

Project Management Policy



Document Control

Responsible Postholder	Chief Executive			
Review Frequency	5 Yearly			
Reviewed by	Board			
Date Approved	February 2022			
Next Review Due	September 2024 (in line with Corporate Services Handbook)			
Consultation Required	Yes		No	✓
Equalities Impact Assessment	Yes		No	✓
Added to Company Website	Yes	✓	No	
Associated Documents Considered	Yes	✓	No	

1. Scope of the Policy

- 1.1. This Policy sets out the procedures to be followed and steps to be taken required to deliver major capital expenditure projects.

2. Objectives of the Policy

- 2.1. It is designed to enable the Board, staff and others to track, monitor and report on the development process from when a potential site or development opportunity is first identified to the close-out of a project and to provide assurance at every step of the process.
- 2.2. It is also designed to ensure that key project stakeholders are engaged appropriately in the development process from an early stage and that their inputs are recorded and help shape the outcomes which the project is intended to achieve.

3. Implementation of the Policy

Stage 1 – In Principle Approval to Proceed

- 3.1. The Chief Executive will identify development opportunities in consultation with the Leadership Team, consistent with the Business Plan and Asset Management Strategy.
- 3.2. The purpose of Stage 1 is to target activity and resources to development opportunities that meet Waverley Housing strategic objectives. In doing so, this should avoid resources being wasted on unsuitable sites or unviable projects.
- 3.3. To achieve approval to progress through Stage 1 a report and business case will be presented to the Board outlining:
 - a) The number, type, size and tenure of properties likely to be capable of being delivered on the site.
 - b) The likely sustainability of demand for these properties and supporting evidence.
 - c) Any obvious constraints or impediments to development on or near the site.
 - d) The 'fit' of the proposed project with the Business Plan and Asset Management Strategy.
 - e) The 'fit' of the proposed project with the Local Housing Strategy, planning policies and priorities of key strategic stakeholders such as Scottish Borders Council and the Scottish Government.
 - f) The likely make-up of the funding package required to deliver the project and confirmation of how the project would be funded within the context of Business Plan assumptions, private finance availability, etc.
 - g) The overall affordability and likely timing of the project taking into account assumed rent levels and costs to Waverley Housing, including borrowing costs.
- 3.4. This process takes place before a feasibility study has been commissioned so it is recognised that the details of the project may be in draft form at this stage. Limitations of any assumptions about site capacity, costs and funding should be clearly stated in the report and business case.

Stage 2 - Outline Design and Acquisition

- 3.5. If approval is given to pass through Stage 1, the next stage of the project includes the following stages from approval-to-proceed to acquisition of the site or building:
- a) The objective of Stage 2 is to ensure that a thorough appraisal of the site, works required and the risks involved is completed before any legal commitment to acquire the site or building is entered into.
 - b) The Chief Executive will appoint a Project Manager for each project who will engage other Waverley Housing staff and external consultants to form the Project Team. The Project Manager will lead and convene the Project Team and detail the programme of tasks required to bring the project to Stage 2 approval stage. The type of consultant, the nature of their brief, the method of procuring their services, their forms of appointment and the scope and schedules of their services will vary from project to project.
 - c) Project teams will hold regular structured and minuted meetings to ensure each project progresses according to the programme agreed. Any significant departures from the programme e.g. costs, timescales will be reported to the Board before proceeding.
 - d) At this stage a viability appraisal will be carried out and the outcome reported to the Board in the Stage 2 approval report. The viability appraisal will establish the extent to which the project, at its current stage of development, is capable of meeting its objectives, taking into account risks, cost and benefits. The viability appraisal will include HAG calculation including a 30 year scheme cash flow model, assessment and costing of private finance required and risk analysis.

Stage 3 - Project Execution to Tender Award

- 3.6. Having received approval to pass through Stage 2, the next stage of the project includes the following stages from acquisition to the award of the tender for the capital works.
- a) Building Warrant Submissions
 - b) Procurement Strategy for Main Contractor to be agreed.
 - c) Detailed Design based on the Company Design Guide
 - d) Life Cycle Costing Details established
 - e) Produce and Issue Tender Documentation
 - f) Undertake Procurement Exercise to appoint Main Contractor
 - g) Evaluate Tenders and prepare Tender Report for Board
 - h) HAG Application submitted and Offer of Grant received.
 - i) Tender Award issued with the following in place:
 - Building Warrant
 - Detailed Planning Permission
 - Road Construction Consent
 - Scottish Water Approval
 - Principal Designer Approval
 - HSE F10 Form submitted

- 3.7. The Project Manager will write a Project Execution Plan (PEP) to ensure these and subsequent stages are delivered efficiently.
- 3.8. The Project Manager will agree a procurement route for the main works contract based on an assessment of the procurement methods available.
- 3.9. The 30-Year scheme cash flow model will be updated to include more accurate component details, costs and replacement cycles.
- 3.10. The Project Team will produce the tender documentation and the tender shortlisting and award criteria. The tender will be issued in line with the Company Procurement Strategy.
- 3.11. The Project Manager will apply for all grants and other funding required to execute the project.
- 3.12. The scheme viability will be updated to take into account tender costs, actual grant awards and other funding inputs.
- 3.13. Cost control reporting will form a continuous part of the process leading up to tender award. As the project develops, costs will become more defined and the project cost plan refined and updated.
- 3.14. At each Project Team meeting the cost plan for the project will be evaluated and amended in the light of decisions made by the Project Team. The cost plan should, at all times represent the best estimate of the final cost of the project and of the future cash flow.
- 3.15. Project Team members will be advised of their responsibility to work within the cost plan budget for their areas of expertise and the limits of their authority to order changes which may have cost implications.
- 3.16. The updated cost plan will form part of the regular Project Execution Plan progress report to the Board and will alert the board to any significant changes to the project budget agreed in the Project Execution Plan. When projected or incurred costs increase significantly, or revenues decrease, the Project Execution Plan may be amended e.g. to change the stage to which the project can be progressed, or to cease work on the project.

