

Facilities Management from A to Z

Based on The FM Lexicon by Martin Pickard
published monthly in Facilities by Lexis Nexis between 2008 and 2016

V

ariations

Contract variations are an inevitable consequence of the inevitability of change. Contracts for service provision, Contracts of employment or Contracts for project work are all likely to have to embrace change at some point in their lifecycle. Where contracts are designed to operate over a number of years it is unlikely that anyone involved will be able to foresee all of the things that might change in the years to come.

New legislation, technology or taxation may dictate the need for change; market forces might lead to a strategic redirection or a review of service levels or scope; while accident, emergency or economic disaster could result in a total rethink. To a greater or lesser degree, all of these things are both inevitable and difficult to predict.

What is necessary therefore is for a process for the management of variations to be agreed at the very beginning and preferably as an integral part of the contract itself. This protects both parties from feeling pressurised when negotiating the cost of revised specification. The agreement of unit rates at the outset for labour or materials considerably eases discussions around variation impact on the contract sum.

The Facilities Management Standard Form of Contract published by the CIOB provides a clear process for “Amendments to the Services or Working Hours” with provision for adjudication where agreement cannot be reached between the Parties. Other clauses cover responsibilities for changes in legislation and taxation.

Once a contract of employment has been made it is legally binding and protected by a variety of employment legislation. Neither party can alter the terms without the agreement of the other. However invariably during the course of an employment relationship the terms and conditions are likely to change often. For example the award of additional holiday or of a pay rise both result in a contract variation.

This kind of beneficial change is unlikely to provoke much complaint. However the employer may want to reduce terms or benefits for some reason. This can only be done if the contract itself allows for it, both the employer and the employee agree the change or the employer may terminate the existing contract and substitutes a new one.

Professional guidance is therefore essential in drafting all forms of contract to avoid costly future legal action, conflict and damage to relationships.

The CIOB Standard FM contract and guidance notes are available from the RICS Bookshop at www.ricsbooks.com