Association is committed to Equal Opportunities and will endeavour to ensure that all services are carried out in an undiscriminating manner in line with the Association’s Equality and Diversity Policy.</p> <p>In particular, the Association will not discriminate on the grounds of age, disability, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender, gender reassignment or sexual orientation.</p>
Human Rights	<p>In compiling this policy, consideration has been given to “The Right to Adequate Housing” (Fact Sheet No. 21/Rev.1) published by the Office of the United Nations High Commissioner for Human Rights and the impact of that guidance on the policy.</p> <p>In particular, the Association is satisfied that this policy promotes the key aspects of the right to adequate housing – that it contains freedoms; entitlements; provides more than four walls and a roof; and protects against forced evictions.</p>
Complaints:	Although the Association is committed to providing high levels of service, we accept that there may be occasions where customers may not be satisfied with the service they have received. The Association values all complaints and uses this information to improve the services that it provides. The Association’s Complaints Policy describes our complaints handling procedure and how to make a complaint.
General Data Protection Regulation (GDPR):	The Association will treat all customers’ personal data in line with its obligations under the current data protection regulations and our Privacy Policy. Information regarding how data will be used and the basis for processing data is provided in the Association’s Fair Processing Notice.



Policy Author:	Lesley Bryce
Policy Review:	In order to ensure that any change in circumstances is accommodated this policy will be subject to review every two years in the month of March.
Policy Approval:	This policy was last reviewed / approved by the Management Committee of Yoker Housing Association Limited at its meeting held on Thursday the 31st of March 2022.



Statement of Policy Aims and Principles

5 The large sums involved in major contract development expose the Association to significant financial risk. In order to minimise such risk to the Association, and safeguard the large amounts of public funds involved, strict procedures should be followed to ensure control is maintained over the development contract process.

10 The aim of this policy is to ensure that Yoker Housing Association Ltd ("the Association") has such policies and procedures in place to achieve this objective.

Policy Details

Pre-Contract Control - General

15 The Association will issue a project specific Brief for each development scheme to the Design Team. This brief will be appended to the letter of appointment for each Consultant, together with the Association's Housing Design Guide. These documents will demonstrate the design and technical standards that the development is required to meet. The Design Team will be required to work to the Housing Design Guide and its associated documents, and any design variations proposed will require the written agreement of the Association. The Association will aim to ensure throughout the design process that the Consultants are working within the criteria set out in the Housing Design Guide. Failure to do so without first obtaining the prior agreement of the Association may result in action being taken against the Consultant(s).

25 The Association will exercise control during the pre-contract period by carefully monitoring progress of each development scheme against the anticipated programme. This will ensure that any slippage in a scheme can be identified as early as possible and action taken to try and recover the programme. The details of progress in each scheme will be reported to the Management Committee with appropriate recommendations where necessary. The project consultants will present their proposals to the Management Committee at each appropriate stage in the process to ensure that the Committee is fully familiar with the project and that they approve the design solution proposed. During the pre-tender period the Association will also hold regular Design Team meetings to ensure that they are fully aware of the progress of the project and can advise and agree any changes proposed during the design period.

30 The Association will aim to ensure that the preliminaries of the contract documentation, drawn up by the Quantity Surveyor, cover the Association's requirements for such items as the Defects Liability Period, Snagging, Final Account, Liquidated & Ascertained Damages, etc.

35 Where items cannot be quantified in the Bill of Quantities, the Quantity Surveyor should include prime cost and provisional sums within the Bill of Quantities to cover any expenditure under this heading. These should be kept to a minimum and should reflect as accurately as possible the likely cost of works required to ensure that no cost overruns are incurred by underestimating the cost of such works within the Bill of Quantities. This is especially important in rehabilitation projects and this is considered in further detail in a later section of this policy. Contingency sums are not acceptable to Glasgow City Council and therefore should be omitted from any contract.

Pre-Contract Control - Finance

45 The Development Officer and Finance Officer must identify the amount of private finance required for a particular scheme and the likely time when it would require to be drawn down. The Association will arrange any private finance for each development before contracts are signed to ensure all funds for the scheme have been agreed and that the Association can fulfil its obligations in terms of the building contract. Dependent on the level of supplementary funding required, there should be consideration of using alternative sources of finance such as the Association's financial reserves to cover the shortfall in project costs.