Stage 4 - Tender Award to Project Completion

- 3.17. Having received approval to pass through Stage 3, the next stage of the project includes the following stages from the award of the tender for the capital works to the final close-out for the project:
 - a) Scheme Budget Monitoring
 - b) Scheme Progress against Performance reports
 - c) Risk Plan
 - d) Testing, Commissioning and Certification
 - e) Handover Checklist
 - f) Resident occupation and satisfaction survey at date to be agreed
 - g) Health and Safety File

- h) Defects Liability Period
- i) Feedback from Consultants and Contractors
- j) Evaluation of Consultants and Contractors
- k) Final accounts agreed with Contractors
- l) Certificate of Making Good Defects Issued and Retentions released
- m) Final Grant Calculations and other funding completed
- n) Project Review Report

4. Contract Management

- 4.1. The Project Manager will ensure that the Project Team manages the building contract effectively. The Project Manager will ensure that a member of the Project Team, usually the Architect, is designated as the Contract Administrator responsible for formal management of the building contract.
- 4.2. All pre-start and site meetings will be conducted according to a formal standard agenda. Project Team meetings will be convened during the construction period as required and the appropriate updates to the Project Execution Plan, including cost and risk management plans implemented.
- 4.3. The Project Manager and Contract Administrator will establish mechanisms for dealing with claims, request for extension of time, and for resolving disputes, depending on the type of contract in force. All such incidents should be recorded in the PEP documentation and any effects on risk and cost evaluated and reported to the Board.

5. Budget Monitoring

- 5.1. A member of the Project Team, usually the Quantity Surveyor, will be responsible for cost reporting against the contract sum and agreeing the cost of valuations and variations. The Project Manager will update the Project Budget Management Report and Variation Control Report accordingly. The Project Manager will be responsible for drawing down subsidies and providing cost information for funders.

6. Project Execution Plan

- 6.1. This Plan is designed to ensure:
 - a) the project remains on budget;
 - b) all grants and other funds and receipts are drawn down timeously;
 - c) the project completes on time;
 - d) any variations to the specifications or the project as a whole are reported, authorised and approved as required;
 - e) risks are monitored and mitigated and the risk plan is updated; and
 - f) the agreed quality of output is achieved
 - g) the project is assessed in terms of the overall viability of Waverley Housing .
- 6.2. These items will be collated into a standard Project Execution Plan report to each meeting of the Board while the project is on site.

7. Defects Liability Period

- 7.1. During the Defects Liability Period the project will continue to be managed with defects being referred to the Contractor and all defects reported by residents or end-users will be recorded in the property database, flagged as defects and passed to the relevant contractor for action.
- 7.2. The Project Manager will extract a monthly Defects Report from the property database so that trends, recurring issues and the Contractor's response efficiency can be identified, tracked and addressed. Target response times for typical defects will be incorporated within the building contract.
- 7.3. The Project Manager will meet monthly with the Contractor during the Defects Liability Period and will compile a Defects Report for inclusion in the Project Execution Plan. Inspections at the end of the Defects Liability Period will be attended by the Contract Administrator, the contractor and Waverley Housing Property Services staff. A final defects list will be agreed as well as a programme for attending to final defects and all final defects will be checked to ensure that they are complete.

8. Conditions

- 8.1. It is recognised that Waverley Housing has very few possible sites suitable for the provision of new housing and is not currently exploring opportunities to purchase sites on which to provide new housing.
- 8.2. Currently a major estate regeneration project is underway at Upper Langlee Galashiels which will take several years to complete. The scale of resources committed to this project limits the ability of the Company to undertake any further significant new development works.

9. Responsibilities

- 9.1. Whilst the Chief Executive maintains overall responsibility for the implementation of this policy the operational responsibility for ensuring the requirements of this Policy are met lies with the Project Manager.

10. Reporting and Monitoring

- 10.1. The terms of the Policy include requirements to report regularly on various matters e.g. cost control, programme timescales etc. both to the Project Team and also to the Board of Waverley Housing. At the conclusion of each project is a requirement to complete a Project Review Report which includes consideration of the reporting and monitoring arrangements used throughout the project.

11. Review Process

- 11.1. The Policy will be reviewed every 5 years or earlier where a change in relevant legislation arises. Where any conflict arises at any point in time between Policy, any appropriate legislation or Government guidance, the Policy should be subordinate.

12. Equalities

- 12.1. Waverley Housing shall apply this Policy in accordance with its Equality and Diversity Policy. This means that in the application of this Policy, we will not discriminate on the grounds of a person's race, religion or belief, gender re-assignment, marriage or civil partnership, pregnancy and maternity, sex, sexual orientation, age or disability.
- 12.2. Copies of this Policy are available on request free of charge from the Waverley Housing office at 51 North Bridge Street Hawick TD9 9PX. Copies of this Policy will also be made available within a reasonable time, upon request, in a language other than English or in a format to suit visually impaired persons. The Policy is also available on our website www.waverley-housing.co.uk