Pre-Contract Control – Finance (Continued)

5 In rehabilitation projects where other owners are involved, the Association will require to obtain signed Minutes of Agreement prior to the improvement work commencing on site. This minimises the risk to the Association on non-recovery of costs. In the event of the owner failing to secure improvement grant and / or loan finance to cover his maximum contribution, the Minute of Agreement allows for the Association to take a Standard Security over the owner's property, the legal cost of which must be met by the owner. In circumstances where funds are being obtained through a bank or a building society in the form of a mortgage then the Association should encourage the owner to provide a mandate in favour of the Association from the parties involved. This would guarantee that the owner's funds would be available when required. Any other situation would require the approval of the Management Committee before proceeding to accept the Tender.

10 From the outset the Association will require the project Quantity Surveyor to report on the costs of the proposed development. Initially these will be based on the overall proposals for a project and will show the approximate cost of developing the scheme. These reports will be used in submissions to Glasgow City Council (such as the Cost Plan Report or Application), and for forecasting purposes by the Development Officer and Finance Officer.

15 On receipt of tenders for the project, comparisons will be carried out with the Cost Plan (or previous estimates) to identify any major financial differences. It may be necessary to identify savings within the scheme at this stage before a Tender Report or Application can be made and Glasgow City Council's approval for the project can be given. Any proposed savings should be referred for Committee approval prior to submission to, or agreement with, Glasgow City Council or other funders. Therefore, once the Association has received an offer of grant based on the tender (and any savings necessary), the cost of the project can be clearly identified, i.e., amount of grant offered and the balance of private finance which will be required. Any variation in the scheme costs will therefore have a direct impact on the financing of the scheme and tight contract control will be exercised to ensure that costs remain within the project budget.

Post Contract Control - General

20 Traditional development projects are, by their very nature, liable to change and some contract variations will be inevitable. By issuing the Housing Design Guide, the Association is attempting to minimise the number of variations that may occur during the development process and therefore any major changes in a scheme should be preventable.

25 Minor variations will be acceptable providing the Association has given its written agreement to the proposed changes and the reasons for and cost of these variations has been clearly identified. An example of such a change might be where a manufacturer updates their product and the originally specified component is no longer available. Although new products are often an improvement on the original version, there may also be a cost implication installing the new product and this would need to be considered. In some circumstances it may be more appropriate to install a product of an equivalent specification from another manufacturer rather than the new product.

30 In comparison with new-build schemes, variations are frequently unavoidable in rehabilitation projects where the condition or dimensions of the existing building are other than anticipated at the design stage. For example, difficulties can be experienced when trying to ascertain the extent of a rot outbreak in inhabited homes and therefore the contract documentation should take this into account through the use of prime cost and provisional sums. As previously stated, the amount of these sums should reflect as accurately as possible the likely cost of works and may involve the use of specialist contractors to assist in the appraisal of these problems. The potential for problems occurring is far greater in rehabilitation and therefore pre-tender surveys and assessments require to be as accurate as possible to minimise the risk of major variations occurring whilst on site.

35 The Association will monitor the progress of each development on site and will regularly attend site meetings to ensure familiarity with the project, any problems encountered, and any other relevant matter about the project. For example, by monitoring the Contractor's progress against the contract programme, any delays that occur will be identified at the earliest possible stage and appropriate action can be taken. It is also important for the Association to be fully aware of any difficulties the Contractor is experiencing in carrying out any part of the works or in the supply of any materials or labour which could lead to a delay or an adjustment in costs.



POLICY STATEMENT

Post Contract Control – General (Continued)

5 The Clerk of Works will assist the Architect to monitor and supervise daily site operations. The Clerk of Works will be responsible for ensuring works are correctly carried out and that materials being supplied and fitted are in accordance with those specified in the Bill of Quantities.

10 On completion of the project, the Association will carry out performance appraisals of each member of the Design Team and the Contractor (including any sub contractors where appropriate). This will include making note of any valid points for future reference. These will be taken into consideration when compiling any approved lists.

15 In addition, the Association will consider its own performance in the process and analyse whether there is any scope for improvement or where any changes require to be introduced, for example - specification changes or items within the Housing Design Guide. The Association will also conduct a Resident Satisfaction Survey around six months to one year from the date of Practical Completion. This will hopefully give the Association some feedback on residents' views of the completed development and allow the Association to consider any modifications which could be incorporated into its Housing Design Guide based on the experiences of the end users.

Post Contract Control - Finance

20 Where variations occur during the contract, it is a requirement that Architect's Instructions (AI's) are issued simultaneously to the contractor and to all members of the design team. The Quantity Surveyor should report the likely impact of any AI on the project costs. Variations may require a change in specification, additional works or savings that may affect the overall scheme costs.

25 The Architect should therefore consult the Association before issuing any AIs to obtain its agreement and inform the Association of the reason for the proposed change. Any instructions proposed by the Clerk of Works should always be backed up with an AI issued by the Architect. No verbal instructions should be actioned by the Contractor (or other party) until it is confirmed in writing by the issue of an AI. Therefore, the Association will not entertain any claims made by the Contractor unless they are covered by an appropriate AI, which has been agreed by the Association prior to issue.

30 Monthly reports will be submitted to the Association from the Quantity Surveyor and the Clerk of Works. The Clerk of Work's report will state the progress achieved and identify and inform the Association on any issues that require to be brought to their attention. The Quantity Surveyor's report will identify any cost variations, agreed or proposed, within the project and indicate the overall financial position of the development. The Quantity Surveyor should take account in his report of any AI's pending, but which may not have been issued, and which may affect the overall cost of the project. This should ensure that the most up to date information is available for the Management Committee to consider. The Development Officer will summarise the information provided for each project and report this to the Management Committee as required.

40 Any major change that is identified during the course of a contract (for example, discovering rock when building foundations that was not previously identified as part of the site investigation), should be reported for earliest consideration to the Management Committee. This may require a further approach being made to funding bodies to seek an increase in grant or private finance for the scheme.

Major cost overruns will not be acceptable to the Association and full justification will be required for any variations that may occur.

45 It is especially important that any variation in a rehabilitation scheme that involves participating owner-occupiers is dealt with correctly. The Association may require to seek further improvement grant approvals from the local authority to cover the cost of any increase in the owner's share and demonstrate that the owner's agreement has been given for the additional works.



Post Contract Control - Payments to Contractors and Social Housing Grant Claims to Glasgow City Council

During the course of the contract, payments will require to be made to the Contractor and also to Consultants for works and fees properly incurred.

In respect of payments, reference is made to the provisions of the Housing Grants, Construction and Regeneration Act 1996 ("The Construction Act"). Part two of this Act came into force in May 1998, with the emphasis on encouraging the use of adjudication in cases of dispute and on improving payment procedures. In respect of payment procedures, the Act requires the contract to state:

- ◆ the date on which payments become due
- ◆ the basis of calculation of the amount due
- ◆ the final date for payment

The Association will require any claim for payment to be made in the proper manner as set out in the contract documentation and in the terms and conditions of appointment for contractors and consultants.

The Finance Officer will ensure that each claim for payment to the Contractor is properly authorised i.e., on proper certified forms and signed by the Architect, Engineer and/or Quantity Surveyor as appropriate, before submitting any claim to Glasgow City Council for a grant payment. The Finance Officer will keep a record of all payments requested and received throughout the contract. The Contractor will also require to forward the Authenticated VAT Receipt for the previous payment for each certificate being claimed.

Social Housing Grant Payment claims will be made as soon as possible to Glasgow City Council after invoices have been received by the Association or where allowances become eligible for payment. The submission will be checked to ensure its validity and that grant finance has not been exhausted for the contract (i.e., balance of Social Housing Grant remaining to be claimed) and sent to Glasgow City Council for payment to the Association.

Post Contract Control – Deduction of liquidated and ascertained damages

In the event of non-completion of a contract by the end of the specified contract period the Association may choose to ~~will~~ deduct liquidated and ascertained damages in accordance with the contract documentation. It must be stressed however that proper procedures must be followed prior to any deductions being made and should be supported by a proper Certificate of Non-Completion issued by the Architect and no other document whatsoever.

Post Contract Control -Delegated Authority for Approving Variations

The Association requires a system to ensure that any required additional works or variations are not unduly delayed because the approval for such changes is not forthcoming until the subsequent Management Committee meeting. Therefore, the Management Committee may delegate authority to the Development Officer to approve contract variations on behalf of the Association in order to allow the project to proceed. These variations should not exceed a maximum of 2% of the contract works value or a capital value of £10,000, whichever is the greater. Any variations in excess of this amount must be reported to the next meeting of the Management Committee for approval. In extraordinary circumstances, where a quick or emergency decision requires to be made, the Development Officer or Director may, in the first instance refer the matter to the Chairperson for approval and report to the Management Committee for ratification at its next meeting.